

**CORPORATE AND CUSTOMER SERVICES**

Director: Mrs. J.E. Jones

**TO: ALL MEMBERS OF THE COUNCIL**

Your Ref:

Our Ref: AMcL/CD

Please ask for: Mrs. C. Dyer

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2nd March, 2007

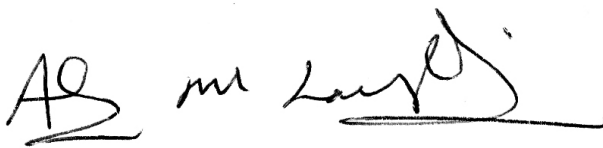
Dear Councillor,

**YOU ARE HEREBY SUMMONED** to attend the meeting of the County of Herefordshire District Council to be held on **FRIDAY, 9TH MARCH, 2007** at The Assembly Hall, Shirehall, Hereford at **10.30 a.m.** at which the business set out in the attached agenda is proposed to be transacted.

Please bring your copy of the draft budget book, which is being despatched with this agenda, 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,



**A. McLAUGHLIN**  
**HEAD OF LEGAL AND DEMOCRATIC SERVICES**





# A G E N D A

## COUNCIL

Date: **Friday, 9th March, 2007**

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Time: **10.30 a.m.**

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

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

*For any further information please contact:*

*Christine Dyer, Democratic Services  
Manager*

**Tel: 01432 260222, e-mail:  
[cdyer@herefordshire.gov.uk](mailto:cdyer@herefordshire.gov.uk)**

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**County of Herefordshire  
District Council**



# AGENDA

## for the Meeting of the COUNCIL

To: All Members of the Council

|   | <b>Pages</b>     |
|---|------------------|
| <b>1. PRAYERS</b>   |                  |
| <b>2. APOLOGIES FOR ABSENCE</b><br>To receive apologies for absence.  |                  |
| <b>3. DECLARATIONS OF INTEREST</b><br>To receive any declarations of interest by Members in respect of items on this Agenda.  |                  |
| <b>4. MINUTES</b><br>To approve and sign the Minutes of the meeting held on 9th February, 2007.   | <b>1 - 22</b>    |
| <b>5. CHAIRMAN'S ANNOUNCEMENTS</b><br>To receive the Chairman's announcements and petitions from members of the public.   |                  |
| <b>6. QUESTIONS FROM MEMBERS OF THE PUBLIC</b><br>To receive questions from members of the public.  | <b>23 - 26</b>   |
| <b>7. NOTICES OF MOTION UNDER STANDING ORDERS</b><br>To consider any Notices of Motion.   |                  |
| <b>8. CABINET</b><br>To receive the report and to consider any recommendations to Council arising from the meetings held on 8th and 22nd February, 2007.  | <b>27 - 216</b>  |
| <b>9. COUNCIL TAX AND REVENUE BUDGET RESOLUTION 2007/08</b><br>To set the Council Tax amounts for each category of dwelling in Herefordshire for 2007/08 and to calculate the Council's budget requirements.  | <b>217 - 232</b> |
| <b>10. WEST MERCIA POLICE AUTHORITY</b><br>To receive the report of the meeting of the West Mercia Police Authority held on 13th February, 2007 Councillor B. Hunt has been nominated for the purpose of answering questions on the discharge of the functions of the Police Authority. | <b>233 - 242</b> |
| <b>11. HEREFORD &amp; WORCESTER FIRE AND RESCUE AUTHORITY</b><br>To receive the report of the meetings of the Hereford & Worcester Fire and Rescue Authority held on 15th February, 2007.   | <b>243 - 248</b> |



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## **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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## **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, 9th February, 2007 at 10.30 a.m.**

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

**Councillors:** Mrs. P.A. Andrews, 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, 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, B. Hunt, T.W. Hunt, Mrs. J.A. Hyde, T.M. James, J.G. Jarvis, Brig. P. Jones CBE, Mrs. M.D. Lloyd-Hayes, G. Lucas, R.M. Manning, R.I. Matthews, R. Mills, J.W. Newman, R.J. Phillips, Ms. G.A. Powell, R. Preece, Mrs. S.J. Robertson, D.W. Rule MBE, R.V. Stockton, D.C. Taylor, Mrs E.A. Taylor, W.J.S. Thomas, Ms. A.M. Toon, W.J. Walling, D.B. Wilcox, A.L. Williams, J.B. Williams and R.M. Wilson

**57. PRAYERS**

In the absence of the Dean of Hereford, the Very Reverend Peter Haynes led the Council in prayer. The Council observed a period of silence in memory of the late Gordon Morris, a former Councillor, who had died a few days before.

**58. APOLOGIES FOR ABSENCE**

Apologies were received from Councillors B.F. Ashton, Mrs. E.M. Bew, N.J.J. Davies, K.G. Grumbley, J.G.S. Guthrie, P.E. Harling, J.W. Hope, J.C. Mayson, Mrs. J.E. Pemberton, Miss F. Short, J.P. Thomas and P.G. Turpin.

**59. DECLARATIONS OF INTEREST**

Councillor Mrs. A.E. Gray and Councillor R.M. Wilson both declared a personal interest in Agenda Item 9 Cabinet Report to Council, paragraph 12.1(i) Future Social Care Needs for Older People and Adults with Learning Disabilities in Herefordshire.

**60. MINUTES**

The Chairman drew Council's attention to an error in the Members Allowances Scheme which had been approved at the previous meeting. The amount payable to Group Leaders for each member of their Group should have read £124 and not £120.45.

**RESOLVED:** That, with that amendment, the minutes of the meeting held on 3rd November, 2006 be approved as a correct record and signed by the Chairman.

**61. CHAIRMAN'S ANNOUNCEMENTS**

The Chairman congratulated the Electoral Registration Team and the Local Land Charges Team for retaining their joint accreditation for ISO 9001:2000 which is a Quality Management System on their operating procedures.

He reminded Council that the Civic Service would take place on Sunday, 11th March at 3.30 at Bridstow Church and urged those who had not responded to their invitations to do so, so that final arrangement could be made in good time.

He announced that a memorial service would be held for the former Councillor, Gordon Morris, at Eyton Church on 15th February at 2.00 pm.

With elections due in May, he reminded Council of the Code of Conduct on Local Publicity which restricts communications during the run-up to elections from 27th March until 3rd May, inclusive. Detailed guidance prepared by the Head of Legal and Democratic Services and approved by the Standards Committee, had been circulated to Councillors.

Finally, he reminded Members that the Council meeting on 9th March was primarily to approve the budget and Council Tax for 2007/08 and that there was no provision in the Council's Constitution for Councillors to submit formal written questions. Members would only be allowed to ask questions based on the reports in the agenda.

## 62. 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 with the Head of Legal and Democratic Services more than six clear working days before the meeting. A number of questions had been received and were set out in the agenda. A question from Revd. P. Hackett had been omitted from the agenda in error but had been circulated to all Members earlier in the week and also circulated at the beginning of the meeting .

The majority of the questions related to the Unitary Development Plan, housing at Bullinghope and the Rotherwas Access Road. The Chairman ruled that to respond to all the questions individually would take longer than the time allocated within the Constitution. It would also involve considerable duplication because a number of questions covered similar ground. He advised that detailed written answers would be sent to the individuals concerned and called on the Leader to give a composite response to the questions posed by Mr. and Mrs. Cocks, Mr. Jardin, Mr. Caldicutt, Mr. and Mrs. Shuttlewood, Ms Shuttlewood and the Revd. Hackett. The Leader's response is set out below:

*The proposal to allocate land at Bullinghope for 300 dwellings has been fully considered through the Unitary Development Plan (UDP) process. Many matters were raised in representations to the draft Plan and were addressed by the Inspector in his Report. Although the Council has rejected the Inspector's recommendation in this case, no new matters have been raised in subsequent representations which would require a second Inquiry.*

*The Council's reasons for rejecting the Inspector's recommendation are set out in the published Statement of Decisions and Reasons referring to the role of the site in helping to ensure that the strategic housing requirement is met and the opportunity to secure financial contributions for the proposed Rotherwas Futures Project which includes the Rotherwas Access Road.*

*Housing requirements for the County are set out in the Regional Spatial Strategy. The Bullinghope site will help ensure that these regional requirements are met and the Regional Assembly has concluded that the UDP is in general conformity with the Regional Spatial Strategy. Changes to household projections at national level feed*

*initially into the process of reviewing the Regional Spatial Strategy, rather than directly to the Council. The Regional Assembly is currently consulting on revisions to the Spatial Strategy which incorporate revised housing requirements for the County.*

*The Council recognises the strategic importance of delivering the Rotherwas Access Road. The proposed housing site of Bullinghope will provide some funding to assist in its delivery. It is anticipated that the site will yield approximately 300 dwellings with no affordable housing being provided.*

*Having reviewed the Transport Assessment submitted by Bloors for the UDP Inquiry it is estimated that there will be under 500 vehicles per day using Hoarwithy Road (both out of and into the site). It should be noted that the general flow of these vehicles will be towards the centre of Hereford during the morning peak and the opposite direction during the evening peak. As such they will not be compounding traffic to and from the Rotherwas Estate as its peak flows are in the opposite direction.*

*In addition, the Rotherwas Access Road will attract traffic before it reaches the Holme Lacy Road/ A49 junction. The positive benefits of the reduction in traffic on Holme Lacy Road resulting from the Access Road more than compensate for the small increases resulting from the Bullinghope development. Constructing the Access Road will not significantly increase HGVs travelling north through the City on the A49.*

*The Council intends to remove all HGV's from Holme Lacy Road so that they use the new Access Road and this will be achieved through Traffic Regulation Orders. The Council also intends to implement transport improvements along the Holme Lacy Road corridor which would include traffic calming and facilities to improve and encourage pedestrian, cycle and bus access to the Estate and within the local area in general.*

*The question of amenity land on any development at Bullinghope is a matter for detailed consideration at the development control stage. It would be inappropriate for any amenity land on the application site subsequently to be developed for housing purposes.*

*The funding model for procuring the Rotherwas Access Road does not rely solely on receipt of s106 development money. It is as part of the wider Rotherwas Futures scheme. The funding package will include external contributions from Advantage West Midlands (AWM), Local Transport Plan funding, capital receipts generated as the regeneration project progresses and the Council will seek to optimise funding contributions from external sources with the balance being met from within the Council's prudential borrowing limits. The Council's Treasury Management Strategy sets out the approach to minimising borrowing costs. The cash flow costs in the early years of this project are significantly less than the figure suggested. They will be offset by cash flow gains in later years. The Council is not therefore planning to cut any services as a result of the Rotherwas Futures project.*

*The Government's proposals for Planning Gain Supplement (PGS) are the subject of an ongoing consultation process and changes to the current planning obligations system are the subject of a similar process ending on 28th February, 2007. The Government has confirmed that it will move forward with PGS if, after consultation, PGS is deemed to be workable and effective. A key feature of those proposals is to return at least 70% of PGS revenue to the local authority area in which they were generated for local infrastructure priorities. This was confirmed in the recent Erdington report. The remaining PGS revenue (30%) would be returned to the region to help finance strategic infrastructure projects. The Government has*

*confirmed that PGS would not be introduced before 2009.*

*Whether or not the Bloor Homes proposals for development at Bullinghope and the Council's financing arrangements for the Rotherwas Futures Project are affected depend on the timing of the Governments intentions and the date of any planning permission. Any Section 106 Agreement will come into effect if planning permission is granted.*

*In response to objections to the Proposed Modifications stage, minor changes to the Plan are being proposed to Council. If accepted, these will remove reference to development at this location beyond the Plan period. Future growth for Hereford will need to be considered in the light of emerging requirements in the Regional Spatial Strategy.*

A question from Mr. T. Ford, representing Cycle Hereford, concerning the current scheme for St. Owens Street cycle contraflow, was answered by Councillor D.B. Wilcox, Cabinet Member (Highways and Transportation) as follows:

*The Council's Local Transport Plan includes a hierarchy of modes of transport from walking through to car users which demonstrates our commitment to securing a sustainable and integrated transport system which is accessible to all.*

*It is from consideration of this hierarchy and suggestions from local cyclists that the potential benefits of allowing cyclists to cycle contrary to the flow of general traffic in St Owens Street, and hence give them greater priority for access to the city centre, have been identified. The design of individual schemes must take into account relevant guidance and standards for highway design whilst also considering views from all stakeholders to arrive at the most suitable design. The Council recognises the importance of St Owens Street to the economic vitality of the city centre and the value of its historic landscape.*

*At the last meeting of the Forum, there was general agreement with my proposition that the retention of the ambience of this important street is of paramount importance when considering possible cycleways.*

*The St Owens Street contra flow proposals were published for public consultation in January this year following previous discussions with stakeholders. The Council will be considering all the views expressed during the consultation period prior to making a decision regarding the scheme.*

Individual responses to the questions raised by members of the public have subsequently been despatched and are attached as an Appendix to the minutes.

### **63. REQUEST FOR SUSPENSION OF STANDING ORDERS**

Before the Chairman could move on to the next item, a member of the public, representing a group objecting to the proposed housing development at Bullinghope, asked the Chairman if he would suspend Standing Orders and allow him to speak. The Chairman ruled that he was not prepared to suspend Standing Orders.

Councillor Mrs. M.D. Lloyd-Hayes asked if one of the group would be allowed to speak on behalf of the group.

Councillor W.J.S. Thomas, as local member, said that people had a real and proper interest in this matter and had attended the Council meeting in adverse weather conditions to make their views known. However, he felt that it would be better to discuss the issues once a proposal had been received from the developer. He felt it



would be more meaningful to have a full consultation programme at this stage when the Council would be in a position to explain ongoing problems and challenges and also the benefits of the scheme.

The Chief Executive reminded Councillors that the Chairman had properly ruled within the Constitution and that Council should respect the Chairman's ruling.

Councillor A.C.R. Chappell asked if the Leader would be willing to meet the group immediately after the meeting to explain the answer he had given to their questions.

The Chairman agreed that this would be in order and moved to the next item of business. The spokesman of the group carried on speaking and the Chairman adjourned the meeting until order could be restored.

The meeting adjourned at 10.56 a.m.

The meeting reconvened at 12.07 p.m. The public were readmitted and all the Councillors present at the commencement of the meeting returned except Councillors Mrs. C.J. Davis and Mrs. J.P. French who left because of the poor weather.

The Chairman explained that as the bad weather was continuing he had received a number of expressions of concern about the meeting continuing. He shared those concerns but was anxious to ensure that any essential business be completed. The Chairman asked the Chief Executive for advice on how that might best be achieved.

The Chief Executive explained that there was provision in the Constitution to deal with Questions to Cabinet Members by way of written answers and that it was open to Council to adopt that position and then to complete the essential business of Council with the Cabinet Report, the report of the Standards Committee and the item requesting leave of absence for Councillor Turpin, before checking what further elements of the Council's business could be completed on the day.

Council agreed to proceed on that basis.

#### **64. QUESTIONS TO THE CABINET MEMBERS AND CHAIRMEN UNDER STANDING ORDERS**

Councillors may ask questions of Cabinet Members and Chairmen of Committees so long as a copy of the question is deposited with the Head of Legal and Democratic Services 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.

The Chairman advised that those Councillors who had submitted written questions would receive written answers. For completeness the questions and answers are reproduced below.

##### **Question from Councillor H. Bramer**

The Cabinet Member will be aware that Stagecoach Service 33 between Ross on Wye and Gloucester is a life line for work, school, health care, shopping, and travel outside the county and is vital to many hundreds of residents that live along or near the A40. Can the cabinet member please confirm that now that Stagecoach have given notice that they intend to withdraw the service from 22nd April, Herefordshire Council will provide subsidy to maintain the service 33 **at its present level ?**

**Answer from Councillor D.B. Wilcox, Cabinet Member (Highways and Transportation)**

I can confirm that notice has been received from Stagecoach that the company intends to withdraw bus service No. 33 as from 22 April 2007 as the current level of patronage can no longer sustain commercial operation. The Director of Environment is investigating the demand for a bus service in the area affected and is seeking tenders for a subsidised replacement service that best meets the needs of local residents. Priority will be given to ensuring that journeys to work and school can still be made and a service will continue to operate throughout the day to cater for shopping, health care and longer-distance journeys.

The need to replace this previously unsubsidised service will place additional pressure on the Council's public transport budget and it is therefore essential that the level of service provided can be justified by the use made of it. A significant proportion of the service operates in Gloucestershire and that authority's views and possible level of contribution towards costs will have to be taken into account. The Director of Environment will therefore seek to award a contract at a service level that represents the best value for public money commensurate with the demand for the service and available resources.

Councillor Bramer may also wish to be aware that, on the 29th January, with the problems involving communities such as those affected by the withdrawal of the no. 33 service, I raised the matter direct with the Secretary of State for Transport. He said that he was reviewing his subsidies generally so I asked him if he would give an undertaking to pay particular regard to rural communities in remote areas. He replied saying he was very much aware of the essential role that public transport played in such areas and would take proper account of the issue during the review, whilst bearing in mind the need for value for money.

**Question from Councillor D. Taylor**

I was advised that Re-Energy had posted on the World Wide Web that Herefordshire Council, Worcestershire Council and Mercia Waste (the Partners) had suspended negotiation with Re-Energy and Estec.

Could I be advised what system this Council and its Partners propose to use if they are not proceeding with Auto Claving system, as 2010 is fast approaching and the E.U. and the British Government will impose disposal tax on the Partners.

**Answer by Councillor P.J. Edwards, Cabinet Member (Environment)**

The two Councils are in discussions with their current Contractor to endeavour to secure a sub-contractor who can deliver waste diversion technology which meets the strategy laid down in the Herefordshire and Worcestershire Joint Municipal Waste Management Strategy.

Autoclave thermal treatment has been selected as the appropriate technology.

**Question from Councillor D. Taylor**

Input Control Measures Household Waste Site

I have been advised by a local government electorate that on surfing the web he found that if he wished to obtain a permit for household waste, and he has a vehicle other than a private car, he must, according to the website, go to Worcester for his permit.

As most of the people living in Herefordshire will be using a waste site in Herefordshire, could not residents be advised on the website of how to obtain a licence from a Council office in Herefordshire? Additionally is it possible for a new permit to be issued at the waste site once the current permit presented has been used? My concern is that if we make it too onerous for residents there will be an

increase in fly tipping in the County.

**Answer by Councillor P.J. Edwards, Cabinet Member (Environment)**

The Council, together with its partner Worcestershire County Council is making attempts to control the amounts of trade waste that is disposed of at the Counties' Household Waste Sites. The disposal of trade waste through the Household Waste Sites is both illegal and is undertaken at significant cost to the Council Tax Payers of the two Counties.

Applications for permits can be made by post or telephone (0845 6072007) to Worcestershire County Council, who will administer the scheme. The normal arrangements for the scheme are that up to eight permits will be issued per application. There are arrangements for individual permits to be obtained through our Info in Herefordshire Centres.

Whilst it is recognised that this is a more bureaucratic process than allowing open access the quantity of trade and commercial waste that is disposed of on Household Waste Sites is significant. This scheme is certainly not unique and the two Councils have reviewed identical schemes operating in other parts of the country where there has been no reported increase in fly-tipping.

**Question from Councillor Mrs. Lloyd-Hayes**

What is the Council planning to do to provide youth facilities north of the river?

As I understand it from a meeting of community stakeholders earlier this week, attended also by Cllrs Wilcox and Fleet, £180,000 - generated from the insurance payment collected on the burnt-out youth centre in College Estate- is 'loosely' ring-fenced to provide alternative community and youth facilities for residents in this area. Will the same apply to the monies (£200,000) generated from the leasing and sale of the Terry Ross Youth Centre (Piggot Close) in Tupsley?

**Answer by Councillor DW Rule, MBE Cabinet Member (Children and Young People)**

College Hill Youth Centre

This was burnt down and the insurance claim has been settled at £180,000. This money has been set aside within Property Services budgets to develop another community building. We had been working with the College Hill residents association with the local members (Cllrs Williams and Wilcox) to create a plan to build a new community centre (with youth facilities) in the same "area" but not on the exact site because of road safety and access issues. Unfortunately the College Hill RA appears not to be in operation any longer. This money is still held.

Terry Ross Arts and Community (TRACC) (previously known as Tupsley Youth Centre)

Due to the dire state of this building in approximately 2000 it was leased to the Art College for nothing for five years on the proviso they refurbished it. Which they did. The space left for youth work was not suitable and the local residents association were very anti-youth service and young people being in the building so the Council withdrew and used other locations. In 2006 rent became payable and £10,000 has been paid. On 18th December, 2006 the building was sold to the Art College for £110,000. This money will be put into the central corporate pot to which directorates can make applications for the money for service provision.

The Youth Service is involved in the Community Consultations regarding the area surrounding the colleges and are aware of the issue and are happy to be part of a solution which we have indicated.

Buildings are not the panacea but in addition young people need suitable and adequate places to go but they also need appropriate and challenging things to do

(positive activities) these and the environment are provided by staff and currently the Youth Service has no capacity to provide any more youth work that we are currently doing.

The Youth Service does not have enough suitable locations in North Hereford City from which to deliver youth work. Currently the Youth work team is based in Close House, a voluntary sector project. This has poor disabled access, is small and is in the centre of Hereford by Gilbies wine bar.

However "one" location is unlikely to be suitable for all young people and the worker currently delivers from a range of locations and schools in North Hereford.

North Hereford City is allocated one full-time member of staff and approximately 40 hours of part-time staff, plus associated funding to deliver youth work. This is the same as all other six areas of Herefordshire.

It is clearly important to resolve the building priorities as soon as possible.

I will keep Councillor Lloyd-Hayes fully informed.

**Question from Councillor Mrs. S. Robertson**

The popularity of the SatNav route has increased the number of heavy vehicles using the A4110. At Portway the road is narrow with sharp bends causing HGV traffic to use the verges resulting in erosion of the highway and other related problems. Also, the SatNav system is directing HGV's through villages and on unclassified roads causing damage to culverts, etc.

- (a) What is being done to address these issues? and
- (b) Could a restriction on the use of the A4110 and other minor roads by HGV's be implemented and the use of the trunk roads encouraged?

**Answer by Councillor D.B. Wilcox, Cabinet Member (Highways and Transportation)**

'It is true that the popularity of SatNav has encouraged drivers of all vehicles including HGVs to use routes that they may not have contemplated if they were planning their route using 'traditional' means such as a Road Atlas, or by following Road Signs.

SatNav systems are getting better at taking account of local conditions and restrictions, however there is inevitably a delay between such conditions being registered on systems and then recognised and used by drivers as they plan their journeys. It should also be recognised that even with SatNav drivers can chose to take alternative routes and do still make wrong turns.

Signage is in place to encourage traffic passing through the County to use the Trunk Roads, such as the A49(T). On the A4110 the existing 40mph speed limit at Portway is being extended to the south, encompassing Bewdley Bank a well know problem site, to promote road safety. The road is inspected on a monthly basis to identify and rectify defects in condition.

Further restrictions on the A4110 for weight are unlikely to be effective, and may unnecessarily hinder access to our communities, including many rural industries.

**Question from Councillor A.C.R. Chappell**

Will the Cabinet Member for Adult Services comment on my report to her that on the weekend of 27th/28th January, at least one care worker employed by "Q Care", the company used by social services to care for the elderly, sick, disabled and dying in the community, had 17 visits to make over an eight hour period in the South Wye area?

Does she agree with me that although some of these calls were repeats, that this is an unacceptable amount of calls for one carer, given that the most vulnerable people

in our community need time spent with them?

While thanking the Cabinet Member for taking up my concerns about this matter, will she ensure that both the cared for and those doing the caring on our behalf, receive the respect and dignity that they deserve?

**Answer from Councillor Mrs. L.O. Barnett, Cabinet Member (Social Care Adults and Health)**

Herefordshire Council would not expect, or require staff, either employed directly or by care agencies, to work unreasonable hours. The Councils priority is to ensure that vulnerable people needing care are provided with appropriate and regular support that is delivered by appropriately trained staff. However it should be noted that there continues to be a shortage of care staff across the care sector, and Herefordshire Council is working with partners to address this.

Officers will look into the details of the period in question with the named agency to establish the facts and report back to me and Cllr Chappell.

**Questions from Councillor W.L.S. Bowen**

Would you agree that the proposal for 300 houses at Bullinghope/Lower Bullingham will make a very limited contribution to paying for the Rotherwas relief road?

Therefore, would you also agree that the total number of houses is likely to rise to 3000?

What proportion of any houses built will be affordable in perpetuity?

Has any modelling yet been done to fully understand the impact of all the extra traffic created by this housing upon our current road structure with all its problems?

Or is this to be a car free development?

Has full thought been given to the provision of safe and sensible cycling and walking routes?

What provision has been made for a proper local infrastructure, such as doctor's surgeries, local shops etc?

Has any consideration been given to a combined heat and power plant for this proposed development?

Will all developers be required to build to the highest energy efficiency standards and also incorporate photo-voltaics and solar water heating systems?

Will proper and due attention be paid to the voices and concerns of existing residents?

**Answer by Councillor P.J. Edwards, Cabinet Member (Environment)**

No, I would not agree. The contribution will be substantial.

Any extra growth in housing will be addressed as part of our New Growth Points initiative.

An application to develop a site is expected shortly and I have, therefore, arranged for the developer to be made aware of the development features you have asked about.

**Question from Councillor Mrs. M.D. Lloyd-Hayes**

As usual, the first most of us hear about the signing of a contract for the Rotherwas Relief Road to the tune of £12million is in our local press. Where would we be without them? Why is the Council saying that the project will only cost £12 million,

when, in fact, we have be told it is a minimum of £17.5 million?

**Answer by Councillor R.J. Phillips, Leader of the Council**

Councillor Mrs. Lloyd-Hayes may remember the recent report which went to Cabinet explaining the Rotherwas Futures project which includes the Access Road. The overall funding package for the project is £17.5m which includes the £12m for the Access Road scheme.

**65. NOTICES OF MOTION UNDER STANDING ORDERS**

There were no Notices of Motion.

**66. CABINET**

The Leader of the Council, Councillor R.J. Phillips, presented the report of the meetings of Cabinet held on 16th November, 14th and 21 December, 2006 and 18th January, 2007.

**In relation to Item 1.1 Herefordshire Unitary Development Plan (UDP)** - In response to a number of questions about councillors ability to vote on planning issues, having already voted on the UDP, the Chief Executive advised that the two issues involved separate processes. The UDP was an overall plan to decide what development should or should not be permitted; the planning process would address individual planning applications within the context of the UDP. Even though Councillors had voted on the UDP they would still be able to vote on the detailed planning applications.

A number of Members voiced concerns about the proposed housing development at Bullinghope, in particular: the lack of additional infrastructure to support the proposed number of houses; the eventual sell-out price of the housing and the absence of affordable housing; that the number of houses eventually built on the site could be up to 2,000; increase in traffic on the Ross Road and Belmont roundabout; alternative options for funding the Rotherwas Access Road.

The Leader reminded Council, that although there were no plans for affordable housing on this particular site, he had been the one who had proposed a recommendation to amend the UDP to increase the amount of affordable housing to 40%. He said that the affordability of homes was a national problem that needed to be addressed by central government and that the Council needed to contribute to those discussions.

He stated that the Council should secure appropriate contributions from the developers by way of Section 106 agreements. Too often in the past the Council had granted permission for large housing schemes but had not secured as much as it should to support the additional public infrastructure required. He said there would never be enough public money for Herefordshire to solve its transport issues and so the Council needed to maximise its income in the best way possible.

He acknowledged that Herefordshire had a low wage economy and high housing costs but said the county needed to attract better paid jobs. It was important that the 2,000 jobs at Rotherwas be protected and the Council needed to do what it could to support existing businesses as well as attract new ones. He spoke of the redevelopment of the Edgar Street Grid, but said that in order to maintain the economic viability, of Herefordshire, the Council would also have to look at development of sites other than brownfield sites. All future developments in the County would need to take account of and reduce the impact of climate change and

travel.

He said that Herefordshire was not a big part of central government's agenda and would need to look after itself. If it failed people would have neither houses nor jobs. He finished by saying he felt that adopting the UDP was the best option for the County.

**In relation to Item 9.1(i) Policy Statement for the Use of the Rivers Wye and Lugg** - In response to a question as to whether the Council was continuing to protect the fishing rights passed on by the City Council, Councillor Wilcox advised members to consider the consultation paper and make appropriate representations.

**In relation to Item 10.1(i) The Council's Investment in the Maylords Shopping Centre** - In response to a request that the City Council be informed of any matters of considerable importance to the City before they were reported in the Hereford Times, the Leader advised that the matter had been reported in the Cabinet papers which were available to all Members. However, important confidential papers, exposing the Council's negotiating position had been leaked to the press. He invited any Councillor with knowledge of how this leak might have occurred to contact him outside the meeting.

**In relation to Item 11.1(i) Hereford Livestock Market** - In response to queries about the size of the site identified for the new market and what would eventually be built on the site; whether a covenant prohibiting housing on the site could be lifted in the future, and whether the football ground would be moving from Edgar Street, the Leader said there would be no supermarket on the site, no housing and the football ground would not be relocating.

He went on to confirm that the site had been agreed in line with the UDP, and that development of the site would be restricted to a livestock market and agriculture-related businesses. He advised that the additional acreage had been subject to a Scrutiny review and that there had been across party political support for the identified site.

In response to further comments that the Council did not need an additional 40 acres of land for the storage of water for the Edgar Street Grid which had its own canal basin, and that many farmers had stopped using the cattle market in favour of the internet, The Leader replied that the water storage facility would be beneficial to the Edgar Street Grid. He said that the County relied on its landscape for tourism and the landscape was dependent on animals. He acknowledged that some farmers had stopped using the livestock market but hoped that they would return to the new facility. He commended Councillor Mayson for his efforts in identifying the site which had been acceptable to all political groups.

In response to a further query he agreed that there would be full consultation with the public and interested parties at the pre-planning stage.

Councillor T.M. James, Leader of the Liberal Democrat Group, corrected some misinformation about the market. He said that the vast majority of cattle traded at the market was for breeding livestock and store stock. He said there was no internet market for these animals. He also said that it was appropriate for the Council to purchase the additional land for water storage to facilitate the development of the Edgar Street Grid. He said this would be a good medium term investment for the Council. He also said that in his opinion the site would never be used for housing as the Environment Agency would not allow it.

Councillor A.C.R. Chappell, the Leader of the Labour Party also supported the Leader in the acquisition of the site for the livestock market. He said that this was the best site for the market and would also be of great benefit to the city as a holding area to relieve flooding.

**In relation to Item 12.1(i) - Future Social Care Needs for Older People and Adults with Learning Disabilities in Herefordshire** - The Councillor for Kerne Bridge passed on praise for the officers in the Adult and Community Services Directorate who had dealt with a complaint about a residential home on behalf of a family in his ward. The family of the man who had died felt that the officers investigation had been exemplary.

Councillor Chappell referred to his written question which had not been answered earlier in the meeting. He advised that one carer had made 17 visits during an eight hour shift and he was aware of other carers in South Wye making similar numbers of visits. Councillor Mrs. Barnett, Cabinet Member (Social Care Adults and Health) said that the matter was being investigated and she would report back to Councillor Chappell. She said that she shared his concerns and patients' welfare must come first.

The Leader referred to the expected increase in people over the age of 85 in the community and said that the Council would need to be prepared for the future, but that it was also a national problem. The sector was generally low paid but a large degree of trust was required. People were not being attracted into the business.

One councillor said that not all old people wanted to remain in their own homes. Many were happy to live in residential homes where they had additional support. She said the Council should be canvassing people about their future needs.

**In relation to Item 12.1(iii) - Homelessness Update** - One Councillor felt that the Homelessness Strategy needed to be linked to the planning process. Many elderly people were being supported at home while many were living in poorly designed, inefficient, old people's homes. He also said young people needed to be encouraged to stay in the community as society would be relying on them in the future to look after the elderly.

The Leader moved the report.

Councillor Chappell requested that a separate vote be taken on the UDP. The Chief Executive advised that the opportunity to move an amendment or separate vote arose when the relevant item was called. The motion before the Council was to accept the report as a whole.

Councillor Chappell supported by Councillor Mrs. Lloyd-Hayes again asked for a separate vote citing the unusual circumstances earlier in the meeting.

The Chief Executive again advised that the proper time to make an amendment to the report was when it was being discussed.

28 Members voted in favour of the whole report with 11 voting against.

**RESOLVED: That the reports from the meetings of Cabinet held on 16th November, 14th and 21 December, 2006 and 18th January, 2007 be received and the recommendations set out below be adopted:**

**That (a) the responses and recommendations set out in the Schedules attached to the report, regarding duly made representations to**



**the UDP Proposed Modifications and the Statement of Decisions and Reasons be approved;**

- (b) no further Modifications materially affecting the content of the Plan need to be made, and a further Inquiry is not required;**
- (c) the minor changes set out in the report be included within the Plan without the need for further modifications;**
- (d) a Statement of Decisions and Reasons be published in respect of the Council's consideration of the representations;**
- (e) the UDP be adopted and that the requisite statutory procedures be undertaken to give notice of intention to adopt the Plan;**
- (f) the UDP be adopted on the day after the expiry of the period given by the Council in the notice of intention to adopt, provided that no direction to modify or call in the Plan has been made by the Secretary of State; and**
- (g) notice of adoption be given in accordance with the statutory procedures.**

The majority of the public left the meeting at this point.

The Chief Executive advised that, as the Cabinet Report had been dealt with fairly briskly it might be possible for Council to consider all the other items on the agenda and this was agreed.

#### **67. PLANNING COMMITTEE**

Councillor T.W. Hunt presented the report of the meetings of the Planning Committee held on 30th October, 24th November, 2006 and 19th January, 2007.

**RESOLVED: That the report of the meetings of the Planning Committee held on 30th October, 24th November, 2006 and 19th January, 2007 be received.**

#### **68. REGULATORY COMMITTEE**

Councillor R.I. Mathews presented the report of the meetings of the Regulatory Committee held on 31st October and 28th November, 2006 and 30th January, 2007.

**RESOLVED: That the report of the meetings of the Regulatory Committee held on 31st October and 28th November, 2006 and 30th January, 2007 be received.**

#### **69. AUDIT AND CORPORATE GOVERNANCE COMMITTEE**

Councillor A.C.R. Chappell presented the report of the meetings of the Audit and Corporate Governance Committee held on 8th December, 2006 and 19th January, 2007.

**RESOLVED: That the report of the meetings of the Audit and Corporate Governance Committee held on 8th December, 2006 and 19th**

January, 2007 be received.

**70. STRATEGIC MONITORING COMMITTEE**

Councillor T.M. James presented the report of the meetings of the Strategic Monitoring Committee held on 22nd December, 2006 and 15th January, 2007.

**RESOLVED: That the report of the meetings of the Strategic Monitoring Committee held on 22nd December, 2006 and 15th January, 2007 be received.**

**71. STANDARDS COMMITTEE**

Mr. Robert Rogers presented the report of the meeting of the Standards Committee held on 12th January, 2007. He reminded Members to be punctilious about the Code of Conduct and asked them to give a lot of thought to matters before resorting to the Standards Board referral procedure.

In response to a request that contentious planning applications be deferred until after the elections, he said that it was not for him to comment.

**RESOLVED: That the report of the meeting of the Standards Committee held on 12th January, 2007 be received.**

**72. COUNCILLOR P.G. TURPIN - VALLETTS WARD: LOCAL GOVERNMENT ACT 1972 - SECTION 85**

**RESOLVED: That leave of absence be granted to Councillor P.G. Turpin until he would have ordinarily retired in May, 2007.**

**73. WEST MERCIA POLICE AUTHORITY**

Councillor B. Hunt presented the report of the meeting of the West Mercia Police Authority held on 19th December, 2006.

Councillor T.M. James advised that the police donated a large jar of lollipops to each licensed premises in an attempt to reduce disorder. He wanted to know who had advised on this and how much it cost.

In response to a query, Councillor Hunt advised that, despite ongoing financial constraints, the authority intended to be ranked as one of the best performing authorities in the country.

In response to a comment by Councillor Hunt, that the police had only taken 24 minutes to respond to the Council's request for assistance earlier in the day, Councillor W.J.S. Thomas suggested that the Council should consider holding all its Council meetings at the Shire Hall where the response times would be even quicker and where the surroundings were more conducive to meetings of this type.

Councillor Hunt was unable to reassure Council that the number of Community Safety Officers would be maintained. He said the matter was still under discussion and the position would be clearer in a few weeks.

Councillor Mrs. Lloyd-Hayes asked for congratulations to be passed on to the Community Safety Officers who had recently attended a residents meeting. She continued to be concerned about the lack of facilities for young people.

**RESOLVED:** That the report of the meeting of the West Mercia Police Authority held on 19th December, 2006 be received.

**74. HEREFORD & WORCESTER FIRE AND RESCUE AUTHORITY**

Councillor G.W. Davies presented the report of the meeting of the Hereford & Worcester Fire and Rescue Authority which was held on 14th December, 2006.

**RESOLVED:** That the report of the meeting of the Hereford & Worcester Fire and Rescue Authority which was held on 14th December, 2006 be received.

The meeting ended at 1.12 p.m.

**CHAIRMAN**



**Question from Mrs. M. Cocks, Lower Bullingham**

"The latest information is that consideration is being given in the latest UDP for 300 houses to be built on the eastern side of the Bullinghope land owned by Bloor Homes. This will put about one thousand more cars per day on to Hoarwithy Road. This will compound the traffic from the north that will still prefer to use Holme Lacy Road to access the Rotherwas estate.

What plans does the council have to ensure that every vehicle travelling from or to the north, of all types wishing to access or egress the Rotherwas Industrial Estate uses the proposed new road?"

**ANSWER**

- 1 - Having reviewed the Transport Assessment submitted by Bloors for the UDP Inquiry it is estimated that there will be under 500 vehicles per day using Hoarwithy Road (both out of and into the site). It should be noted that the general flow of these vehicles will be towards Hereford City Centre during the morning Peak and coming from that direction in the evening Peak. As such they will be not compounding traffic to and from the Estate as its peak flows are in the opposite direction.

In addition, the Rotherwas Access Road will attract traffic before it reaches the Holme Lacy Road/ A49 junction. The positive benefits of the reduction in traffic on Holme Lacy Road resulting from the Access Road more than compensate for the small increases resulting from the Bullinghope development. Constructing the Access Road will not significantly increase HGVs travelling north through the City on the A49.

- 2 - The Council intends to remove all HGV's from Holme Lacy Road so that they use the new Access Road and this will be achieved through Traffic Regulation Orders. The Council also intends to implement transport improvements along the Holme Lacy Road corridor which would include traffic calming and facilities to improve and encourage pedestrian, cycle and bus access to the Estate and within the local area in general. Whilst these measures will not stop car borne access to the Industrial Estate they will discourage it. Car borne access to the Estate to/from the south will use the Access Road in favour of the Holme Lacy Road.

**Question from Mr. P.J. Cocks, Lower Bullingham:**

"The council's purpose for putting housing development at Bullinghope into the UDP is to part fund the ROTHERWAS road, in the sum of £8,000,000 from Bloor Homes.

As the council will have to, initially, borrow the £8,000,000 for up to three years until Bloor Homes tender their contribution, what services do the council propose cutting to service the debt? At 6% £480,000 per year. £1,440,000 over three years or if compounded over three years a total of £1,521,128."

**ANSWER**

The funding model for procuring the Rotherwas Access Road does not rely solely on receipt of s106 development money as it is part of the wider Rotherwas Futures scheme. The funding package is still the subject of negotiation but will include external contributions from Advantage West Midlands (AWM), Local Transport Plan

funding, capital receipts generated as the regeneration project progresses prudential borrowing and developer contributions. The cash flow costs in the early years of this project are significantly less than the figure you have estimated and will be offset by cash flow gains in later years. The Council is not therefore planning to cut any services as a result of the Rotherwas Futures project.

**Questions from Mr. I. Jardin, Campaign to Protect Rural England, Herefordshire Branch**

"With regard to the Rotherwas Access Road:

- (a) what is the latest cash flow forecast, by financial year, of expenditure on procuring the Road, including any interest payments?
- (b) what are the intended sources of funding for that cash flow, including loans, by financial year?
- (c) what is the earliest expected date for the signing of a Section 106 agreement with Bloor Homes to secure their contribution to the funding of the Road?
- (d) if Bloor Homes' contribution does not eventualize, how do you propose to fund the equivalent element of the cost of the Road?
- (e) do you still share the conclusion, set out in the letter of 20 January 2004 from Bloor Homes' agent to the Forward Planning Manager, that "the direction of future growth of Hereford should be to the south of the City"?
- (f) do you expect the number of heavy goods vehicles travelling north on the A49 through Hereford, including the Belmont roundabout, to increase after completion of the Road?"

**ANSWER**

Three specific questions (a, c and d) are so closely linked to the project's timetable that until this is confirmed and agreed they cannot be answered. In effect, the cashflow forecast will be known when the details of expenditure requirements are in place; the Section 106 information will depend on the final agreement and any funding issues around a developer's contribution would be a matter for the Council to review depending on the outcome of any negotiations.

- b) The Council will seek to optimise funding contributions from external sources as outlined in answer to Mr Cocks' question. The balance will be met from within the Council's prudential borrowing limits. The Council's Treasury Management Strategy sets out the approach to minimising borrowing costs.
- e) It is a matter of record that the Council's position was that the Bullinghope allocation would form the first phase of a much larger development to take place beyond the Plan period. In response to objections to the Proposed Modifications stage, minor changes to the Plan are being proposed to Council. If accepted, these will remove reference to such development beyond the Plan period. Future direction of growth for Hereford will be consider in the light of emerging requirements in the Regional Spatial Strategy.
- f) The results of the modelling carried out for the Major Scheme Business Case for the Rotherwas Access Road (July 2005) indicated that constructing the road will not significantly increase HGVs travelling north through the City on the A49.

**Question from Mr. B Caldicutt, Hereford**

The Initial UDP up to 2011 included for 300 houses at Holmer, which after the consultation period was moved to Bullinghope in the Draft UDP. After a Public Enquiry the inspector recommended that the houses should be reinstated back to Holmer as proposed in the Initial UDP. This was quite rightly done through the democratic procedure. Planning Permission has been granted for the houses at Holmer so it appears to me that this is now an over provision of houses based on the Initial & Draft UDP especially when the Stirling Lines development is to increase by a further 250-300 houses

I generally have the feeling that the majority of members do not know where the site is, and even more so just how much land Bloor Homes, the prospective developer owns, which could lead to some 2000 houses.

If it were not for the financing of the Rotherwas Access road, these houses would not have been included in this Modified UDP.

I personally collected 220 signatures on a petition against this proposal, and standing on residents' doorsteps the feeling was, enough is enough. It is a pity that they are not here to voice their opinions!

Before the Committee approves this Modified UDP, I request that, another Public Enquiry is held on this matter, and all members should visit the site to acquaint themselves with the landscape and the drastic consequences this proposal would have.

**ANSWER**

The proposal to allocate land at Bullinghope for 300 dwellings has been fully considered through the UDP process. Many matters were raised in representations to the draft Plan and are addressed by the Inspector in his Report. Although the Council has rejected the Inspector's recommendation in this case, no new matters have been raised in subsequent representations which would require a second Inquiry.

**Question from Ms J. Shuttlewood, Bullinghope**

Based on the recent history at the Stirling Lines development, where one of the developers sold amenity land to another developer who subsequently obtained planning permission to build on it, I am concerned that leisure and amenity land be protected. If planning consent for the Bullinghope development includes leisure and amenity land will the Council insist that the developer gift any such land to the people of Herefordshire for leisure purposes in perpetuity?

**ANSWER**

The question of amenity land on any development at Bullinghope is a matter for detailed consideration at the development control stage. It would be inappropriate for any amenity land on the application site subsequently to be developed for housing purposes.

**Question from Mrs. S. Shuttlewood, Bullinghope**

What is the hidden agenda that persuades this council to go against the results of its own surveys and the decision of the inspector from the Government department with regard to the development at Bullinghope?

I would be grateful to receive a transcript of the meetings recorded minutes.

**ANSWER**

The Council's reasons for rejecting the Inspector's recommendation are set out in the published Statement of Decisions and Reasons. The reasons refer to the role of the site in helping to ensure that the strategic housing requirement is met and to the opportunity to secure funding for the proposed Rotherwas Access Road.

**Question from Mr. H. Shuttlewood, Bullinghope**

Population Estimates for Hereford - As an interested party in what Herefordshire Council is proposing for Bullinghope I have tried to research the reasons, but some figures are a little out of date.

Surfing the internet has produced the Councils papers on population figures, age distribution and housing needs and I see that population growth is expected to slow during 2003-11 and be in line with the general growth of England and Wales of 3.4%. Do you have later figures from the Population Estimates Unit of ONS for growth in Hereford City and rural areas that support planned housing growth here?, and can you tell me what the housing needs figure was for Hereford in the last unitary development plan? There is obviously a shortage of cheap homes, but the plan to piggy back development here just to get a builder to pay for a spur road of limited use, will not achieve that aim given the cost to the builder.

Just how many homes are you expecting to be justified?

**ANSWER**

Housing requirements for the County are set out in the Regional Spatial Strategy. The Bullinghope site will help ensure that these regional requirements are met and the Regional Assembly has concluded that the UDP is in general conformity with the Regional Spatial Strategy. Changes to household projections at national level feed initially into the process of reviewing the Regional Spatial Strategy, rather than directly to the Council. The Regional Assembly is currently consulting on revisions to the Spatial Strategy which incorporate revised housing requirements for the County.



**Question from Mr. T. Ford by e-mail**

Question from Cycle Hereford concerning the current scheme for the St Owen's Street cycle contraflow:

The Council convenes the Pedestrian, Access and Cycle Forum to get advice on improving the environment for vulnerable road users in the County. The PAC Forum has agreed a set of movement principles to ensure that traffic management schemes benefit road users in line with the Council's road user hierarchy and enhance the area where they are introduced. It is clear from the scheme currently being progressed for the St Owen's Street cycle contraflow that the Council ignored the movement principles and the road user hierarchy when instructing its consultants.

If the Council will ignore these principles for a scheme on St Owen's Street, one of the most attractive and sensitive streets in Hereford, where and when will it apply the principles?

**ANSWER**

The Council's Local Transport Plan includes a hierarchy of modes of transport from walking through to car users which demonstrates our commitment to securing a sustainable and integrated transport system which is accessible to all.

It is from consideration of this hierarchy and suggestions from local cyclists that the potential benefits of allowing cyclists to cycle contrary to the flow of general traffic in St Owens Street, and hence give them greater priority for access to the city centre, have been identified. The design of individual schemes must take into account relevant guidance and standards for highway design whilst also considering views from all stakeholders to arrive at the most suitable design. The Council recognises the importance of St Owens Street to the economic vitality of the city centre and the value of its historic landscape.

At the last meeting of the Forum, there was general agreement with my proposition that the retention of the ambience of this important street is of paramount importance when considering possible cycleways.

The St Owens Street contra flow proposals were published for public consultation in January this year following previous discussions with stakeholders. The Council will be considering all the views expressed during the consultation period prior to making a decision regarding the scheme.

**Question from Mr. P. Cocks by e-mail**

Is the council aware that the Chancellor of the Exchequer, Gordon Brown, announced on 6th December, 2006: that the government intends to introduce legislation that will take away clause 106 money from local authorities and pass it to Regional Government?

How would this legislation affect the councils financing proposals for the Rotherwas Relief Road and thus the need for the Bloor Homes houses at Bullinghope?

**ANSWER**

The Governments proposals for Planning Gain Supplement (PGS) are the subject of an ongoing consultation process and changes to the current planning obligations system are the subject of a similar process ending on 28<sup>th</sup> February 2007. The Government has confirmed that it will move forward with PGS if, after consultation, PGS is deemed to be workable and effective.

A key feature is to return at least 70% of PGS revenue to the local authority area in which they were generated for local infrastructure priorities. The remaining PGS revenue would be returned to the region to help finance strategic infrastructure projects.

The Government has confirmed that PGS would not be introduced before 2009.

Whether or not the Bloor Homes proposals for development at Bullinghope and the Council's financing arrangements for the Rotherwas Futures Project are affected depend on the timing of the Governments intentions and the date of any planning permission.

Any Section 106 Agreement will come into effect if planning permission for the development is granted.

**Question from Revd Peter Hackett, Lower Bullingham**

How many houses would need to be built to meet the shortfall in the cost of the Rotherwas Access Road, and how many houses would be affordable?

**ANSWER**

The Council recognises the strategic importance of delivering the Rotherwas Access Road. The proposed housing site of Bullinghope will provide proportional funding to assist in its delivery. It is anticipated that the site will yield approximately 300 dwellings with no affordable housing being provided.

**QUESTIONS FROM MEMBERS OF THE PUBLIC****Report By: Head of Legal and Democratic Services****Wards Affected****Purpose**

1. To receive any questions from members of the public deposited more than six clear working days before the meeting of Council.

**Background**

2. Standing Order 4.24 of the Constitution states that: A member of the public may 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 more than six clear working days before the meeting i.e. by close of business on a Wednesday in the week preceding a Friday meeting. No supplementary questions may be asked.
3. A total of 25 minutes shall be set aside for the answering of questions from members of the public save that the Chairman, or Vice-Chairman, if presiding, shall have absolute discretion to vary the period of time by making it shorter or longer as he/she considers appropriate. Any questions unanswered at the expiry of the time limit shall be dealt with by way of written reply to the questioner.
4. Any question which contains defamatory material or the publication of which is likely to be detrimental to the Council's interests, may be rejected.

**Questions**

5. One question was received by the deadline. The question has been amended to remove reference to an individual Councillor and is attached at Appendix 1.



**Question from Mr. C.J. Grover, Bromyard**

Hereford Council owns Bromyard Downs and their management is formally delegated to the Commons Management Committee through Brockhampton Group Parish Council. The Committee consists of 12 members, eight of whom are appointed by the Parish Council from their own members and four are commoners elected annually by other commoners at the Annual Meeting of Commoners held in April. In the two previous years requests have been made to the Clerk in good time to publish the electoral procedure for this annual election and provide a copy of the List of Commoners. No list of commoners is available for candidates, no proxy votes are allowed for the election and only commoners present at the meeting can vote. As this is an election to a public body responsible for the management of Hereford Council property, will the Council confirm at the next meeting in April 2007 -

1. that normal electoral procedures should prevail since there is no published or approved Management Committee or Parish Council constitution rules to suggest otherwise.
2. in the interests of local democracy proxy votes are permitted.
3. the list of 90 or so commoners is made available to candidates on request
4. the Commoners Annual General Meeting is a public meeting.



## REPORT OF THE MEETINGS OF CABINET

HELD ON 8TH AND 22ND FEBRUARY, 2007

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

This meeting of Council is set primarily to approve the Council's Revenue Budget and Capital Programme for 2007/08, any decisions on its Medium Term Financial Strategy, together with the Council Tax for 2007/08, and the Council's Corporate Plan 2007/10.

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

- 1.1 **Revenue Budget and Capital Programme 2007/08** – Cabinet has received the Corporate Management Board's proposals for the Revenue Budget and Capital Programme for 2007/08. Cabinet has made recommendations on these matters taking into account the Council's financial standing, resource availability and spending pressures for the future.

It has also noted that the Strategic Monitoring Committee has made no specific recommendations on the draft Budget Strategy. However, a number of aspects had been discussed by the Committee, in particular the Cabinet's intention to propose a Council Tax increase of 3.8% compared with the assumption of 4.7% in the Medium Term Financial Management Strategy and to cover the consequences of this proposal from various sources. The Committee has called for a report setting out the position on the Council's reserves, the level of reserve needed to manage risk and what scope further reserves might afford the Council in its future financial planning. The Committee has also noted the importance of the delivery of the Herefordshire Connects Programme, and has received an assurance that appropriate measures have been taken to cover the assumed financial risk should there be any difficulty in the delivery of the Herefordshire Connects Programme in 2007/08.

A full set of papers considered by Cabinet are attached at Appendix 1.

**Cabinet recommends to Council that:**

- (a) **the Medium Term Financial Management Strategy (MTFMS) for 2007/08 to 2010/11 be approved;**
- (b) **in approving the MTFMS (referred to in (a) above), Council also approves the:**
  - a. **Medium-Term Financial Resource Model for 2007/08 to 2010/11;**
  - b. **Directorate revenue base budgets for 2007/08;**

- c. **Invest to Save / Invest to Mitigate proposals for 2007/08;**
  - d. **Medium-Term Capital Plan for 2007/08 to 2010/11;**
  - e. **Capital Programme for 2007/08, (subject to the deferral at paragraph 7.1(ii) in this report);**
  - f. **Efficiency Strategy for 2007/08 to 2010/2011**
  - g. **Treasury Management Strategy for 2007/08 and the Prudential Indicators for 2007/08 to 2009/2010;**
  - h. **Corporate Risk Register as at February 2007; and**
  - i. **Financial Risk Assessment as at February 2007.**
- (c) **the revenue and capital budget proposals for 2007/08 outlined in the MTFMS be approved for Council Tax setting purposes;**
  - (d) **a corporate strategy on fees and charges be developed as an integral part of the MTFMS when it is updated prior to the start of the next Performance Improvement Cycle;**
  - (e) **the delivery of the benefits resulting from the Invest to Save /Invest to Mitigate proposals be managed using the benefits realisation process developed for Herefordshire Connects; and.**
  - (f) **the Council's responsibilities under Sections 25 – 29 of the Local Government and Finance Act 2003 be noted.**

- 1.2 **Proposed Corporate Plan 2007/10** – The Corporate Plan sets out the Council's intentions for its contribution to The Herefordshire Community Strategy which is underpinned by the Council's Local Area Agreement. It includes performance measures and targets over the next three years, actions to achieve them, associated risks and their mitigation and the resources allocated. Some targets have yet to be included. The gaps are indicated on the draft plan. These include those to be agreed in the refreshed Local Area Agreement. Government had indicated that the Minister was to have approved these by 5 February.

A full set of papers considered by Cabinet, including some minor changes, are attached at Appendix 2.

**Cabinet recommends to Council that:**

**subject to detailed final changes, the Corporate Plan 2007/10 be approved.**

## **2. NOTICES OF MOTION**

- 2.1 No Motions to Council were considered by Cabinet during the reporting period.



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

3.1 No key decisions were considered by Cabinet during the reporting period.

**4. CORPORATE STRATEGY AND FINANCE  
(Chairman of Cabinet : Councillor R.J. Phillips)**

**4.1 Report on Decisions Taken**

- (i) **Public Service Trust Project Initiation Document** – Cabinet has noted the progress being made in relation to the formation of a Public Service Trust. It has approved a Project Initiation Document and Terms of Reference, previously approved by the Primary Care Trust, as a basis for advancing the work of the Public Service Trust.
- (ii) **Annual Operating Plan 2007/08** – Cabinet has agreed the Annual Operating Plan for 2007/08 subject to final changes. The Plan gives effect to the first year of the Corporate Plan and to serve as a basis for in-year integrated performance reporting. Strategic Monitoring Committee has considered the Plan and Cabinet has been informed of its concerns.

**5. CHILDREN AND YOUNG PEOPLE  
(Cabinet Member: Councillor D.W. Rule, MBE)**

**5.1 Report on Decisions Taken**

- (i) **Every Disabled Child Matters** – Cabinet has considered a report which highlights the work being undertaken in Herefordshire to ensure that in implementing the Every Child Matters agenda, disabled children and young people are not marginalised. The report refers to another report produced in October 2006 by a group of five charitable organisations called 'Every Disabled Child Matters – Off the Radar' (also circulated to Cabinet) This report sets out a Charter which it hopes local authorities will have in place by January 2008. Cabinet has accepted and adopted this Charter as a best practice standard for the service and has noted the work being carried out in this area. The Children and Young People's Directorate is currently finalising the first draft of its disability strategy for children and young people. The draft will be scrutinised by the Government Office for the West Midlands in March and will then go out to full consultation in April for completion in summer 2007.
- (ii) **Progress on Improvement – Children and Young Peoples Services** – Cabinet has noted a report on the progress and remedial work in relation to improvement in outcomes and performance management in children and young people's services. In November 2006 a report outlined a change in the action plan arrangements. The new approach was endorsed by the Government Office for the West Midlands and the updated plan has been circulated and noted by Cabinet. In December 2006, Government Office for the West Midlands Improvement Board for Herefordshire endorsed the achievements for 2006 and these achievements will be informing the second report to the Minister along with the positive but separate outcomes for

2005/06. These have also been circulated to Cabinet. Herefordshire is top nationally on two key indicators and is in the top group in several others. A summary of the current position was part of the Integrated Performance Report to Cabinet in January 2007. The achievements summary for 2006 was presented as part of that report also. The report highlighted Disability Strategy and Workforce Strategy as exceptions and set out the actions being taken to improve these areas of concern.

- (iii) **Smokefree Herefordshire** - A report on this item is to be found at Item 8.1(iii) of this report.

## **6. COMMUNITY SERVICES** **Cabinet Member: Councillor R.V. Stockton**

### **6.1 Report on Decisions taken**

- (i) **Herefordshire Council Services in Ledbury Linking to a Library Big Lottery Application** – Cabinet has received a report giving an overview of schemes in Ledbury that will inform the way forward in developing new facilities in the town. It has agreed that an outline application be submitted for Big Lottery Funding by March 2007 to support the library element of an integrated centre incorporating Info (customer services) and provision for young people and agreed that a Consultation Partnership Board be established to oversee the project.

## **7. CORPORATE AND CUSTOMER SERVICES AND HUMAN RESOURCES** **(Cabinet Member - Councillor Mrs. J.P. French)**

### **7.1 Report on Decisions taken**

- (i) **Herefordshire Council Services in Ledbury Linking to a Library Big Lottery Application** - A report on this item is to be found at Item 6.1(i) of this report.
- (ii) **Integrated Performance Report** – With the exception of the deferral by Cabinet of the way in which the shortfall is to be met on the capital schemes for Riverside Primary School and Sutton Primary School, to enable the Leader and appropriate Cabinet Portfolio Member to put forward alternative solutions, Cabinet has endorsed a report setting out performance to the end of January 2007 against the Annual Operating Plan 2006/07. The report also set out the performance against revenue and capital budgets and corporate risks together with remedial action to address areas of under-performance. The report covered the progress being made against the Council's Overall Improvement Programme. Cabinet has also noted an addendum to the report which was circulated at the meeting setting out the Comprehensive Performance Assessment Scorecard for 2006, which indicated that the Council has been given a 3 star rating for its overall performance in 2006.
- (iii) **Local Government Pension Scheme – Response to Statutory Consultation** – Cabinet has endorsed the response to the statutory consultation being undertaken by the Department of Communities and Local Government in respect of the proposed changes to the Local

Government Pension Scheme. Cabinet has noted the scope of the draft regulations for the New Look Local Government Pension Scheme. The response indicated that overall the proposals meet the objective of being attractive in comparison to other industries, yet financially viable. Cabinet has been informed of Herefordshire's internal consultation process prior to responding, and the cost implications of the proposals.

## **8. ENVIRONMENT (Cabinet Member: Councillor P.J. Edwards)**

### **8.1 Report on Decisions Taken**

- (i) **West Midlands Regional Spatial Strategy Phase Two Revision** – Cabinet has received a report on the West Midlands Regional Spatial Strategy – Phase Two Revisions Spatial Options. The Options consultation focuses on housing, employment land, transport and waste. The development of the options followed an earlier consultation in February 2006 when the Council, along with other strategic planning authorities, provided advice to the West Midlands Regional Assembly (WMRA) regarding sub-regional issues. The Spatial Options set out a wide range of questions and choices relating to development of the Region up to 2021, or in respect of housing and employment to 2026. The report detailed a schedule of responses to the questions set out in the Strategy which Cabinet has endorsed for forwarding to the WMRA.
- (ii) **Planning Obligations Supplementary Planning Document** – Cabinet has received a report and has agreed with one amendment, a draft Supplementary Planning Document (SPD) which sets out the Council's policy and use of planning obligations for consultation purposes. The amendment changes the need to seek contributions from a minimum of six dwellings, to contributions from all residential dwellings in developments where accessibility, transport and movement are concerned. The document has been included within the Council's Local Development Scheme and is being produced in line with the regulations of the new planning system introduced under the Planning and Compulsory Purchase Act 2004. The Draft SPD forms part of the Council's emerging Local Development Framework and is being prepared to the timetable set in the Local Development Scheme.
- (iii) **Smokefree Herefordshire** – Cabinet has received a report on the changes made by the Health Act 2006 that will mean that from 1st July 2007 virtually all enclosed public places and workplaces in England will become smoke free. The Health Act 2006 imposes new duties on local authorities to enforce the Act and its Regulations. To this end, in accordance with guidelines set out in the White paper Choosing Health, the Council will be achieving this through the Smokefree Herefordshire Partnership established in July 2006. The Partnership is made up of officers from various divisions within Herefordshire Council, the Herefordshire Primary Care Trust, the Herefordshire and Worcestershire Fire and Rescue Service, HM Customs, West Mercia Police and representatives from the business and voluntary/community sectors and operates under the umbrella of

the Herefordshire Partnership. Cabinet has approved the Action Plan circulated with the report for raising awareness and enforcement of the smokefree legislation and the way it will be funded.

**9. RESOURCES**  
**(Cabinet Member: Councillor R.M. Wilson)**

**9.1 Report on Decisions taken**

- (i) **Asset Management Plan: Overview Issues Report (deferred from the 18th January meeting of Cabinet)** – The Asset Management Plan (AMP) sets out the Council's approach to managing its property assets. There is no longer a requirement to submit the AMP to the Government Office for the West Midlands but there is an expectation that it will continue to represent a significant statement of the Council's intentions in respect of how it uses its resources and will, therefore, form a key part of the Use of Resources Assessments by the Audit Commission.

Cabinet has endorsed the Asset Management Plan 2006/07, approved revised Asset Management arrangements and noted the key issues and actions relating to the implementation of the Council's Asset Management Plan 2006/07.

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

## **DRAFT REVENUE BUDGET & CAPITAL PROGRAMME 2007/08**

### **PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE**

**CABINET**

**22ND FEBRUARY, 2007**

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#### **Wards Affected**

County-wide

#### **Purpose**

To receive the Corporate Management Board's (CMB's) suggested revenue budget and capital programme for 2007/08.

#### **Key Decision**

This is not a Key Decision. Council will take the final decision on Council Tax levels for 2007/08 on 9th March, 2007.

#### **Recommendations**

**THAT**

- (a) the views of the Strategic Monitoring Committee on the draft revenue budget and capital programme for 2007/08 be noted;**
- (b) the Medium Term Financial Management Strategy (MTFMS) for 2007/08 to 2010/11 as amended following Cabinet on 8th February and Strategic Monitoring Committee be approved;**
- (c) in approving the MTFMS the Cabinet also approves the:**
  - a. Medium-Term Financial Resource Model for 2007/08 to 2010/11;**
  - b. Directorate revenue base budgets for 2007/08;**
  - c. Invest to Save / Invest to Mitigate proposals for 2007/08;**
  - d. Medium-Term Capital Plan for 2007/08 to 2010/11;**
  - e. Capital Programme for 2007/08;**
  - f. Efficiency Strategy for 2007/08 to 2010/2011**
  - g. Treasury Management Strategy for 2007/08 and the Prudential Indicators for 2007/08 to 2009/2010;**
  - h. Corporate Risk Register as at February 2007; and**

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Further information on the subject of this report is available from  
Sonia Rees on (01432) 383519 or David Powell on (01432) 383173

**i. Financial Risk Assessment as at February 2007.**

- (d) the revenue and capital budget proposals for 2007/08 outlined in the MTFMS be recommended to Council for Council Tax setting purposes on 9th March, 2007;**
- (e) a corporate strategy on fees and charges is developed as an integral part of the MTFMS when it is updated prior to the start of the next Performance Improvement Cycle;**
- (f) the delivery of the benefits resulting from the Invest to Save / Invest to Mitigate proposals is managed using the benefits realisation process developed for Herefordshire Connects; and**
- (g) the Council's responsibilities under Sections 25 – 29 of the Local Government and Finance Act 2003 be noted.**

## **Reasons**

Cabinet needs to make a recommendation on the revenue budget for 2007/08 to Council on 9th March, 2007 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**

### **Medium-Term Financial Management Strategy (MTFMS)**

1. The Council has adopted a new approach to corporate, service and financial planning called the Improvement Performance Cycle (IPC). The IPC ensures that corporate and service planning is done in the context of the likely level of resources available (as indicated in the MTFMS) and that available resources are allocated in line with priorities.
2. The approach taken for formulating next year's capital and revenue budgets is entirely consistent with the MTFMS that was considered in draft form by Cabinet in July last year, agreed in October and reviewed in January 2007. The MTFMS attached to this report includes the updates agreed by Cabinet last month, including the revision to the proposed Council Tax increase for 2007/08, and seeks to ensure that cash is allocated in line with corporate priorities.
3. The MTFMS covers all aspects of next year's budget proposals for both capital and revenue spending which are as follows:
  - Medium-Term Financial Resource Model for 2007/08 to 2010/11;
  - Directorate revenue base budgets for 2007/08;
  - Invest to Save / Invest to Mitigate proposals for 2007/08;
  - Medium-Term Capital Plan for 2007/08 to 2010/11;
  - Capital Programme for 2007/08;
  - Efficiency Strategy for 2007/08 to 2010/11;

- Treasury Management Strategy for 2007/08;
  - Corporate Risk Register as at February 2007; and
  - Financial Risk Assessment as at February 2007.
4. The local government finance settlement for 2007/08 was in line with the expected 2.4% cash increase included in the MTFMS. At 4.3%, the headline increase in funding per pupil for schools was also in line with expectations. The MTFMS has been updated to ensure that there is financial cover in 2007/08 for the Herefordshire Connects programme until such times as the benefits realisation programme has been established and is delivering cashable efficiency gains. The MTFMS has also been updated to include a 3.8% increase in Council Tax for 2007/08.
  5. Looking to the medium-term, the Government's plans for public service reform remain every bit as ambitious as anticipated and the MTFMS attached to this report has been updated to reflect the latest developments including:
    - Local Government White Paper (October 2006);
    - Queen's Speech (November 2006);
    - Chancellor's pre-budget report 2007 (December 2006);
    - Sir David Varney's public service transformation review (December 2006);
    - Progress with the Lyons' Inquiry; and
    - Progress with the Spending Review 2007 (SR07).
  6. Staying with the medium-term, the assumptions about future increases in general grant support from the Government, cashable efficiency targets, inflation and Council Tax increases in 2008/09 and following years still hold good but they will need to be kept under review as further information becomes available. The MTFMS includes a financial risk assessment identifying the key assumptions and the impact of changes in them.
  7. Much about the medium-term remains uncertain and cannot yet be reflected in terms of assumptions underpinning the MTFMS. A key issue we will need to continue to monitor is the impact that the final outcome of the Lyons Inquiry might have for the reform of the local government funding system.

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

8. 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.
9. 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.
10. 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.

11. 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.
12. Sections 28 and 29 of the Act deal with budget monitoring issues and made budget monitoring a statutory duty. If monitoring established 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.
13. The Director of Resources will provide her statutory report to Council on 9th March, 2007 when it sets the Council Tax for 2007/08.

### **Financial Standing and Risk**

14. Financial standing is about effectively managing activities and associated budgets to avoid significant under or over spending in the delivery of planned objectives. It is also about setting aside prudent but not excessive levels of reserves in relation to risks. The external auditor has commented positively on the strategy set out in the MTFMS (Section 6 refers) for managing reserves and balances and is particularly pleased to see reserves being earmarked against significant financial risks. Cabinet now receives a regular update on the level of reserves as part of the bi-monthly financial monitoring report included in the Integrated Performance Report.
15. Sound corporate governance also includes consideration of the financial risks facing an organisation. A detailed assessment of the key financial risks affecting the Council's financial management strategy and proposed budgets for 2007/08 is provided in Appendix E of the MTFMS.

### **Projected Financial Performance for 2006/07**

16. Cabinet reviewed the latest Integrated Performance Report (IPR) covering the first 8 months to the end of November on 18th January, 2007. An interim financial monitoring report to the end of December was included as part of the Financial Strategy Update report considered at that same meeting.
17. The interim financial monitoring report to the end of December showed that there is likely to be an under spend on the revenue account at year-end based on the information currently available. It also reported significant slippage on the capital programme for 2006/07 too.
18. The latest forecast is for an under spend in the region of £2.5m in overall terms on the revenue account based on the financial information available at the end of December. The improved financial position is due to:
  - A further reduction in the over spend forecast for adult social care services;
  - An under spend on waste collection services;
  - An increase in the surplus on Financing Transaction due mainly to further slippage in the capital programme; and



- Inclusion of £1m LABGI grant.
19. However, there are two further factors known at the present time that could alter the forecast outturn for the revenue account again in the Month 10 IPR to be presented to Cabinet. As previously reported to Cabinet, the Government will not be announcing LABGI grant figures for each council until February 2007. Herefordshire's grant is not expected to be less than £1m but could be more based on the information currently available. The other issue relates to ICT Services. As previously indicated to Cabinet, work to assess the likely outturn for ICT budgets is ongoing and will be complete by the time of the next IPR. Work to date indicates that the gross projected outturn position is likely to be an over spend and that there may be ongoing budget issues to resolve.
  20. Spending is behind profile on capital schemes, particularly for the accommodation strategy and Herefordshire Connects. Potential budget pressures are however emerging on schools schemes where tenders are coming in over budget. Cabinet will be provided with an update in the next IPR.
  21. The outturn for both capital and revenue remains a projection until the accounts are closed but the figures suggest that there will be a significant net under spend on both accounts in 2006/07. This is despite the fact that CMB were anticipating a tough task in managing revenue spending within budget for the year. This position provides some of the capacity needed to cover financial risks for 2007/08 and reinforces the view that there is sufficient capacity within the base budget to manage without inflation on non-pay budgets next year.

### **Draft Revenue Budget 2007/08**

22. Cabinet approved updates to the MTFMS have been reflected in the proposed revenue budget for next financial year. For convenience, the key changes are summarised in the following paragraphs.
23. The 'hotspots' now included in the MTFMS are as follows:
  - Reduction in proposed Council Tax increase for 2007/08 only (approximately £600k in 2007/08 and subsequent years);
  - Providing temporary cover until the benefits realisation programme for Herefordshire Connects has been established and is delivering cashable efficiency gains for reinvestment in priority services (£5.8m in 2007/08);
  - Reduction in the assumed rate of growth in the Council Tax base (£500k in 2007/08 and subsequent years);
  - Adjusting the base budget to reflect the initial investment needed to implement the Customer Services Strategy (£500k in 2007/08 and 2008/09 only); and
  - Addressing capacity issues in the corporate Directorates (£400k in 2007/08 and subsequent years).
24. Additional financial capacity now included in the MTFMS arises from:
  - Use of existing Herefordshire Connects reserve (£1.5m);
  - Use of Budget Management Reserve (£1.1m);

- Use of excess Social Care Contingency (£1.3m);
- LABGI grant increase (£1m in 2006/07 and 2007/08);
- Financing Transactions (£950k); and
- Procurement & efficiency savings (£250k).

25. Directorate revenue base budgets for 2007/08 have been increased by amounts previously agreed by Cabinet in order to correct more minor anomalies in the existing base budget. The list of agreed changes is repeated below:

- **Queenswood Park** - £25k to restore the base budget;
- **Procurement & Efficiency Review** - £55k increase in the staffing budget to generate procurement savings and an enhance level of West Mercia Supplies (WMS) dividend;
- **Herefordshire Matters** - £50k to correct a base budget omission;
- **Chief Executive's Development Fund** - £150k to pay for corporate subscriptions and corporate organisational development initiatives;
- **Housing Benefit & Council Tax Benefit (HB/CTN) Administration Subsidy** - £150k reduction in expected grant income from the Department of Work and Pensions (DWP);
- **Service Level Agreements** - £100k a year in the event a planned review reveals budget pressures;
- **Edgar Street Grid (Herefordshire) Ltd** – increase in base budget provision of £225k for the period 2007/08 to 2009/10.

26. The above base budget changes total £755k for 2007/08 and subsequent years.

27. The base budget for 2007/08 also includes provision for inflation on income and expenditure budgets in line with the MTFMS as follows:

| Budget Heading                   | Inflation Assumption |
|----------------------------------|----------------------|
| Employees                        | 2%                   |
| Employers' pension contributions | 0.6%                 |
| Income budgets (see below)       | 2.5%                 |
| Other expenditure                | 0%                   |

28. The total for pay inflation allowed for in the draft budget for 2007/08 is £1.196m. After allowing for income inflation of £578k, the net increase is £618k. The figure for income inflation is lower than reported to Cabinet on 18<sup>th</sup> January, 2007 as the calculation has been updated to exclude some elements of the adult social care income budget that is reducing. In line with the MTFMS, inflation has not applied to the income budgets for

services such as car parking or planning because there are no plans to increase the fees and charges. The budgets are however regularly reviewed to reflect changes in demand.

29. The following table summarises the draft base budget position for 2007/08 after taking into account previously agreed changes and inflation provision:

|                                      | <b>Base Budget<br/>2006/07<br/>£000</b> | <b>Base Budget<br/>2007/08<br/>£000</b> |
|--------------------------------------|---|---|
| Adult & Community Services           | 44,404                                  | 44,710                                  |
| Children & Young Peoples             | 22,030                                  | 22,694                                  |
| Corporate & Customer Services        | 7,546                                   | 7,688                                   |
| Environment                          | 24,361                                  | 25,021                                  |
| Human Resources                      | 1,379                                   | 1,401                                   |
| Resources                            | 5,712                                   | 6,122                                   |
| <b>Sub Total Directorate Budgets</b> | <b>105,432</b>                          | <b>107,636</b>                          |
| <b>Plus:</b>                         |   |   |
| Financing Transactions               | 8,530                                   | 10,242                                  |
| Social Care Contingency              | 1,302                                   | 1,302                                   |
| Central Services                     | 3,021                                   | 3,191                                   |
| <b>Total Base Budget</b>             | <b>118,285</b>                          | <b>122,371</b>                          |

30. An integral part of the 2007/08 budget process has been the emphasis on three-year strategic investment proposals to support the draft Corporate Plan 2007 – 10. Cabinet received a report on 26<sup>th</sup> October, 2006 confirming that the 2007/08 budget would be framed within the context of these three-year strategic decisions.

31. The updated MTFRM indicates capacity for increased spending over the period covered by the draft Corporate Plan as follows:

- 2007/08 - £3.5m;
- 2008/09 - £3.9m; and
- 2009/10 - £4.7m.

32. The 2007/08 figures allow for setting aside £1.5m to enhance financial capacity in 2008/09 to the level indicated above and £1.5m to cover delays in the Herefordshire Connects benefits realisation programme.

33. The Cabinet has approved Invest to Save / Invest to Mitigate proposals requiring £3.447m of investment in corporate priorities using current charging policies for social care services. A summary of the proposals is included in the MTFMS. The level of investment required using current charging policies can be accommodated in 2007/08. However, charging policies for social care and other services will need to be reviewed as an integral part of the MTFMS update at the start of the next Performance Improvement Cycle given the financial outlook for 2008/09 and beyond. The cashable benefits of each investment proposal need to be managed using the benefits realisation process that has been developed for the Herefordshire Connects programme.
34. The draft net budget for 2007/08 excluding schools funding is £122.371m. The Dedicated Schools Grant (DSG) will be £78.151m. The following table details the funding sources for non-school services:

|                              | £000    | %    |
|------------------------------|---------|------|
| Draft net budget for 2007/08 | 122,371 |      |
| <b>Funded by:</b>            |         |      |
| Central government grant     | 47,648  | 38.9 |
| Collection Fund Surplus      | 256     | 0.2  |
| Council Tax                  | 74,467  | 60.9 |

35. The above is based on a Council Tax base of 68,730, representing a 0.7% rise in the equivalent figure for the current financial year. It assumes an increase in Council Tax of 3.8%, increasing the Band D Council Tax by £39.64 a year from £1,043.80 to £1,083.44.

#### **Draft Capital Programme 2007/08**

36. The capital programme proposals for 2007/08 are less in number than in previous years. This was mainly due to concerns about the capacity of the revenue account to absorb the financial implications arising from prudential borrowing. Cabinet has approved the following schemes for inclusion in next year's capital programme:
- **Stretton Sugwas Closed Landfill Site** – replacing gas wells and gas extraction system pipe work;
  - **Stretton Sugwas Closed Landfill Site** – new gas flare to meet environmental and legal requirements;
  - **Strangford Closed Landfill Site** – installation of leachate wells and gas monitoring boreholes to detect and monitor any adverse environmental effects;
  - **Hereford CCTV** – new links to provide high quality images, potentially part funded by West Mercia constabulary;
  - **Hereford Library & Info Centre** – feasibility work on a replacement library (this would have to be charged back to revenue if the project failed to proceed);
  - **Ross Library & Info Centre** – outline budget to extend the existing library so the Info

facility in Swan House can be relocated;

- **Ledbury Library & Info Centre** – match funding requirement for a Big Lottery bid;
- **Integrated Community Equipment Store** – funding required for capital works to improve the service.

37. The Council is involved in either facilitating or delivering a number of capital schemes funded from external sources, In some cases these schemes have cash flow implications that may have an impact in 2007/08. The opportunity cost to the Council of temporarily funding £1m of capital expenditure for 1 year pending receipt of the anticipated external funding contribution is approximately £50k in terms of lost investment income. This potential cost has been built into the MTFRM. Schemes where this may apply are as follows:

- Rotherwas Futures;
- Edgar Street Grid; and
- Grant funded schemes such as the Ross Flood Alleviation Scheme and the Building Schools for the Future programme.

38. Summary of the draft capital programme for 2007/08 is included in the MTFMS.

## **Conclusions**

39. The national context remains one in which much more will be expected of local government at a time when growth in public spending will slow significantly and a greater proportion is spent on sectors other than local government. An already difficult scenario could be made even more challenging if a new local government funding system and changes in the Dedicated Schools Grant formulae alters the current pattern of grant distribution. Whilst these changes could have a positive impact for Herefordshire and help improve the Council's relative funding position, they could make matters worse for both non-school and school services. The provisional local government finance and DSG settlement announcements that will follow on from SR07 in November this year will set out the level of funding we can expect for non-school and school services respectively for 2008/09 to 2010/11.

40. The renewed commitment to using resources more corporately makes sure the Council is best positioned to tackle the significant service and financial challenges that lie ahead. The MTFMS provides a mechanism for making best use of available resources to pump-prime a transformation programme that will deliver cashable efficiency gains that can be recycled for investment in corporate priorities such as protecting the vulnerable in our communities.

41. The MTFMS provides the financial context for corporate and service planning and ensures that resources are allocated efficiently in line with the agreed strategy. The Council needs to continue to closely monitor service and financial performance alongside one another, embedding the recent developments in the quality of our Integrated Performance Reports. The benefits realisation programme for Herefordshire Connects and other Invest to Save initiatives will also need to be closely monitored to ensure that the benefits are released by Directorates to support investment in corporate priorities.

## **Alternative Options**

Alternative options have been considered at each stage of the Performance Improvement Cycle.

## **Risk Management**

The Medium-Term Financial Management Strategy identifies and proposes mitigating action for the key corporate financial risks. It includes a detailed description of each of the key variables in the Medium-Term Financial Resource Model and assesses the impact of a change in each of them assuming the others remain constant (sensitivity analysis).

## **Consultees**

The public via the October 2006 Community Forum meetings, business rate payers via consultation meeting, Strategic Monitoring Committee, Unison, Corporate Management Board, Senior Management Team, Leadership Forum and members via a seminar.

## **Background Papers**

Held within the Resources Directorate.

## **Medium Term Financial Management Strategy (MTFMS)**

### **Foreword by the Leader & Cabinet Member (Resources)**

Herefordshire Council is determined to provide a sound basis for sustainable improvements in services and a better quality of life for the people of Herefordshire. Excellence in financial planning and management is vital to achieving this.

The world of local government finance is complex and changes at an ever-increasing pace. Recent events include the:

- introduction of three-year revenue and capital grant settlements;
- introduction of a new grant distribution system;
- introduction of Dedicated Schools Grant;
- postponement of domestic property revaluation;
- change to the terms of reference and timetable for the Lyons Inquiry;
- postponement of the 2006 Spending Review to be replaced by a second Comprehensive Spending Review in 2007;
- radical proposals for changes in the housing benefit system; and
- CPA Harder Test including the Use of Resources assessment.

The wider context for local government is also likely to change rapidly too as the publication of the Local Government White Paper in October of last year sets out proposals to strengthen local leadership, enhance the role of frontline councillors, reduce the number of national targets, streamline inspection and broaden the scope of local area agreements.

In setting our longer-term strategic objectives for meeting the needs of our community, we need to be mindful of the impact these changes might have for us locally. Our service improvement aspirations have to be realistic in terms of the challenges ahead and the financial resources likely to be available.

This version of the Medium Term Financial Management Strategy (MTFMS) has been updated in the light of consultation feedback since Cabinet approved the document in July 2006. It aims to pull the strands together, many of which we have discussed in recent months as we have considered and approved the Herefordshire Community Strategy, the Council's Corporate Plan 2007 – 2010, its Annual Operating Plan for 2007/08 and the budget for 2007/08.

Our MTFMS will provide the financial context for making sure our service improvement aspirations are affordable and sustainable into the future. It will also provide a framework for making sure our cash resources follow corporate priorities as reflected in our medium-term financial plans. We hope it provides a comprehensive view of the proposed way forward for Herefordshire Council's strategic financial management.

**Cllr Roger Phillips**  
**Leader of the Council**

**Cllr Mike Wilson**  
**Cabinet Member (Resources)**

## **Medium Term Financial Management Strategy (MTFMS)**

### **Foreword by the Chief Executive & Director of Resources**

The Leader and Cabinet Member (Resources) have described a rapidly changing and increasingly complex context for local government at a time when public spending is under pressure, the Government is seeking a step change in the pace of public service reform and customer expectations are rising.

As a public body, Herefordshire has special accountabilities for the stewardship and use of public money and for ensuring financial stability and sustainability into the future. We can no longer rely on an annual budget process to guarantee Herefordshire's long-term financial health. Year-on-year changes at the margin to match budgeted income and expenditure will not support the transformation in services we aspire to achieve, the Government is seeking and, most importantly, our communities deserve.

The introduction of 3-year financial settlements for local government means we now have the best ever opportunity to make realistic long-term budget plans that link directly to corporate and service priorities. The Medium-Term Financial Management Strategy (MTFMS) will form an important part of our financial governance and leadership arrangements. It will set out our approach to strategic financial management, concentrating on longer-term financial planning in support of longer-term corporate and service priorities.

The MTFMS will also help embed the change in Herefordshire's financial management culture that the Director of Resources has instigated. Whilst the Director is responsible and accountable for leading and advising on financial issues, all managers have a collective responsibility for financial management, including efficiency review and Value for Money, and treating cash as a corporate resource. The 'non-negotiables' in the job descriptions of all our Heads of Service underline this responsibility at Director and Senior Management Team level.

Financial management isn't something that just accountants do. Quite simply, it is part of everyone's job and is a critical success factor for the Council as we prepare for a period of significantly reduced growth in public spending.

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

**Sonia Rees**  
**Director of Resources**



# Medium Term Financial Management Strategy (MTFMS)

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## **Medium Term Financial Management Strategy (MTFMS)**

### **1. Executive Summary**

Herefordshire Council's Medium-Term Financial Management Strategy (MTFMS) sets out how it intends to maintain financial stability, support investment in priority services, allocate resources, deliver improved Value for Money and manage risk as we face up to very challenging times for local government.

The strategy supports the Council's financial management culture where everyone strives for a greater shared understanding of the pressures the Council is working to address. Financial objectives and policies are no longer something that is only of interest to accountants but to all colleagues concerned with service delivery and improvement.

Public service reform is high on the government's agenda, with local providers required to work together more closely than ever before to achieve efficiencies, ensure social justice and remove social divisions. Local government will be expected to lead their communities, encouraging citizens to have a greater say in how services are delivered. There may be significant changes to local government funding systems, but there will be no more cash.

Herefordshire is an under-resourced council, stretched to deliver services throughout a large, sparsely populated area. Our government funding is 20% lower per head of population than the average for similar authorities and we have a lower than average Council Tax too. Capital resources are also limited. Despite this, the Audit Commission has judged Herefordshire to be a 3-star authority that provides good services at good value. Our financial performance, administration, management and systems are also judged to be good, and we have a healthy level of reserves and a strong balance sheet.

Sound financial governance will be vital as we enter the most challenging period the Council has faced since it came into being. Our key financial objectives for improving our service and financial performance are to continue to ensure that budget plans are realistic and support corporate priorities, to maintain an affordable Council Tax, to protect the vulnerable, to deliver services within budget and to ensure an integrated approach to service and financial planning in full consultation with key stakeholders.

The MTFMS encompasses revenue spending, capital investment, efficiency improvement and treasury management in order to achieve these objectives, ensuring complete transparency about what is and what is not resourced. The factors that will underpin the Council's ability to maintain its current financial standing into the future and achieve its service improvement aspirations are strong corporate working supported by open book accounting, good financial management systems and the successful delivery of the business transformation programme. The MTFMS shows how important the Herefordshire Connects programme will be to both service and financial stability over the medium-term.

## **Medium Term Financial Management Strategy (MTFMS)**

### **2. Introduction**

#### **2.1 Background**

- 2.1.1 This is a comprehensive Medium-Term Financial Management Strategy (MTFMS) for Herefordshire covering the financial years 2007/08 to 2010/11.
- 2.1.2 The MTFMS sets out Herefordshire's key financial aims and objectives and how it intends to manage its financial affairs in order to maintain financial stability over what is expected to be a very challenging period for local government.
- 2.1.3 The development of the MTFMS forms part of Herefordshire's integrated corporate, service and financial planning cycle. This cycle is designed to ensure that corporate and service plans are developed in the context of available resources and that those resources are allocated in line with corporate priorities.
- 2.1.4 The MTFMS will be reviewed annually at the start of the integrated financial and service planning cycle. Any material changes to the assumptions it contains will be reported in the routine Integrated Performance Reports produced for Cabinet at the end of months 4, 6, 8 and 10.

#### **2.2 Aim**

- 2.2.1 The MTFMS aims to ensure that the Council has a stable and sustainable financial basis for supporting investment in priority services.

#### **2.3 Purpose**

- 2.3.1 The purpose of this strategy is to show how the Council's cash resources will be used to support achievement of the objectives set out in the:
- Herefordshire Community Strategy;
  - Local Area Agreement (LAA),
  - Local Public Service Agreement (LPSA2);
  - Corporate Plan;
  - Overall Performance Improvement Plan; and
  - Annual Operating Plan.

#### **2.4 Objectives**

- 2.4.1 The objectives of the MTFMS are to:
- define the financial context for future service improvement decisions;

## **Medium Term Financial Management Strategy (MTFMS)**

- set a baseline for reviewing resource availability & financial performance;
- establish and maintain a balanced budget;
- ensure corporate priorities drive the allocation of cash resources;
- promote strong financial governance at all levels within the Council;
- manage risks by keeping reserve funding and debt at appropriate levels;
- plan for Council Tax increases in line with national guidance; and
- provide a focus on delivering improving efficiency & Value for Money.

### **2.5 Coverage**

#### **2.5.1 The MTFMS contains:**

- an overview of the financial outlook for local government and how we expect that to impact on Herefordshire;
- a revenue budget strategy that sets out how we will achieve improving efficiency and Value for Money;
- a medium-term financial plan for the revenue account;
- a capital strategy incorporating proposals to establish a corporate landlord role & corporate prioritisation of investment decisions including ICT;
- a medium-term capital investment plan;
- a treasury management strategy setting out our view of likely interest rate movements, timing of investment and borrowing decisions, how we will deal with risk in our treasury management activities & our view on affordable debt limits; and
- a detailed financial risk assessment that shows the major areas of financial uncertainty, their likelihood of occurrence, their potential impact & how we propose to mitigate those risks.

### **2.6 Summary**

2.6.1 Herefordshire has made significant progress in embedding a new financial management culture. The top-level management board now takes a much more corporate approach to financial management.

2.6.2 Our accountants and service managers need to have a high-level understanding of the overall policy and financial context within which Herefordshire works. This sets the scene for the MTFMS and the resulting medium-term financial plans that they will have to work within. Greater shared understanding of the pressures the Council as a whole faces underpins achievement of corporate service improvement and financial objectives.

## **Medium Term Financial Management Strategy (MTFMS)**

### **3. National Policy Context**

#### **3.1 Introduction**

3.1.1 Change in the public sector has been extensive in recent years and this trend is set to continue for the foreseeable future. It is important to set the MTFMS in the context of the changing policy context at national level so we have the financial capacity and flexibility to deal with the change as it happens.

3.1.2 Five key documents on the future direction of local government and public services have been published in recent months that could have corporate implications for Herefordshire. These are:

- National Prosperity, Local Choice and Civic Engagement (Lyons Inquiry);
- Closer to People and Places – a New Vision for Local Government (Local Government Association);
- The UK Government's Approach to Public Service Reform (Prime Minister's Strategy Unit); and
- Local Government White Paper – Strong and Prosperous Communities.

3.1.3 A brief summary of these papers is provided below in sections 3.2 to 3.5 respectively.

3.1.4 Finally, section 3.6 of the MTFMS identifies the key pieces of new legislation that are likely to impact on service delivery.

#### **3.2 National Prosperity, Local Choice and Civic Engagement**

3.2.1 Sir Michael Lyons published his latest thinking on the future role and function of local government on 8th May 2006.

3.2.2 In his report, Sir Michael argues for a system of local government for the 21st century that can manage increasing pressures on public expenditure, increase satisfaction and build more prosperous communities. Greater local choice and not more central control is needed to achieve this.

3.2.3 He also argues that local government should be given greater freedom to place-shape – where local government takes responsibility for the well being of an area and the people who live there, promoting their interests and their future.

3.2.4 Sir Michael sets out a challenge for central government to clear the space for effective place shaping by setting fewer and better-focused targets and reducing supervision of local government by central government. It should also clarify the roles of central and local government, based on a realistic assessment of who is best placed to do what, and allow greater local influence over public services.

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- 3.2.5 In addition he challenges local government to further raise its game, building on recent improvements to tackle the challenges of promoting effective local choice and energetic place shaping. This requires stronger leadership, closer engagement with local residents, effective partnership working with other services and the business community, and a consistent commitment to efficiency and cost effectiveness.
- 3.2.6 Sir Michael concludes his report by saying that a programme of reform is needed to achieve the benefits of devolution he sets out in his paper and to enable local authorities to undertake their role as place-shapers. The roles and responsibilities of central and local government must be clarified, local accountability must be improved and local government must build its confidence and capability, including developing its skills, leadership and self-confidence.
- 3.2.7 Sir Michael continued to work on both the function and funding elements of his Inquiry during 2006 looking specifically at.
- the extent to which there may need to be a greater flexibility in funding – including charging for services - in order for place-shaping to happen effectively, and the different options which might be available to deliver such flexibility;
  - the extent to which local accountability might be enhanced by a clearer link between function and funding – and the constraints on such an approach;
  - the fairness of the funding system and the relationship between equalisation of resources and the incentives facing local authorities; and
  - the role and future of Council Tax.
- 3.2.8 Sir Michael planned to publish his final report in December 2006 but instead the Government announced it had given him a short extension to allow him time to consider the implications for local government of:
- the Eddington transport study;
  - the Barker review of land use planning; and
  - the Leitch review of skills.
- 3.2.9 Sir Michael plans to publish his final report in March 2007, around the time of the Budget 2007. This will allow time for his report to influence SR07, which is not expected to conclude until the late summer 2007.

### **3.3 Closer to People and Places – a New Vision for Local Government**

- 3.3.1 Launched in May 2006, this Local Government Association (LGA) publication sets out a radical new vision for how power should be removed from Whitehall and put into the hands of local people, voluntary organisations and local councils.
- 3.3.2 The report calls for a series of sweeping changes to local government and wants a ‘clamour for change’ by local people to help make this happen.

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- 3.3.3 The LGA sets out 3 objectives to:
- secure more fundamental improvements in public services and make better use of public money;
  - improve the quality of life and economic performance of cities, towns and villages; and
  - give people greater power and influence over their lives, their services and the future of the places where they live.
- 3.3.4 The LGA argues that these objectives are shared with government and that they will only be achieved through a new system of government that offers local people more power and influence in public decisions, greater choice and a stronger voice in service delivery.
- 3.3.5 The LGA paper describes a new governance system that:
- enhances councils' place-making role;
  - joins together the totality of public services in an area;
  - designs services around users;
  - realises the economic potential of our cities, towns and villages;
  - provides more visible, accountable and democratic leadership with strong local performance management and accountability;
  - ensures greater Value for Money and efficiency; and
  - reforms the balance of funding.
- 3.3.6 The LGA puts forward the following proposals to support their new vision for local government:
- streamlining the plethora of targets, specific grants and financial bid systems with an agreed list of some thirty national outcomes which local government will take responsibility for delivering with its Local Area Agreement (LAA) partners;
  - replacing the 'power' for economic, social and environmental well-being with a 'duty';
  - developing the next generation of LAAs, backed by a 'duty' for partners to co-operate, to join together the totality of public services and resources in an area to deliver improved outcomes, better access to services and efficiency savings;
  - developing Metropolitan Area Agreements, City Area Agreements and Shire Area Agreements alongside the next generation of LAAs;
  - strengthening neighbourhoods through devolution from local authorities, together with an enhanced role for local council members; and
  - a clear commitment to and timetable for the re-balancing of local government funding.
- 3.3.7 In summary, the LGA supports the government's ambition to modernise public services. It is arguing strongly for the freedom and flexibility to do this, recognising that local government needs to respond by being more innovative, enterprising and efficient.



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### **3.4 The UK Government's Approach to Public Service Reform**

- 3.4.1 The Prime Minister's Strategy Unit published a discussion paper in June 2006 describing the government's proposed approach to public service reform. The paper is not, it says, intended to be the government's final word but to help improve understanding of the bigger picture on reform and stimulate further discussion.
- 3.4.2 The government recognises that public services in the UK, in common with many other countries, face major challenges from social, economic and technological changes and from major changes in public attitudes and expectations. It notes that other countries in Europe and elsewhere are pressing ahead with reform to deal with these challenges.
- 3.4.3 The discussion paper says that the government has substantially increased investment in public services since 1997, giving examples of improvements in education, health, crime reduction and other areas alongside an ambitious programme of reform.
- 3.4.4 But, the discussion paper goes on to explain, increased spending on its own is not enough to ensure improvements. The government believes that reform is needed to ensure that existing resources are used effectively and to ensure increased investment results in better services and improved outcomes.
- 3.4.5 The paper describes the government's vision as being one in which public services are:
- citizen-centred and responsive;
  - universal and accessible to all and (in the case of core public services such as schools and healthcare) free at the point of use;
  - efficient and effective, offering value for money for the tax-payer;
  - equitable, helping to reduce social exclusion and improve the life changes of the disadvantaged;
  - excellent (high quality); and
  - empowering and involving citizens.
- 3.4.6 The discussion paper then sets out how the government intends to approach the reform of public services. The reform will be driven by a combination of:
- pressure from government (top down performance management);
  - greater pressure from citizens (choice and voice);
  - greater competition and contestability in the provision of public services; and
  - measures to build the capability and capacity of civil and public servants and central and local government.
- 3.4.7 The government's intention is that these 4 elements will combine to create a self-improving system within which incentives for continuous

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improvement and innovation are embedded to provide better public services for all.

### **3.5 Local Government White Paper**

3.5.1 The Local Government White Paper (LGWP) published in October 2006 offers significant opportunity and challenge. Cabinet has already received a report on the LGWP and officers have begun to assess the impact it may have for future plans once enacted. A brief summary of the key issues covered in the LGWP is as follows:

- A new performance framework;
- An enhanced role for councils as strategic leaders and place-shapers;
- Development of Local Area Agreements (LAAs);
- Stronger political leadership;
- An invitation to consider alternative structures particularly in two-tier areas;
- A strengthened role for frontline councillors;
- A wider and stronger role for scrutiny;
- Devolution of some powers; and
- Using community strategies to enhance community cohesion.

### **3.6 Other Government Policy Initiatives**

3.6.1 The Queen's Speech in November 2006 included a number of initiatives within the Government's legislative programme for the current session of Parliament with important implications for local government including:

- **Local Government White Paper** – see above;
- **Further Education & Training Bill** – measures to implement the Skills White Paper;
- **Offender Management Bill** – proposals to create a regionally based National Offender Management Service;
- **Criminal Justice Bill** – measures around sentencing, anti-social behaviour and probation service reform;

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- **Climate Change Bill** – measures to limit carbon emissions to meet the Government's target of reducing CO<sub>2</sub> emissions by 60% by 2050;
- **Road Transport Bill (draft)** – measures to reform Passenger Transport Authority governance, to provide councils with increased powers over bus provision and measures on road pricing; and
- **Other proposals** impacting on local government including:
  - Concessionary Bus Travel Bill;
  - Border and Immigration Bill;
  - Energy White Paper;
  - Planning Reform;
  - Local Better Regulation Office Bill;
  - Mental Health Bill;
  - Statistical Reform Bill; and
  - Welfare Reform Bill.

3.6.2 This remainder of this section of the MTFMS sets out in headline detail only the top 4 or 5 government driven initiatives that will impact on service delivery in each of our Directorates.

### Adult & Community Services

3.6.3 The following government policy issues will heavily influence service delivery plans for the future in this Directorate:

- **Public Service Trust** - the Council will explore further joint working arrangements between health and social care services in Herefordshire in the context of the recent Primary Care Trust reorganisation and proposals set out in the White Paper - Our Health, Our Care, Our Say;
- **Housing Related Funding** – responding to the government's changed approach to funding for the Supporting People Programme and allocating capital resources for housing renewal to focus resources on affordable housing; and
- **City Region Proposals** – responding to government proposals for the establishment of a City Region for the West Midlands based on the metropolitan areas - the governance and funding arrangements will have implications for the non-metropolitan areas.

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### Children & Young People

3.6.4 The following government policy issues will heavily influence service delivery plans for the future in this Directorate:

- **Every Child Matters Change Programme** – will require extra effort to put reforms in place by 2008;
- **Youth Matters Change Programme** – will require strengthened links to Youth Council and new service approaches;
- **Education & Inspections Bill** – will require new relationships with schools;
- **Dedicated Schools Grant** – this grant covers both individual schools budgets and support services provided for schools such as SEN support services. DSG gives schools much greater choice on how to procure such services. Over spends on DSG are carried forward to count against the following year's grant allocation. Under spends are returned to the Department for Education & Skills (DfES). Efficiency gains within DSG whether through procurement savings, the Herefordshire Connects programme etc. can be kept within DSG and will be essential to help offset reductions in DSG from falling pupil numbers. DSG distribution will be reviewed for the 3-year period covered by SR07.
- **E-learning, E-admissions, Integrated Children's System and Information Sharing Index** – will require transformation of service arrangements and links directly to the Herefordshire Connects programme; and
- **Safeguarding Guidance & Looked After Children Green Paper** – will require new arrangements and targets to be resourced.

### Corporate & Customer Services (including Human Resources)

3.6.5 The following government policy issues will heavily influence service delivery plans for the future in this Directorate:

- **Unification Project for Registration Services** – potential for significant changes in existing service delivery arrangements;
- **Further development of the LAA framework** – with potentially both corporate and directorate implications;
- **Support services** – ensuring all support services are adequately resourced to provide the level of service needed to achieve national and local priorities;
- **Adult & Children's Services Workforce Strategies** – the requirement to develop integrated strategies with health;

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- **Welfare to Work Reforms** – ongoing requirement including reducing the numbers of people on benefit by providing work;
- **Local Government Pension Scheme** – advising both employer and employee on proposed changes;
- **Changes in employment legislation** – including new age and disability discrimination regulations; and
- **National Skills Agenda** – new frameworks for social work and priority training for minimum skills standards.

### Environment

3.6.6 The following government policy issues will heavily influence service delivery plans for the future in this Directorate:

- **Landfill Diversion** – targets increasingly more challenging requiring either increased resources and / or radical changes to service delivery;
- **Respect Agenda** – community safety including anti-social behaviour, cleaner neighbourhoods and improvements to the street scene;
- **Transport Innovation** – funding based on innovative proposals to relieve congestion, create better integrated transport provision and in particular better quality bus services and national concessionary travel;
- **Reform of the Planning System** – roll-out of the local development framework and proactive response to further proposals for change from the government; and
- **Improving Road Conditions** – government targets require sustained and increasing investment.

### Resources

3.6.7 The following government policy issues will heavily influence service delivery plans for the future in this Directorate:

- **Reform of the local government finance system** – will affect billing services;
- **Comprehensive Spending Review 2007** – extra demands on the Resources Directorate to provide leadership in strategic property asset and financial management;
- **Green Paper on Welfare Reform** - Local Housing Allowances will impact on benefit services;

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- **Gershon efficiency gains** – increasing pressure on back office services to make significant and demonstrable efficiency gains;
- **National Procurement Strategy for Local Government** – increasing need to deliver key milestones in the Council's procurement strategy; and
- **Use of Resources Assessment** – increasing pressure to demonstrate the effectiveness of the Council's overall governance arrangements.

### 3.7 Summary

3.7.1 The evidence is that radical public service reform is likely in the medium-term. It is clearly high on the government's agenda and that of the Local Government Association.

3.7.2 Some of the common themes in the key discussion papers on the nature of the public service reform are as follows:

- the agenda will accelerate the move to greater localism, not just to local authorities but also to the individual neighbourhoods within them;
- integral to this will be an even stronger expectation, amounting to a requirement, that public services in an area will deliver measurable improvements by working together to a common agenda;
- there may be more powers and duties underpinning local government's community leadership and well-being responsibilities;
- greater freedom for local government will have to be matched by more effective systems of performance management;
- achieving quality, efficiency and Value for Money in service provision will be a high priority;
- services will need to be citizen-centred and service users will have a greater say in the design of services;
- more will be done to ensure social justice and close the widening social divisions;
- significant change in the local government finance system is likely with the balance of funding under review and the future of Council Tax in question; and
- greater pooling of resources as LAAs is developed.

3.7.3 The government is determined to set a very challenging agenda for public service improvement and local government will be expected to play its part. We will need to acquire the skills and capacity needed to deliver improvements in outcome that exceed the lower level of new investment we can expect from 2008/09 onwards.

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### **4. National Financial Context**

#### **4.1 Introduction**

4.1.1 This section of the MTFMS sets out the financial context at national level for local government. It describes what we expect to happen in the build up to the Comprehensive Spending Review 2007 and identifies the national spending pressures for local government.

#### **4.2 National economy**

4.2.1 Growth in the UK economy is higher than forecast in the Budget 2006, driven by higher than expected business investment and export growth due to the economic recovery in the euro areas. The UK is currently experiencing its longest unbroken economic expansion on record, with GDP having grown for 57 consecutive quarters. UK inflation has been held within Bank of England parameters for several years now and there are no immediate signs of substantial change. Interest rates have spiked up in recent months in response to changes in the housing market but are likely to remain stable. There is currently no reason to assume a substantial change, although the risk is to the upside.

4.2.2 The global economy is in the midst of radical transformation with far reaching and fundamental changes in technology, production and trading patterns. Rapid technological change continues to impact on how individuals, business and communities interact with each other and how they expect to interact with the state. Global security is being reshaped as the international community responds to the ongoing threat of international terrorism, conflict and the challenges of ending world poverty. The pressures that economic and population growth are placing on the earth's natural resources and climate are increasingly apparent.

4.2.3 With volatility in the UK economy at historically low levels, it is well placed to respond to the global economic challenges of the next decade. Having taken global and domestic economic factors into account, this MTFMS assumes that the UK economy will continue to grow in line with trend.

#### **4.3 Comprehensive Spending Review 2007**

4.3.1 In July 2005, the Chief Secretary to the Treasury announced that the government intended to launch a second Comprehensive Spending Review (CSR) report in 2007 to identify what further investments and reforms were needed to equip the UK for the global challenges of the decade ahead.

4.3.2 A decade on from the first CSR, CSR07 will represent a long-term and fundamental review of government expenditure. It will cover departmental allocations for 2008/09, 2009/10 and 2010/11, with

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allocations for 2007/08 held to the figures included in the 2004 Spending Review.

4.3.3 The Chancellor of the Exchequer's budget paper for 2006 set out how the government planned to prepare for the CSR07. The programme will include:

- an examination of the key long-term trends and challenges that the UK faces including:
  - demographic and socio-economic change;
  - globalisation;
  - climate and environmental change;
  - global uncertainty; and
  - technological change.
- plans for a national debate about how public services should respond to the long-term challenges facing the UK;
- a series of reviews that will inform the CSR in the areas where cross-departmental collaboration and innovative solutions are required to meet these challenges;
- further details of the next phase of the government's Value for Money programme including a progress report on asset disposals and a review of opportunities for transforming service delivery; and
- early spending settlements for the Department for Work and Pensions, HM Revenue & Customs, Cabinet Office and HM Treasury Group which will see their department Expenditure Limits fall by 5% per year in real terms over the CSR period, releasing over £1.8bn in total for re-investment in front-line public services.

4.3.4 HM Treasury published a paper in late July 2006 entitled "Releasing the Resources to meet the challenges ahead: Value for Money in the 2007 Comprehensive Spending Review. This paper set out the scope of the "cross-cutting" themes that will be used to inform CSR07:

- Supporting housing growth;
- Supporting sub-national growth;
- Increasing fairness and social justice;
- Strengthening security; and
- Working with the third sector.

4.3.5 The government has set some of its own departments very challenging cash limits ahead of CSR07 as part of its preparations for the spending review. This demonstrates the resolve at national level to extract more public service output and improved outcomes from fewer resources.

4.3.6 The level of efficiency savings that local government has achieved will be a significant issue for CSR07 too. There is some concern that local government may be penalised for the success of delivering their efficiency savings targets in the current SR period a year early. Local government is likely to have limited success in resisting increases in these targets given this background. The HM Treasury's 'Releasing the



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Resources' document (paragraph 4.3.4 refers) talks in terms of potential savings of at least 2.5% being achievable.

4.3.7 There are clear messages in the preparatory material for CSR07 for local government as fiscal constraints at national level tighten. Real terms growth in public spending has averaged around 5% a year for the last 10 years and it cannot continue. On top of that, as we shall see below, the government's public spending priorities are in areas of the public sector other than local government, and local government has spending pressures of its own to deal with.

### **4.4 National Spending Priorities & Pressures**

4.4.1 The Chancellor's budget for 2006 gave a clear indication of the government's public service spending priorities in dealing with the challenges ahead it has identified for the UK (paragraph 4.3.3 refers).

4.4.2 On top of big real terms increases already promised for the National Health Service, the 2006 budget redirected resources to government priorities in the following key areas:

- additional revenue and capital resources were found for schools;
- extra money was found to speed up the programme to recruit more community support officers;
- the Home Office was given assurance that it would have its resource base protected throughout the period covered by CSR07;
- a commitment was made to find new cash from within existing public spending plans to give our athletes the best chance of success in the British Olympics in 2012; and
- a significant sum of money was set aside to help meet the cost of international commitments.

4.4.3 Meanwhile, at national level, local government is experiencing a range of spending pressures. The latest spending pressures survey published by the LGA in November 2005 identified a £2.2bn 'black hole' in local government finances due to:

- new legislative and government policy demands that are either unfunded or only partially funded;
- growth in demand for older people and adult services generally as our population ages;
- rising costs in a range of services including:
  - children's services;
  - waste management and street cleansing;
  - anti-social behaviour;
  - housing;
  - pensions; and
  - transport.

4.4.4 The government is expected to assume 2% pay inflation per year for the period of CSR07. It is concerned about the increases in pay costs over the last 3 years revealed by the statutory expenditure returns the

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public sector is required to make each year. This is being investigated. Much of it can be explained by inaccurate completion of the returns, increases in pension costs, changes in the rules for accounting for pensions, cost of living awards and investment in new staff. However, a significant amount is unexplained and the inference is that the government's additional investment in public services has been spent on enhancing salaries. This is an area of spending the government is likely to keep under close scrutiny.

- 4.4.5 The government set some of its departments spending plans for 2008/09 to 2010/11 ahead of CSR07 (paragraph 4.3.3 refers). This included the Department for Work & Pensions (DWP). The DWP has already announced that their budget for providing Housing Benefit and Council Tax Benefit administration subsidy to local authorities be reduced by 5% in real terms over the period of the CSR07, mirroring the reduction in their Departmental Expenditure Limit imposed by the government.
- 4.4.6 The government has promised further change for Concessionary Fares with a new national scheme from 2008. It has promised to set aside £250m nationally in 2008/09 to pay for the new scheme. At present it is not certain how this funding will be allocated to local authorities or whether it will be sufficient to meet set-up costs. It is not clear how the ongoing costs of the new scheme will be funded either.
- 4.4.7 Local government also needs to consider how it maintains service improvement initiatives that the government currently supports by specific grant. Examples include Implementing E-government Grant (IEG) and Planning Delivery Grant (PDG) but there are many others including services already under pressure such as social care (e.g. transfer of Preserved Rights Grant into mainstream formula grant). This is an increasing problem as the percentage of funding that arrives as a specified rather than a general grant has grown to around 60% of the total following the introduction of Dedicated Schools Grant in April 2006.
- 4.4.8 The Chancellor's pre-budget 2007 report in December 2006 noted the progress already made in achieving the Government's efficiency targets for the 3-year period to 2007/08. Building on this success, the Government's baseline savings ambition for the 2008/09 to 2010/11 period covered by SR07 will be at least 3% per year across central and local government with a focus on net cashable savings to free-up resources to meet the challenges ahead.
- 4.4.9 The Government's latest assumptions on future efficiency gains rely on Sir David Varney's findings in his review entitled '*Service Transformation: a Better Service for Citizens and Businesses, a better Deal for Taxpayers*'. The Chancellor commissioned this review as part of his budget 2006 and it was published alongside December's pre-budget report for 2007.

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4.4.10 Sir David's review set out to examine the potential for transforming public services through:

- increasing use of electronic service delivery;
- raising the quality of service provided by call centres;
- identify opportunities for "one-stop shops"; and
- improve processes for handling identity.

4.4.11 In his final report, Sir David identifies major opportunities for strengthening public service delivery, making it more accessible, convenient and efficient in meeting changing citizen and business expectations. The report recommends:

- Developing a change of circumstances service starting with bereavement, birth and change of address by 2010, so that citizens don't have to notify multiple public services;
- Providing citizens and businesses with single information and transactional websites through Directgov and Businesslink.gov;
- Improving public sector contact centre performance including reducing operating costs by 25% to release £400 million; and
- Developing a cross-government identity management system to enable greater personalisation of services and to reduce duplication across Government.

### **4.5 Summary**

4.5.1 Nothing has emerged since Cabinet approved the original MTFMS for consultation in July 2006 to suggest an easing of future financial pressures for local government. If anything, an already difficult scenario could be made even more challenging if new local government funding and Dedicated Schools Grant (DSG) systems alter the current pattern of grant distribution. Whilst these changes could have a positive impact for Herefordshire and help improve the council's relative funding position, it could make matters worse for both non-school and school services.

4.5.2 The provision local government finance and DSG settlement announcements that will follow on from SR07 in November this year will set out the level of funding we can expect for non-school and school services respectively for 2008/09 to 2010/11. The announcements are likely to generate a lot of debate and last minute changes to budget strategies.

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### 5. Herefordshire's Policy Context

#### 5.1 Introduction

5.1.1 This section of the MTFMS describes the local policy context for Herefordshire. Our priorities are closely aligned with the government's priorities for public services as described in section 3. We consult widely with our residents and other stakeholders to ensure we deliver national policy objectives in a way that best meets local need.

5.1.2 The vision for Herefordshire and how it will be achieved are set out in the *Herefordshire Community Strategy (HCS) 2006 – 2020*. This has been developed, and is being delivered, by *The Herefordshire Partnership*, which comprises the Council and its major partner organisations across the public, private and voluntary and community sectors.

5.1.3 The Council's 3-year Corporate Plan sets out what the Council will do to fulfil its contribution to delivering the HCS (as well as what the Council will do internally to be as efficient and effective as possible). The Council's Annual Operating Plan sets out, in more detail, what it will do each year to those ends. This is followed through in the plans for individual directorates and services, and then on to the plans of individual teams and the objectives and targets set annually for individual managers and their staff.

#### 5.2 Herefordshire Community Strategy

5.2.1 The Herefordshire Community Strategy – A Sustainable Future for the County is the culmination of a major review in 2005 of the Herefordshire Plan. The Herefordshire Plan was first produced in 1999 with local groups, organisations and residents identifying their priorities for Herefordshire. It was reviewed and refreshed in 2000 and 2003.

5.2.2 The HCS sets our aspirations for the County by 2020 and how they might be achieved. Each local authority must produce a sustainable community strategy based on issues and priorities for local services, and reflecting the views of local people, businesses and organisations. Where appropriate, it should fit with regional and national priorities. Sustainable communities have been described as 'places where people want to live and work, now and in the future. They meet the diverse needs of existing and future residents, are sensitive to their environment, and contribute to a high quality of life, they are safe, inclusive, well-planned, built and run, and offer equality of opportunity and good services for all'.

5.2.3 The HCS sets out a shared vision for the future of Herefordshire. This gives an idea of the sort of place that people would like it to be in 2020. If the outcomes identified in the HCS are achieved, the County will be much closer to achieving the vision.

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5.2.4 The HCS is also Herefordshire's Local Agenda 21 Plan and Regeneration Strategy and is closely integrated with the emerging Local Development Framework for the County. It has also been the basis for developing Herefordshire's Local Area Agreement.

5.2.5 To achieve the vision, organisations, groups and service providers work together in the Herefordshire Partnership. This is a non-statutory, voluntary partnership, otherwise known as the Local Strategic Partnership (LSP). Partners include:

- Chamber of Commerce Herefordshire and Worcestershire, and Business Link West Mercia;
- Herefordshire Association of Local Councils;
- Herefordshire Council;
- Herefordshire Primary Care Trust;
- Learning & Skills Council, Herefordshire and Worcestershire;
- Voluntary Organisations; and
- West Mercia Constabulary.

5.2.6 In addition, many other groups and organisations are involved in the Herefordshire Partnership and contribute to achieving the vision. Examples include Advantage West Midlands and the Government Office for the West Midlands.

5.2.7 The HCS consists of:

- **One vision** – Herefordshire will be a place where people, organisations and businesses, working together within an outstanding natural environment, will bring about sustainable prosperity and well-being for all;
- **Five guiding principles** – to:
  - realise the potential of Herefordshire, its people and communities;
  - integrate sustainability into all our actions;
  - ensure an equal and inclusive society;
  - build on achievements of partnerships working and ensure continual improvement; and
  - protect and improve Herefordshire's distinctive environment.

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- **Outcomes covering the 4 themes** – which are:
  - economic development and enterprise;
  - healthier communities and older people;
  - children and young people; and
  - safer and stronger communities.
- **Performance indicators** – to measure progress towards the outcomes; and
- **A single action plan** – a plan of activities that will deliver the vision.

5.2.8 The HCS is being implemented through many organisations, networks, sectors and groups, working together to co-ordinate their activity, reduce duplication and provide joined up services. This is happening through the Herefordshire Partnership and a single 3-year detailed action plan that is updated each financial year and reflected in the ruling Local Area Agreement.

### 5.3 Herefordshire Corporate Plan & Annual Operating Plan

5.3.1 Herefordshire's Corporate Plan for 2007 – 2010 sets out the Council's objectives for the next 3 years in support of the Herefordshire Community Strategy.

5.3.2 The Council's top priorities for the period of the Plan are:

- to maximise the health, safety, economic well-being, achievements and contribution of every child, with special emphasis on sound arrangements for safeguarding vulnerable children and sustained improvements in educational attainment;
- to reshape adult social care, enabling vulnerable adults to live independently and, in particular, enabling many more older people to continue to live in their own homes;
- to secure the essential infrastructure for a successful economy; and
- to streamline its processes, assets and structures, and secure significant efficiency savings, particularly by delivering the *Herefordshire Connects* programme.

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5.3.3 The Council's other priorities are:

- to sustain thriving communities, including by securing more efficient, effective and customer-focused services, clean streets, tackling homelessness and effective emergency planning;
- to protect the environment, including by producing much less waste, recycling much more of what remains and significantly reducing carbon emissions;
- to improve transport and the safety of roads, including further reductions in the numbers of people killed or seriously injured;
- to promote diversity and community harmony and strive for equal opportunities for all the people of Herefordshire, regardless of race, religion, disability, sex, sexual orientation, geographical location, income or age; and
- to give effective community leadership, working with partners to deliver the *Herefordshire Community Strategy*, including the *Local Area Agreement*.

5.3.4 To make these things possible, the Council's organisational priorities, in addition to securing significant efficiency savings, are:

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

5.3.5 Each year, Herefordshire Council adopts an Annual Operating Plan that sets out what it is going to do in the year ahead to achieve the objectives set out in the Corporate Plan. This provides the basis for in-year performance monitoring, reporting and management.

## 5.4 The Performance Challenge

5.4.1 Under the Comprehensive Performance Assessment (CPA) Harder Test, Herefordshire's score is currently 3 (out of a possible 4). The Council's underlying CPA score is 2, but all upper tier Councils' scores

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are protected until all authorities have been assessed under the Harder Test.

- 5.4.2 For the second year running, the Council has been adjudged in 2006 to be improving adequately and, overall, to have maintained services at the same level as in the previous year. This is notwithstanding the lower scores under this tougher regime awarded to Benefits and Environment. We maintained our Use of Resources score. The improvement of the Culture score to 3; the considerable achievement of moving from an assessment in 2005 that safeguarding arrangements for children were inadequate to their now being assessed as good overall: and the improvement of Adult Social Care from 0 stars to 1 star. The Council is determined to move rapidly to a position where it is improving well, and improving strongly over the medium term.
- 5.4.3 These improvements have been driven by an Overall Performance Improvement Plan and a new Performance Improvement Cycle that fully integrates corporate, service and financial planning, coupled with strengthened performance management arrangements.
- 5.4.4 Further significant improvements in performance management are planned in the light of the Audit Commission report of Autumn 2006 about the operation of the Council's arrangements. An action plan is in place. This takes account of the challenges of the local government White Paper of October 2006 "Strong and prosperous communities". It has as its core objective having in place, by April 2008, the closest possible integration of planning and performance management arrangements between the Council, its key partners and the Herefordshire Partnership generally.
- 5.4.5 The earliest priority is the development of these arrangements for the creation of the Public Service Trust, which will bring together in one organisation the executive of the Council and the commissioning arm of the PCT.

### **5.5 Herefordshire's Business Transformation Programme**

- 5.5.1 Building on the foundations of the Overall Performance Improvement Plan, the big challenges and opportunities for the Council are being brought forward as part of its massive and ambitious transformation programme to improve services and deliver the financial capacity needed to invest in key priorities for the future.
- 5.5.2 The overall change programme is managed by a Business Transformation Board led by the Chief Executive and including the Director of Corporate & Customer Services, the Director of Environment, the Director of Resources and the Change Manager. This Board is responsible for delivering the overall change programme within budget and on time, and for ensuring benefits are maximised and achieved.



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5.5.3 The business transformation programme is complex and currently consists of 4 main inter-linking programmes, each managed by its own board arrangements in line with Prince 2 project management methodology. These 6 main programmes are the:

- 'Herefordshire Connects' programme;
- Customer Services Strategy;
- Children & Young People programme;
- Adult & Community Services programme;
- Pay & Workforce programme; and
- 'The Big Move' – our office accommodation strategy.

5.5.4 'Herefordshire Connects' is the Council's strategic transformation programme. Approved in April 2006 and now in the advanced stages of procurement, it will address the service improvements (including those required by central government) recognising future financial constraints. It will involve substantial investment in staff and support systems in order to revolutionise the delivery of Council services to improve quality, efficiency and value for money.

5.5.5 The vision is for every local citizen to have considerably improved access to services and information, at a time and a location that is convenient to them, by a means that most suits them, so they can communicate with a single point of contact, who is trained and empowered to respond effectively to their request across the full range of Council services. The programme will transform the Council's performance, helping us all to work more closely together, supporting service areas to focus on delivery and developing customer-facing staff and services.

5.5.6 The Herefordshire Connects programme is an integrated programme of change across the Council, with three key workstreams:

- **Integrated Customer Services** – a simple, multi-channel way of interacting with citizens, using an electronic records and document management system to ensure that the right information is immediately available;
- **Integrated Support Services** – an integrated capability covering finance, procurement, HR and asset management; ensuring data is only entered into the system once and the timely availability of accurate information; and
- **Corporate Performance Management** – a cross-Council corporate performance management framework linking the planning of budgets, other resources and activities to the achievement of specified outputs and outcomes including performance indicators for different levels of the authority; and rolled out to deliver the closest possible integration with the Council's key partners and the Herefordshire Partnership generally.

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- 5.5.7 The outline financial appraisal for the programme is promising with the likelihood that significant revenue benefits will accrue from 2007/08 onwards (paragraph 7.4.6 refers). This is, however, a significant financial risk which has been covered by reserves pending agreement of the benefits realisation plan.
- 5.5.8 The Herefordshire Connects programme is a bold, inventive plan that will need to be well-managed and delivered quickly for success. Making sure the benefits of the programme are realised and re-directed towards the Council's key priorities will also be essential for success.
- 5.5.9 As mentioned in paragraph 5.5.3, there are other Council projects running alongside and implementing to, the Herefordshire Connects programme.
- 5.5.10 One of the key themes of the Herefordshire Connects programme is improving customer interfaces and improving customer information management. This will be delivered through our Customer Services Strategy improving access to services by extending our Info and Info by Phone services
- 5.5.11 Particular attention is also being given to the continued improvement of customer interfaces and information management in respect of Children and Young People.
- 5.5.12 The Council originally approved an Accommodation Strategy in May 2005. It approved an updated business case in May 2006 and put both the revenue and capital budget in place to implement the strategy. It became clear at the end of September 2006 that the full 2-phase plan for occupying Plough Lane with the option to extend the building was no longer available as the landlord had revised its plans for the site.

## **5.6 Summary**

- 5.6.1 This section of the MTFMS shows how the Council's objectives and targets cascade down the organisation to ensure we work as one organisation: with all parts pulling in the same direction; and with the maximum possible integration with our key partners and the Herefordshire Partnership generally.
- 5.6.2 Herefordshire Connects is crucial to the Council's future success. It is an ambitious plan to:
- make a step change in the improvement of services in terms of quality, efficiency and value for money; and
  - create the financial capacity to be able to continue to invest in services, given the gloomy financial outlook for local government from April 2008.

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5.6.3 Herefordshire has entered perhaps the most challenging period it has faced since it came into being in 1998, with demands all round for improvement at a time when cash resources are likely to reduce in real terms. Sound financial governance will be essential to ensure the Council's continued financial health.

The next section of this MTFMS sets out the financial context at the local level before moving on in the following section to describe the Council's approach to strategic financial management during this difficult period.

## **6. Herefordshire's Financial Context**

### **6.1 Introduction**

6.1.1 This section of the MTFMS describes Herefordshire's financial position in some detail. It is important to set the scene locally before considering the best approach to the high-level management of the Council's financial resources to ensure cash follows priorities.

### **6.2 Relative Funding Position**

6.2.1 As our inspectors have acknowledged, government funding per head of population in Herefordshire is significantly below the average for all-purpose authorities. The inspectors noted that our funding per head of population was 8% below the average in our last Corporate Assessment report.

6.2.2 Updating the position for the 2007/08 settlement figures reveals that the gap in funding has widened. The figures for this year are as follows:

- Formula Grant per head of population is £264 – 22% below the unitary authority average of £340;
- Indicative Dedicated Schools Grant per head of population is £454 – 19% below the unitary authority average of £560.
- Formula Grant plus indicative Dedicated Schools Grant per head of population is £718 – 20% below the unitary authority average of £900; and

### **6.3 Reserves**

#### **Revenue Reserves**

6.3.1 Herefordshire has 2 main sources of reserve funding to support its day to day spending that is recorded in the revenue account – the General Fund balance and Specific Reserves. As the titles suggest, the latter are held for a specific purpose whilst the former could be considered a general contingency.

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6.3.2 The following table shows the balance on the General Fund and the level of Specific Reserves at the end of the last 3 financial years plus an indicative forecast of the 31/3/2007 position:

*(All figures £000k)*

| Balance as at:  | General Fund | Specific Reserves |        | Total  |
|-----------------|--------------|-------------------|--------|--------|
|                 |              | Schools           | Other  |        |
| 31st March 2004 | 9,847        | 6,845             | 2,562  | 19,254 |
| 31st March 2005 | 14,491       | 8,919             | 2,325  | 25,735 |
| 31st March 2006 | 14,525       | 8,739             | 5,203  | 28,467 |
| 31st March 2007 | 4,930        | 5,500             | 10,168 | 20,598 |

6.3.3 There are a number of important points to note about the figures in this table:

- a significant proportion of the Specific Reserves belong to our schools and cannot be used to help pay for non-schools services;
- the General Fund balance at 31st March 2006 includes £2.8m of budgets carried forward into the current financial year leaving £11.7m that is uncommitted; and
- the large increase in Other Specific Reserves as at 31st March 2006 is due to the creation of a specific reserve of £1.928m for the Herefordshire Connects programme.

6.3.4 Section 7.3 of the MTFMS gives further consideration to an appropriate policy on general and specific reserves to ensure revenue cash resources are used effectively in support of corporate objectives.

### Capital Reserves

6.3.5 There is one capital reserve that represents cash available to support spending on the creation or enhancement of assets that is recorded in the capital account. It is known as the Usable Capital Receipts Reserve.

*(All figures in £000k)*

| Financial Year | Balance at start of year | Income from sale of assets (capital receipts) | Capital receipts used to pay for capital spending | Balance at end of year |
|----------------|--------------------------|---|---|------------------------|
| 2003/04        | 18,908                   | 5,301   | 4,245   | 19,964                 |
| 2004/05        | 19,964                   | 2,654   | 4,327   | 18,291                 |
| 2005/06        | 18,291                   | 3,876   | 2,097   | 20,070                 |
| 2006/07        | 20,070                   | 9,215   | 7,585   | 21,700                 |

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- 6.3.6 Important point to note is that £15.9m of the £20m of Useable Capital Receipts at the end of 2005/06 have been committed to help pay for approved capital projects leaving just £4.1m as yet unallocated.
- 6.3.7 The Council agreed a strategy for disposing of surplus assets as part of the Accommodation Strategy. Capital receipts will be generated over the medium-term as these assets are vacated and sold but they will be used to reduce the potential borrowing requirement for the project to rationalise office accommodation.
- 6.3.8 The Council has set the Smallholdings Estate an annual target of realising £1m capital receipts. This policy ensures a steady but modest stream of new capital receipts each year.
- 6.3.9 The Council adopted a policy of sharing capital receipts equally between the corporate pot of capital receipts and the Directorate that 'owned' the assets sold in 1998. This was designed as an incentive to Directorates to rationalise their asset holdings as they shed the direct revenue cost of running the property and gained additional capital resources.
- 6.3.10 Section 7.3 of the MTFMS gives further consideration to an appropriate policy on the allocation of capital receipts to ensure capital cash resources are used effectively in support of corporate priorities.

### 6.4 Trends in Outturn

#### Revenue Overview

- 6.4.1 The table below compares the actual use of General Fund balances compared to planned use for the last 3 financial years.

*(All figures in £000k.)*

| Financial Year  | Planned use of General Fund balances <sup>1</sup> | Actual use of General Fund balances <sup>2</sup> | Improvement in financial performance <sup>3</sup> |
|-----------------|---|--|---|
| 31st March 2004 | (2,942)   | 3,479  | +6,421  |
| 31st March 2005 | (3,176)   | 4,644  | +7,820  |
| 31st March 2006 | (4,063)   | 34   | +4,097  |

#### Notes

1 – brackets means there was planned contribution from the General Fund balances to the revenue account – a top-up from the general contingency to get the budget to balance for the year.

2 – no brackets means that there was actually a surplus on the revenue account of the year that was used to top the general contingency.

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3 - a plus sign means actual financial performance was better than planned.

- 6.4.2 The table in the preceding paragraph show that there is potentially some – albeit reducing – latent financial capacity in our base budgets for revenue spending. This suggests that we still have more work to do to encourage service managers to behave more corporately and treat their cash allocations as a corporate rather than service resource. It also suggests that services can manage within existing resources despite the lengthy ‘wish lists’ that develop when asked to identify service pressures.

### **Directorate Revenue Outturns**

- 6.4.3 The overview shows that the Council’s income exceeded its spending in each of the last 3 financial years. Overall financial performance has therefore been good but this masks the fact that a small number of key budgets have not performed so well.
- 6.4.4 Service area under spends in 2005/06 amounted to £3.72m. Every Directorate except Adult & Community Services was able to identify under spends compared to budget that more than matched their over spends.
- 6.4.5 The Adult & Community Services Directorate over spent by some £1.6m due to pressures in Adult Social Care services (Learning Disabilities, Mental Health & Physical Disabilities) and Homelessness services. Part of the over spend for the year was due to the budget deficit carried forward from 2004/05 being written off.
- 6.4.6 Whilst in overall terms the other Directorates were under spent compared to budget at the end of the financial year, their outturn position was a mix of under and over spends. There appears to be little pattern to the areas under spending from year to year as a basis for considering redirection of resources. Directorate budget management plans need to ensure budget is allocated accurately each year to avoid repeated under and over spends being reported simply because the budget isn’t in the right place.
- 6.4.7 Cabinet reviewed the latest Integrated Performance Report (IPR) covering the first 8 months to the end of November on 18<sup>th</sup> January 2007. The report included information detailing the projected outturn for the current financial year. It is now possible to revise the outturn projection based on financial information to the end of December 2006.
- 6.4.8 The following table compares the latest outturn forecast with that to the end of Month 8 included in the last IPR:

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|  | <b>December 2006<br/>Net over (+) or<br/>under (-) spend</b> | <b>November 2006<br/>Net over (+) or<br/>under (-) spend</b> |
|--|--|--|
|  | <b>£000</b>  | <b>£000</b>  |
| Adult & Community Services                                     | +1,039   | +1,424   |
| Children & Young People's                                      | +214   | +214   |
| Customer & Corporate Services                                  | +1   | +1   |
| Environment  | -459   | +25  |
| Resources  | +19  | +19  |
| <b>Gross projected outturn</b>                                 | <b>+814</b>  | <b>+1,683</b>  |
| <b>Less:</b>   |  |  |
| Local Authority Business Growth Incentive Scheme Grant (LABGI) | -1,000   | -  |
| Social Care Contingency  | -1,302   | -1,302   |
| Financing Transactions surplus                                 | -1,000   | -750   |
| <b>Net projected outturn</b>                                   | <b>-2,488</b>  | <b>-369</b>  |

6.4.9 The above table indicates that there is likely to be an under spend in the region of £2.5m in overall terms on the revenue account based on the financial information available at the end of December. The improved financial position is due to changes indicated to Cabinet on 18<sup>th</sup> January, 2007 in the IPR and Financial Strategy Update reports as follows:

- A further reduction in the over spend forecast for adult social care services;
- An under spend on waste collection services;
- An increase in the surplus on Financing Transaction due mainly to further slippage in the capital programme; and

## Medium Term Financial Management Strategy (MTFMS)

- Inclusion of £1m LABGI grant.

6.4.10 However, there are two further factors known at the present time that could alter the forecast outturn again in the Month 10 IPR that will be presented to Cabinet in March 2007. The Government will not be announcing LABGI grant figures for each council until February 2007. Herefordshire's grant is not expected to be less than £1m but could be more based on the information currently available.

6.4.11 The outturn remains a projection until the accounts are closed but the figures suggest that there will be a significant net under spend on the revenue account in 2006/07. It reinforces the view that there is sufficient capacity within the base budget to manage without inflation on non-pay budgets for at least 2007/08.

6.4.12 The projected outturn for 2006/07 is an underspend of £2.488m on the revenue account. This is consistent with the position outlined at 6.4.1 showing that in the previous 3 financial years the final accounts closed with a surplus on the revenue account. The pattern of persistent underspending on the overall revenue account has informed the policy decision agreed by Council that the 2007/08 budget guidelines do not provide non-pay inflation. The assessment that has been agreed is that for 2007/08 the position is manageable.

6.4.13 The recent review of ICT budgets indicates pressure on some Corporate ICT areas following the ending of external funding during 2006/07. The principal activities affected are web services and e-gateway work. Discussion with the external funding body to try and extend the funding have been unsuccessful and the overspend will be an area of concern in 2007/08 unless an exit strategy or funding changes are in place.

### Capital Outturn

6.4.14 The Council maintains as a minimum a full 3-year rolling capital programme that is fundamentally linked to the Council's strategic plans and estimated sources of capital funding.

6.4.15 The following table compares the final capital budgets for the last 3 financial years to actual spend together with a forecast outturn for the current year.

*(All figures in £000k)*

| Financial Year | Original capital budget | Capital outturn | Over / (under) spend for year |
|----------------|-------------------------|-----------------|-------------------------------|
| 2003/04        | 32,839                  | 31,866          | (973)                         |
| 2004/05        | 40,100                  | 33,198          | (6,902)                       |
| 2005/06        | 37,131                  | 31,845          | (5,286)                       |
| 2006/07        | 58,977                  | 44,083          | (14,894)                      |



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6.4.16 Slippage in the Council's capital spending programme is managed to ensure that conditional funding resources have not been lost and that the use of available resources has been maximised.

6.4.17 A delay in incurring capital spending and taking up planned new borrowing due to slippage in the capital has a direct impact on the revenue account. Extra investment income may be earned as cash sits longer than anticipated in the Council's bank account and interest payments may not be incurred as early as anticipated. The overall effect is therefore positive and often helps explain better performance on the revenue account.

### **6.5 Local Spending Pressures**

6.5.1 The outturn position for 2005/06 provides evidence of Herefordshire's spending pressures for the future, many of which reflect the national trends identified in section 4.4 of the MTFMS.

6.5.2 The key concern is the Adult Social Care service budgets. The base budget funding position for these services in 2006/07 was enhanced with real terms growth for at least the 3rd successive year in a row. However, we recognise there is more we need to do. The forecast at month 8 of the 2006/07 financial year is that this budget will over spend by some £1.41m this year if the status quo in terms of service delivery arrangements is maintained.

6.5.3 The Children's Social Care budgets are of concern too. They were less over spent than anticipated in 2005/06 but were forecast to over spend by £214k at month 8.

6.5.4 Herefordshire's Adult Social Care services have been facing increasing financial pressures, against a background of continuously increasing user demand. In order to understand the demographic pressures facing the County and the way the pressures might translate into service needs to vulnerable adults the Council, jointly with the Primary Care Trust (PCT), agreed to commission a detailed needs analysis looking at the demographic pressures and how these might translate into service needs. A small project team led by the Council's Corporate Policy and Research Manager and involving the PCT, Adult Social Care and Finance staff has undertaken the needs analysis work. This work has been independently validated and has been benchmarked with high-performing authorities elsewhere in the country. The work sets out a strategy for the future based on a significant shift to a more preventative model of services, which will require a much greater contribution from the voluntary sector. This new model of service would require some additional investment but not as much as would the current model of service. It would also enable

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the Council to improve significantly the quality of services available to the residents of Herefordshire. Following consideration by Adult Social Care and Strategic Housing Scrutiny Committee, the report was agreed by Cabinet at its meeting on 14th December, 2006.

- 6.5.5 The 2006/07 projected outturn for Social Care across both Adults Services and Children's Services Directorates is an overspend of £1.2m before use of the £1.3m centrally held contingency. There remains a risk that financial year 2007/08 will face similar pressure and for this reason the contingency remains in the FRM. It is considered prudent to keep the contingency in place and also appropriate that it is not in Social Care base budgets. The approach allows the outcome of the modernisation programme for Adult Services to be assessed before committing the funding to specific Directorates.
- 6.5.6 The Homelessness budget has been in crisis but the position – both in terms of service and financial performance - is steadily improving since the service was taken back in-house from Herefordshire Housing. Although early days in the financial year, the current forecast is that this budget will not over spend this year and that it will manage with planned base budget reductions into the future.
- 6.5.7 Other budgets that showed signs of strain in 2005/06 included:
- street cleansing;
  - public toilets;
  - winter road maintenance; and
  - administrative buildings.
- 6.5.8 Other spending pressures that need consideration include:
- waste disposal – the Specific Reserve for this issue stands at £1.366m but needs review as the date for agreeing changes to the original PFI contract continues to slip and waste tonnages continue to grow;
  - contingent liabilities – there is no provision for these items of expenditure which could cost up to £620k if the liability was confirmed (the Statement of Accounts for 2005/06 refers).

## **6.6 Summary**

- 6.6.1 Herefordshire is not a well-resourced council but despite this it has been judged as providing services that represent good value. Government grant systems attempt to make allowance for the additional cost and complexity of delivering services in a sparsely populated area but do not do enough for councils like Herefordshire where its sparse population is more evenly distributed throughout the area. Many sparsely populated councils – such as Cornwall, Devon or Cumbria – have great tracts of land that people just do not live in.

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- 6.6.2 Despite the challenges to date, financial performance has been good in overall terms providing a healthy level of reserves. There are however some problem areas – notably social care – that need attention.
- 6.6.3 The MTFMS thus far has set out the national and local policy and financial context for Herefordshire. Having set the scene, it is now possible to consider in section 7 the detail of a proposed high-level, medium-term financial management strategy to ensure that we preserve our financial health through a period in which we plan significant service improvements whilst financial support from the government reduces in real terms.

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### **7. Financial Management Strategy**

#### **7.1 Introduction**

7.1.1 Herefordshire's MTFMS supports all of Herefordshire's other resource management and service delivery strategies. The detailed financial implications of all those strategies are dealt with in the supporting papers and decisions for those strategies. The intention is not to repeat that information in this document, but to focus on an overall financial strategy for the Council in terms of setting clear corporate financial objectives and establishing a universal set of 'ground rules' for developing future service delivery proposals over a 3-year period that will also demonstrate progress on cross-cutting themes.

7.1.2 This section of the MTFMS therefore sets out to describe Herefordshire's corporate financial objectives given the national and local context and its financial management strategies for:

- Revenue spending;
- Capital investment;
- Efficiency review and improving Value for Money; and
- Treasury management.

7.1.3 Active risk management is a key component of the Council's corporate governance arrangements. This section of the MTFMS therefore sets out the key corporate and financial risks the Council will be monitoring to ensure it stays on course to deliver its overall objectives.

#### **7.2 Corporate Financial Objectives**

7.2.1 Herefordshire's corporate financial management objectives are to:

- ensure budget plans are realistic, balanced and support corporate priorities – especially those that protect the vulnerable in our communities;
- continue to develop centres of excellence for financial administration and management – in line with the principles supporting the future shape of the Resources Directorate;
- maintain an affordable Council Tax – the Medium Term Financial Resource Model (MTFRM) assumes a sub-5% increase in line with that for 2006/07;
- manage spending within budgets – Directorates are required as a 'non-negotiable' to manage outturn expenditure for each financial year within a 1% margin of their base budget;

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- ensure sustainable balances, reserves and provisions – within a reasonable limit consistent with the corporate financial risks without tying up public resources unnecessarily;
- create the financial capacity for strategic priorities for service improvement through the Herefordshire Connects programme;
- support a prudent level of capital investment to meet the Council's strategic requirements;
- maintain a strong balance sheet position;
- deliver year on year efficiency and Value for Money improvements;
- ensure an integrated approach to corporate, service and financial planning in full consultation with key stakeholders;
- ensure a whole-life costing approach is taken to both revenue and capital spending decisions;
- maintain the current Use of Resources score in the 2007 inspection advancing to excellent by 2010; and
- develop the 3-year Medium Term Financial Resource Model into 3-year indicative cash limits for Directorates by March 2007 (the cash limits will be subject to continual review to take into account the changing financial context and in particular the latest financial appraisals for the Herefordshire Connects programme).

### **7.3 Financial Management Strategy for the Revenue Account**

7.3.1 This section of the MTFMS sets out Herefordshire's financial management proposals for achieving the corporate financial objectives outlined above.

#### **Managing the General Fund Balance & Specific Reserves**

7.3.2 Herefordshire's General Fund balance at the start of 2006/07 was £14.5m with £11.7m available to spend. This is significantly in excess of the Council's policy to maintain a minimum balance of £3m providing earmarked reserves are set aside to cover specific significant financial risks. Given this criteria has been met, it is not expected that the General Fund balance would need to exceed £6m. It is essential to set out the reasons for holding this money in order to achieve the corporate financial objectives for having reserves outlined in paragraph 7.2.1.

7.3.3 Herefordshire's financial management strategy is to maintain Specific Reserves to deal with the key corporate financial risks reducing the need for a higher level of General Fund balances. This strategy will ensure there is complete transparency about what is and what is not

## Medium Term Financial Management Strategy (MTFMS)

resourced for corporate financial risks that, if realised, would affect the Council's financial standing. It represents an 'open-book' approach to accounting.

7.3.4 With this end in mind, some new Specific Reserves were created in 2006/07 and existing ones enhanced to deal with the key financial risks faced by the Authority. The changes are as follows:

- to increase the social care contingency by £1.7m, topping it up to £3m given the current forecast for outturn for 2006/07 is for a £3.4m over spend;
- to increase the winter road maintenance Specific Reserve by £392k, topping it up to £500k;
- to increase the waste disposal Specific Reserve by £634k, topping it up to £2m;
- to incorporate the Initiatives Fund (£433k) in the Invest to Save Specific Reserve and top up by a further £639k so there is a total of £3m available for Invest to Save initiatives - £1.928m of which has already been earmarked for the Herefordshire Connects programme (see paragraphs 7.3.37 – 7.3.38);
- to create a Specific Reserve of £300k so there is some provision in event the contingent liabilities identified in the Statement of Accounts for 2005/06 are realised;
- to create a Specific Reserve of £200k to separate the remainder of the £250k reserve set up for the Children's Services Change Team from the General Fund balance; and
- to create a budget management Specific Reserve of £1.1m so that there is money set aside in the event that Directorate budgets (excluding schools and social care) are 1% over spent at outturn compared to their base budget.

7.3.5 Directorates will be expected to manage budget pressures within their overall requirement to deliver an outturn no more than 1% higher than budget. It is recognised that this target will not be achieved in the short-term for social care services – particularly adult services. A contingency fund has been set up to deal with this situation for 2006/07 whilst an assessment of the ongoing level of base budget investment is carried out. The budget management Specific Reserve will only be used in exceptional circumstances when Directorates are able to demonstrate they did all they could reasonably have been expected to do to manage the position.

7.3.6 The need for the range and level of Specific Reserves and the policy for minimum General Fund balances will be continually reviewed as

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part of the financial planning, monitoring and outturn processes. The strategy described here provides cover for the key corporate financial risks.

### Managing a balanced budget

7.3.7 Over the years Herefordshire has sought to ensure that all services are adequately funded given available resources. Keeping up with increasing demand for services – particularly in social care – has been difficult but Herefordshire can show that it has consistently provided real terms growth for these services over the years and although it recognises more will be needed to meet future demand.

7.3.8 There are a number of more minor base budget issues that have been addressed in the FRM in order to achieve strategic priorities:

- **Queenswood Park** – restore £25k base budget reduction in anticipation of a Cabinet decision to reverse its policy to introduce charges for parking: the shortfall will be met from balances in 2006/07 but will be included in the Medium-Term Financial Resource Model from 2007/08 onwards (reducing the General Fund balance for the year by a corresponding amount);
- **Procurement & Efficiency Review** – increase the staffing budget by £55k a year starting from 2007/08 to reflect the full-year cost of this new Key Manager post: the shortfall will be met from balances in 2006/07;
- **Herefordshire Matters** – correct base budget omission by adding £50k to base budget from 2007/08 onwards to support future publications: the shortfall in 2006/07 will be met from balances;
- **Chief Executive's Development Fund** – add £150k to base budget from 2007/08 onwards: the shortfall in 2006/07 will be met from balances;
- **Housing Benefit & Council Tax Benefit (HB / CTB) Administration Subsidy** – reduce anticipated grant income by £150k a year starting 2007/08 to reflect the 5% real terms reduction announced by the DWP;
- **Service Level Agreements** – set aside £100k from 2007/08 onwards for allocation in the event the proposed review of support services to check we have sufficient capacity in key priority areas such as performance management and to improve recharging mechanisms leads to base budget pressures: any pressure in 2006/07 will be met from balances;
- **Whitecross PFI Scheme** – shortfall on amount included in Financial Resource Model for 2006/07 of £380k to be met from balances; and

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- **ESG (Herefordshire) Ltd** – increase base budget provision by £225k a year from 2007/08 for 3 years to take total up to £350k so funding is in place for Herefordshire to contribute 50% of the running costs to support the approved business plan.

7.3.9 The strategy for managing General Fund balances, Specific Reserves and for ensuring a balanced budget will increase the level of Specific Reserves held by £4.965m. There will be approximately £4.93m left in General Fund balances at the end of the 2006/07 financial year after allowing for budget carry forwards already approved and the measures proposed for delivering a better balanced budget. This represents a satisfactory level of General Fund balances, providing some headroom above the £3m minimum to provide cash flow cover and for unforeseen contingencies.

7.3.10 The impact on General Fund balances in 2006/07 is illustrated in the following table:

|  | £000  | £000   |
|--|-------|--------|
| <b>General Fund balance on 1<sup>st</sup> April 2006</b>                                       |       | 14,525 |
| <b>Less items in paragraph 7.3.4 – managing the General Fund balance and Specific Reserves</b> |       |        |
| Social care contingency  | 1,700 |        |
| Winter roads maintenance   | 392   |        |
| Waste disposal   | 634   |        |
| Invest to save   | 639   |        |
| Contingent liabilities   | 300   |        |
| Children's Services Change Team  | 200   |        |
| Budget management  | 1,100 |        |
| <b>Sub Total</b>   |       | -4,965 |
| <b>Less items in paragraph 7.3.8 – managing a balanced budget</b>                              |       |        |
| Queenswood Park  | 25    |        |
| Procurement & Efficiency Review Manager  | 55    |        |
| Herefordshire Matters  | 50    |        |
| Chief Executive's Development Fund   | 150   |        |
| HB / CTB Administration Subsidy  | 150   |        |
| Service Level Agreements (up to)   | 100   |        |
| Whitecross PFI Scheme  | 380   |        |
| <b>Sub Total</b>   |       | -910   |
| <b>Less other items</b>  |       |        |
| Carry forward budgets from 2005/06   | 3,720 | -3,720 |
| <b>Sub Total</b>   |       |        |
| <b>General Fund Balance on 31<sup>st</sup> March 2007</b>                                      |       | 4,930  |



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7.3.11 The position for 2007/08 will see some of these specific resources act as 'cover' for Herefordshire Connects. The two affected reserves are:

- Budget Management Reserve where £1.1m will be used if required following a review of outturn trends that suggests the emerging position for 2006/07 will be a further underspend.
- Social Care Contingency. The total stands at £3m but an assessment of risk in 2007/08 means that £1.3m can be drawn on for Herefordshire Connects 'cover'.

### **Managing financial performance**

7.3.12 Maintaining strong financial control is a prerequisite to achieving the Council's corporate priorities and the integrity of the MTFMS. Good systems and procedures are in place for reporting on financial performance as part of the Integrated Performance Reporting framework.

7.3.13 Non-financial information was incorporated into the routine bi-monthly financial performance reports that form part of the Integrated Performance Report in month 4 of 2006/07. This will help us track Value for Money improvements and also help highlight areas that are performing to the standard required and have spare financial capacity that could be reinvested in another corporate priority.

7.3.14 Routine budget monitoring reports will also be reviewed to ensure each Directorate can monitor both the 'controllable' elements of their budget as well as overall financial performance. The latter is important for external benchmarking activities to demonstrate Value for Money is being achieved.

7.3.15 Certain types of income and expenditure budgets are classified as 'non-controllable'. In the main, these are budgets that are allocated to Directorates on a recharge basis (e.g. support service recharges, insurances). The support service provider will exercise the budgetary control for these services.

### **Managing budget carry forwards**

7.3.16 The Council's Standing Orders have recently been amended to ensure the cash resource redeployed through the year-end budget carry forward arrangements is allocated in line with corporate priorities whilst maintaining as much flexibility as possible for Directorates.

7.3.17 Budgets are now only carried forward if there is an under spend on the Consolidated Revenue Account and at Directorate level. Such under spends are top-sliced if necessary to ensure corporate priorities and financial risks are funded. Budget carry forwards can only be used to fund one-off spending.

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7.3.18 Budget carry forwards on support service and other recharged items will not be permitted. Budget carry forwards on income budgets such as car park charges, planning fees and investment property income will not generally be permitted either.

### Managing Directorate base budgets

7.3.19 Base budget needs to be in the right place at Directorate level as well as the corporate level to support effective financial management and to avoid repeated over spends in one area being consistently offset by under spends in others.

7.3.20 A virement process that allows the transfer of resources between budget headings is in place. This financial management strategy will actively encourage Directorates to use this facility to ensure there is an 'open book' approach to accounting at Directorate level, ensuring such virements support corporate priorities.

### Managing growth and inflationary pressures

7.3.21 The government is planning on 2% pay inflation over the medium-term. This will be reflected in Herefordshire's MTFRM. Salary budgets and budgets linked to salary payments have been uplifted by this amount. The budgets for employers' superannuation contributions will be uplifted by the planned percentage increase for each year based on the latest actuarial advice. Indirect employee costs will not be uplifted for inflation.

7.3.22 The Medium-Term Financial Resource Model (MTFRM) at Appendix A shows the inflation on staff costs and income budget heads identified by the service accountants for the next 4 financial years. These figures are included in Directorate's base budgets in the table below:

| <b>DIRECTORATE BASE BUDGETS</b>                                 | <b>2007/08<br/>£'000</b> | <b>2008/09<br/>£'000</b> | <b>2009/10<br/>£'000</b> | <b>2010/11<br/>£'000</b> |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Adult & Community Services                                      | 44,710                   | 46,658                   | 46,713                   | 46,773                   |
| Children's Services   | 22,694                   | 22,913                   | 23,123                   | 23,351                   |
| Environment   | 25,021                   | 25,584                   | 26,192                   | 26,585                   |
| Corporate & Customer Services                                   | 7,688                    | 7,782                    | 7,872                    | 7,970                    |
| Resources   | 6,122                    | 6,230                    | 6,333                    | 6,445                    |
| Human Resources   | 1,401                    | 1,424                    | 1,446                    | 1,470                    |
| Central Services  | 3,191                    | 3,212                    | 3,232                    | 3,253                    |
| <b>Sub-Total</b>  | <b>110,827</b>           | <b>113,803</b>           | <b>114,911</b>           | <b>115,847</b>           |
| <b>Total financing adjustments and net additional pressures</b> | <b>11,544</b>            | <b>12,892</b>            | <b>16,309</b>            | <b>20,158</b>            |
| <b>Total budget</b>   | <b>122,371</b>           | <b>126,695</b>           | <b>131,220</b>           | <b>136,005</b>           |

7.3.23 Resources available are not sufficient to provide for growth and inflationary pressures in addition to those detailed above. However, as outlined in paragraph 6.4.1, the Council has consistently performed

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significantly better in financial terms than the budget plan, demonstrating there is financial capacity to deal with such pressures. The financial strategy for managing non-pay growth and inflation is for the Corporate Management Team to manage this pressure within existing resources. This is a tough but achievable challenge for CMB given past financial performance that is included in the 3-year planning guidance.

### **Managing income**

- 7.3.24 Setting challenging but attainable income targets is an essential element of Herefordshire's MTFMS. To achieve corporate financial objectives, income targets included in approved budget plans need to be realistic. The current approach of assuming all fees and charges income will increase by the rate of inflation each year is not sustainable into the future for planning fees, car parking charges and investment property income.
- 7.3.25 Income budgets for these services will not be inflated (other than to reflect anticipated increases in demand for the service) if the Council has no plans to review the charges or there is no legal requirement to do so. Similarly, these income budgets will be revised downwards where there is clear non-financial information to evidence a decline in demand for the service.
- 7.3.26 The corollary to this new approach is that any surplus on the planning and car park income budgets will be treated as a corporate resource. Any under achievement, providing the Directorate has taken appropriate mitigating action, will be a corporate rather than a Directorate problem.
- 7.3.27 All other budgets will be increased by inflation and Directors will be expected to review all their fees & charges annually as part of the business planning cycle to ensure they comply with relevant corporate priorities and policies (e.g. diversity and social inclusion).
- 7.3.28 Government funding to support Herefordshire is effectively fixed for the medium-term given the advent of multi-year settlements. Scope to increase Council Tax is likely to remain limited by government capping rules. One way to achieve the corporate financial objective to create additional financial capacity is to maximise potential income and generate income from new sources.
- 7.3.29 The MTFMS for income generation is therefore to:
- ensure income budgets reside with the client service where the service is responsible for determining service strategy;
  - adopt an entrepreneurial approach to generating income from investment properties, commercial properties and trading activities

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with risks being managed in line with the Council's risk management procedures;

- focus on debt collection by setting targets for improvement;
- consider the scope for higher levels of charging for services especially where there is clear evidence that Herefordshire attracts much lower levels of income than comparator authorities; and
- investigate new freedoms to charge for services.

### **Managing partnership resources**

7.3.30 Herefordshire welcomes the opportunity to work with strategic partners to improve outcomes. But, in order to achieve its corporate financial management objectives, we will always seek to ensure:

- the financial viability of partners before committing to an agreement;
- there is clarity of respective responsibilities and liabilities;
- the accounting arrangements are established in advance of operation;
- the implications of terms and conditions on any associated funding are considered in advance of operation.

### **Managing staffing budgets**

7.3.31 It is vital that the council has employees with the right skills, knowledge and abilities. The MTFMS makes the link between investing in people and improves services to the community. Improvements to workforce planning and establishment control will help to ensure that we have a much more reliable source of information as a basis for agreeing employee and training budgets. In addition, capacity will be built and value added by working with key partners.

### **Managing external funding**

7.3.32 External funding provides another opportunity to increase financial capacity. The MTFMS will be to actively pursue such opportunities, including Public Finance Initiative (PFI) funding, providing that:

- match funding requirements are considered in advance;
- they support corporate priorities;
- they do not conflict or distract from corporate priorities;
- they have no ongoing commitment that cannot be met by base budget savings; and
- they do not put undue pressure on existing resources.

### **Managing Developer Contributions**

7.3.33 This is another source of external funding that can be secured through the planning system. It may be possible to secure funding to support

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the cost of day-to-day services (e.g. commuted sums for maintenance of public open spaces). Support for capital infrastructure can also be achieved in this way (e.g. developer contributing to cost of new access roads).

7.3.34 The MTFMS is to maximise the potential for increasing financial capacity and / or managing growth in volumes through s106 agreements. This will involve a much more commercial and co-ordinated approach to such opportunities. The Interim Head of Asset Management & Property Services will be tasked to review and improve current arrangements as a short-term priority.

### **Managing increases in demand / volumes**

7.3.35 The policy context sections of this MTFMS describe the pressures of increasing demand in certain key services such as social care, homelessness and benefits. With finite resources available, it is not possible to keep adding to the base budget as demand grows. Volumes are increasing in some services too – e.g. maintenance of public open spaces.

7.3.36 Herefordshire will seek to discharge all its statutory responsibilities to service users. To achieve the corporate financial objectives that underpin the achievement of corporate priorities, service managers will actively seek to contain increases in demand or volume to mitigate the financial consequences.

### **Managing Invest to Save initiatives**

7.3.37 This financial management strategy makes proposals for turning the Initiatives Fund into Invest to Save money, and topping the latter up to £3m so there is just over £1m available for Invest to Save initiatives outside of the Herefordshire Connects programme. This money will be allocated to projects that support the Council's corporate priorities and complement projects within the business transformation programme.

7.3.38 Invest to Save projects may deliver base budget savings to improve Value for Money in the bidding service area. In such cases, there will be a requirement for the service area to make a permanent base budget reduction. Invest to Save projects may also be used to manage increasing demand or volumes so as to minimise the impact on the base budget. In these cases, the bidding service area will be required to show how existing performance standards will be at least maintained or even improved.

### **Managing Value Added Tax (VAT)**

7.3.39 To preserve financial capacity, Herefordshire will continue to actively manage business activity that is classed as 'exempt' under current VAT legislation to ensure that the partial exemption limit is not breached. We are allowed to reclaim the VAT on exempt business activities providing it does not exceed 5% of our total VAT liability. If we breach

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the 5% limit, HM Customs & Revenues will expect us to hand over the VAT on exempt activity too – approximately £750k a year.

7.3.40 VAT is a particularly specialised field within the accountancy profession and we supplement in-house resources with external consultancy support when needed. The Financial Policy Team will continue to ensure service managers are aware of the circumstances that represent greatest financial risk in terms of the Council's overall VAT liability so they can seek the specialist advice.

### **7.4 Medium-Term Financial Resource Model (MTRM)**

7.4.1 The MTRM is designed to provide an assessment of the overall resource availability for the revenue account over the medium-term. This sets the financial context for the corporate and service planning so that the two planning processes are fully integrated. It covers the period from 2007/08 to 2010/11 – the final year of the current 2-year settlement and the following 3-year period that will be covered by CSR07.

7.4.2 The original MTFMS assured Council Tax increases at a level of 4.7% per annum. Cabinet has now changed previous planning assumptions for the proposed Council Tax increase for 2007/08 and proposes an increase of 3.8%. This will inevitably lead to a reduction in income from Council Tax to support the Council's 2007-2010 Corporate Plan. The reduction amounts to £560k per annum over the next 3 years and this will be difficult to replace as the MTFMS assumes a 4.7% annual increase in Council Tax. A lower than originally planned Council Tax increase in 2007/08 may have implications for overall funding if, as current indications suggest, the Comprehensive Spending Reviews (CSR07) three-year settlement is 'tight'. The year-on-year reduction in income from Council Tax may impact on the Council's ability to meet future as yet.

7.4.3 The Collection Fund (the account of the total sum of Council Tax received and transferred into the Council's revenue account to fund the Council's activities) is part of the Council tax setting process. Each year the level of Council tax is set on the prudent assumption that a certain amount will not be received. However it is usually the case that a surplus is received over the budgeted amount and this sum is used to reduce the subsequent years Council Tax demand. For 2007/08 an expectation was that a surplus of £500,000 would be achieved which is in line with historical trends. However an analysis of actual levels of Council tax paid have revealed that this level was optimistic. The actual surplus now projected for 2007/08 is £254,000 and the FRM base budget has to reduce by £246,000 to compensate for this.

7.4.4 Council Tax is calculated on the basis of an expected number of Band D equivalent properties which would generate a certain yield of Council Tax. This taxbase grows each year as new property developments

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progress. An expected increase of 1% was used for the 2007/08 FRM projections in line with historical trends, however this has now been reduced to 0.7%. The effect of this is a reduction in expected Council Tax yield of £224,000.

7.4.5 The MTFRM shown in Appendix A takes into account the corporate financial objectives and MTFMS proposed in this document. It also makes a number of other assumptions. These are summarised below to ensure the financial planning process is open and transparent:

- **Herefordshire Connects** – the MTFRM reflects the outline financial appraisal approved by Cabinet in April 2006 and will need to be updated as the programme develops and the financial appraisal is refined;
- **Accommodation Strategy** – the MTFRM reflects the latest financial assessment approved by Cabinet in May 2006;
- **Customer Services Strategy** – the MTFRM assumes a cost neutral position in line with the strategy agreed in August 2005;
- **Capital Investment** – the MTFRM reflects the revenue implications (cost of prudential borrowing) of the capital programme approved by Council in March 2006 plus slippage from 2005/06 approved by Cabinet in June 2006;
- **Whitecross PFI Scheme** – the MTFRM includes an additional £451k in 2007/08 only to meet the initial costs of this project;
- **Formula Grant** – the MTFRM reflects known transfers in or out of Formula Grant (e.g. Preserved Rights Grant being transferred in to Formula Grant without a corresponding increase), the indicative 2.4% increase for 2007/08 and a cash standstill in following years given the pessimistic view on the CSR07 for local government;
- **Dedicated Schools Grant** – the MTFRM reflects the indicative 4.3% increase for 2007/08 and assumes a 2% increase in following years;
- **Second Local Public Service Agreement (LPSA2)** – the MTFRM reflects the investment in LPSA2 approved by Cabinet and assumes receipt of 75% of the potential Reward Grant (i.e. £3.292m, 50% of which will be revenue and will be received in 2 equal instalments in 2008/09 and 2009/10);
- **Employers' superannuation costs** – the MTFRM includes increases in employers' contributions rates in line with latest actuarial advice. This does not allow for the fact that the 'Rule of 85' arrangements for deciding whether someone retiring before their 65<sup>th</sup> birthday should have their pension benefits reduced will not be

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removed until 31<sup>st</sup> March 2008 (previous expectation was that it would be removed on 1<sup>st</sup> October 2006). This change will delay the improvement in the pension funding position and may lead to further actuarial adjustment to recover the shortfall if significant;

- **Interest Rates** – the MTFRM reflects interest rate assumptions for investment income and new borrowing costs in line with the Treasury Management Strategy approved by Council in March 2006;
- **National Taxation** – the MTFRM assumes there will be no significant change to national taxation systems;
- **Local government finance system** – the MTFRM assumes the status quo with no change to the grant distribution system, Council Tax or National Non-Domestic Rates;
- **Housing Benefit / Council Tax Benefit Administration Subsidy** – the MTFRM reflects the implications of a 5% real terms cut in this subsidy each year starting from 2007/08;
- **Local Authority Business Growth Incentive Grant** – the MTFRM makes an assumptions about future grant income. It is assumed that for 2006/07 and 2007/08 £1m per annum will be received.
- **Council Tax Income** – the MTFRM assumes 1% a year growth in the Council Tax base. For 2007/08 a 3.8% increase is included but this is assumed to be 4.7% thereafter. The surplus on collection is estimated at £300k from 2007/08.
- **Public Service Trust** – no allowance has been made for potential one-off costs associated with setting this organisation up or the cashable efficiency gains it will deliver as no Cabinet decisions have yet been taken.

7.4.6 The MTFRM sets the overall financial context for corporate and service planning and the detailed budget work prior to setting the Council Tax. Given the assumptions outlined above, the following table summarises the potential financial capacity in the revenue account:

*(All figures in £'000s)*

|  | 2007/08 | 2008/09 | 2009/10 | 2010/11 |
|--|---------|---------|---------|---------|
| Potential revenue capacity                         | 6,524   | 2,431   | 4,698   | 3,786   |
| Base Budget –                                      |         | 8,955   | 13,653  | 17,439  |
| Cumulative capacity –                              |         |         |         |         |
| Herefordshire Connects benefit realisation target: |         |         |         |         |
| Base Budget –                                      | 5,800   | 4,800   | 800     | 350     |
| Cumulative benefit -                               |         | 10,600  | 11,400  | 11,750  |



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7.4.7 The above table shows quite clearly that the Herefordshire Connects programme will have a major role to play in releasing cash from business processes to reinvest in service and capital investment priorities. The emerging priorities identified by Directors in developing their 3-year service proposals (in no particular order) are as follows:

- Children & Young People;
- Schools;
- Adult Services;
- Homelessness;
- Edgar Street Grid;
- Rotherwas Futures;
- Accommodation Strategy;
- Waste & recycling;
- Herefordshire Connects; and
- Corporate capacity.

7.4.8 The above table also demonstrates that we can afford to add approximately £6.524m to the base budget in 2007/08 given current planning assumptions, but that there will be a pinch-point in 2008/09 with only approximately £2.431m additional financial capacity likely to be available. Any additional growth will have to be managed within the overall resources available. There will also be a £1m Invest to Save pot available as outlined in paragraph 7.3.4. The model indicates there will be an improved position in 2009/10 and 2010/11 (up to an additional £4.698m and up to £3.786m respectively).

7.4.9 The MTFMS seeks to maximise the opportunity a higher level of financial capacity for one-off additions to the budget in 2007/08 presents to do two things:

- ensure there is some capacity for budget additions in 2008/09 where currently there is none; and
- cover the risk that the cashable benefits resulting from the Herefordshire Connects programme start to flow later than indicated by the outline financial appraisal for the programme agreed by Cabinet in April 2006.

7.4.10 The MTFMS assumes that the financial capacity of £6.524m indicated by the MTFRM in 2007/08 will be deployed as follows:

- £1.5m to provide additional financial capacity in 2008/09;
- £1.5m to cover delays in the Herefordshire Connects benefits realisation programme; leaving
- £3.52m to provide financial capacity for base budget additions in 2007/08.

7.4.11 It is important to note that the minimum cashable savings anticipated from the Herefordshire Connects programme remains a minimum of £11.75m – benchmarking suggest this figure may prove over-conservative. The £1.5m set aside is intended only for smoothing timing differences over financial year-end. This cash will be released

## **Medium Term Financial Management Strategy (MTFMS)**

for investment in services when no longer required to provide cash flow cover for the Herefordshire Connects programme.

7.4.12 To summarise, the MTFRM looks at the totality of the revenue account and identifies indicative cash limits at the corporate level. As the new Performance Improvement Cycle beds in it will be possible to develop indicative medium-term cash limits for Directorates. These will be in place for March 2006/07 covering 2007/08 to 2010/11 and will be updated to reflect known changes in the financial environment – particularly as the financial appraisal for the business transformation programme develops.

### **Invest to Save/Invest to Mitigate Proposals**

7.4.13 An integral part of the 2007/08 budget process has been the emphasis on three-year strategic investment proposals to support the draft Corporate Plan 2007 – 10. Cabinet received a report on 26 October, 2006 confirming that the 2007/08 budget would be framed within the context of these three-year strategic decisions.

7.4.14 The updated MTFRM indicates capacity for increased spending over the period covered by the draft Corporate Plan as follows:

- 2007/08 - £3.5m
- 2008/09 - £3.9m; and
- 2009/10 - £4.7m.

7.4.15 The 2007/08 figures allows for setting aside £1.5m to enhance financial capacity in 2008/09 to the level indicated above and £1.5m to cover delays in the Herefordshire Connects benefits realisation programme.

7.4.16 The Cabinet has approved Invest to Save/Invest to Mitigate proposals requiring £3.447m of investment in corporate priorities using current charging policies for social care services. For ease of reference, a summary of the proposals is provided in Appendix G to this report. The level of investment required using current charging policies can be accommodated in 2007/08. However, charging policies for social care and other services will need to be reviewed as an integral part of the MTFMS update at the start of the next Performance Improvement Cycle given the financial outlook for 2008/09 and beyond. The cashable benefits of each investment proposal need to be managed using the benefits realisation process that has been developed for the Herefordshire Connects programme.

## **7.5 Financial Management Strategy for Capital Investment**

7.5.1 Capital resources for the future are also likely to be very constrained.

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- 7.5.2 Herefordshire only has £4.1m of unallocated useable capital receipts. There are only modest expectations for new capital receipts that haven't already been earmarked for approved capital investment plans. If we are successful in securing 75% of the potential Performance Reward Grant for LPSA2, then a further £1.646m of as yet unallocated capital grant will be available – half due in 2008/09 with the rest due in 2009/10.
- 7.5.3 The MTFRM for the revenue account reflects the new borrowing requirement implied by the Treasury Management Strategy (see section 7.8) to support the capital programme. It also reflects the new borrowing requirement identified in the outline financial appraisal for the Herefordshire Connects programme and the latest financial appraisal for the Accommodation Strategy.
- 7.5.4 Potential capacity in the revenue account to absorb the revenue implications of yet more borrowing is limited as can be seen from the table in paragraph 7.4.6. The problem is compounded by the fact that revenue cost of government infrastructure capital spending allocations (e.g. LTP) is no longer supported in full through Formula Grant. This funding used to be protected from the floors and ceilings arrangement within the grant distribution system but this is no longer the case with the distribution system introduced for 2006/07.
- 7.5.5 This leaves limited capacity in the revenue account to accommodate new projects unless ongoing efficiency savings can match the additional borrowing costs. This is a problem because there are a number of projects that are likely to be a high priority for the Council such as:
- Edgar Street Grid;
  - the Rotherwas Futures;
  - the Ross Flood Alleviation Scheme;
  - repairs, maintenance and enhancement of corporate assets such as property assets and ICT;
  - investment in property assets needed to deliver the changes needed in adult social care; and
  - ICT Strategy to support the Business Transformation programme.
- 7.5.6 The Council has an Asset Management Plan and Capital Strategy that has been given top marks by the Government Office for the West Midlands. These documents need fine-tuning to help address the impact of there being a scarcity of capital resources.

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7.5.7 The financial management strategy for increasing capital investment capacity centres on:

- maximising developers' contributions as outlined in the financial management strategy for the revenue account;
- effective project management of capital schemes to ensure they stay within budget;
- creating the capacity to implement the property review arrangements set out in the Asset Management Plan to see what further opportunities there are for rationalising property assets and releasing resources (capital and revenue);
- maintaining our successful track record for innovative capital investment schemes – e.g. the Whitecross PFI project and the Edgar Street Grid redevelopment project; and
- attracting external funding such as the recent £25m grant allocation under the government's Building Schools for the Future programme.

7.5.8 The financial management strategy for capital investment also focuses on making sure the available resources are allocated in line with corporate priorities. To achieve this we will:

- treat property assets as a corporate resource and move to a corporate landlord arrangement to provide greater flexibility in matching property assets to service needs;
- remove the Financial Regulation that allows services to take a 50% share of the sale proceeds of any assets in their ownership;
- ensure that corporate assets (including property assets and ICT infrastructure) are not neglected;
- develop a corporate approach to maintaining and developing corporate asset;
- reallocate existing resources in Directorate base budgets used for this purpose to boost the corporate maintenance fund;
- allocate the corporate asset development and maintenance using the existing Scheme Selection & Prioritisation Process.

### **Draft Capital Programme 2007/08**

7.5.9 Capital programme proposals for 2007/08 were less in number than in previous years. This was mainly due to concerns about the capacity of

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the revenue account to absorb the financial implications arising from prudential borrowing. Cabinet has approved the following schemes for inclusion in next year's capital programme:

- **Stretton Sugwas Closed Landfill Site** – replacing gas wells and gas extraction system pipe work;
- **Stretton Sugwas Closed Landfill Site** – new gas flare to meet environmental and legal requirements;
- **Strangford Closed Landfill Site** – installation of leachate wells and gas monitoring boreholes to detect and monitor any adverse environmental effects;
- **Hereford CCTV** – new links to provide high quality images, potentially part funded by West Mercia constabulary;
- **Hereford Library & Info Centre** – feasibility work on a replacement library (this would have to be charged back to revenue if the project failed to proceed);
- **Ross Library & Info Centre** – outline budget to extend the existing library so the Info facility in Swan House can be relocated.

7.5.10 The draft capital programme includes the sum required as a contribution towards a bid for lottery funding of £2m for the Ledbury Library & Info Centre (a report elsewhere on this agenda refers).

7.5.11 The draft capital programme also includes a spending proposal relating to the Integrated Community Equipment Service approved by Cabinet at its meeting on 14<sup>th</sup> December, 2006.

7.5.12 The estimated capital financing costs for the above schemes totals £61k in 2007/08, £168k in 2008/09 and £175k in 2009/10 with annual reductions in repayments thereafter.

7.5.13 The Council is involved in either facilitating or delivering a number of capital schemes funded from external sources. In some cases these schemes have cash flow implications that may have an impact in 2007/08. The opportunity cost to the Council of temporarily funding £1m of capital expenditure for 1 year pending receipt of the anticipated external funding contribution is approximately £50k in terms of lost investment income. This potential cost has been built into the MTFRM. Schemes where this may apply are as follows:

- Rotherwas Futures;
- Edgar Street Grid; and
- Grant funded schemes such as the Ross Flood Alleviation Scheme and the Building Schools for the Future programme.

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7.5.14 Summary of the draft capital programme for 2007/08 is provided in an appendix to this report.

### 7.6 Medium-Term Capital Plan

7.6.1 A summary of the approved capital investment programme is provided in Appendix B.

7.6.2 The following table summarises the capital investment programme for 2006/07 approved by Council in March 2006 updated for slippage from 2005/06 and subsequent Cabinet decisions on the Accommodation Strategy and the Herefordshire Connects programme. The table sets out the updated position as reported in the 31 July 2006 capital monitoring statement.

| Directorate  | Total Budget  | Funded by:               |                               |                      |                          |                |
|--------------|---------------|--------------------------|-------------------------------|----------------------|--------------------------|----------------|
|              |               | Direct Revenue Financing | Supported Capital Expenditure | Prudential Borrowing | Capital Receipts Reserve | Grants & Other |
|              | £000          | £000                     | £000                          | £000                 | £000                     | £000           |
| A & CS       | 13,865        | 1                        | 217                           | 3,222                | 3,701                    | 6,724          |
| C & YP       | 11,042        |                          | 2,460                         | 2,000                | 2,520                    | 4,062          |
| C & CS       | 3,742         |                          |                               | 3,472                |                          | 270            |
| Environment  | 12,301        |                          | 10,475                        | 798                  | 37                       | 991            |
| Resources    | 3,133         | 30                       |                               | 201                  | 1,327                    | 1,575          |
| <b>Total</b> | <b>44,083</b> | <b>31</b>                | <b>13,152</b>                 | <b>9,693</b>         | <b>7,585</b>             | <b>13,622</b>  |

7.6.3 A number of budget pressures are being faced by existing capital schemes as follows;

- Sutton St Nicholas School**  
The authority is receiving advanced funding of £6m from DfES. This will be repaid at a rate of £2m per annum from capital allocations over the next three years. The project is currently facing a potential overspend.
- Riverside College**  
This project is also facing an overspend and currently advanced funding is being used so the impact will fall on 2008/09.
- Children's Centres**  
Current projection also indicate an overspend in future years with the impact affecting 2008/09 because of the use of advanced funding in the short-term.

All the above schemes are under review but the sale of potential difficulties means that these are areas of potential risk.

7.6.4 Part of the medium term capital process is to gather information on potential future capital projects. One such area is the requirement to finish improvement works in Hereford High Town in order to

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complement the Edgar Street Grid project. This is not included in the current capital programme but may be brought forward in future plans for expenditure.

### 7.7 Efficiency Review & Value for Money

#### Efficiency Review

7.7.1 Herefordshire's strategy for securing efficiency gains is to seek continual improvement in the productivity of all our resources – people, land & property, ICT and cash. To us this means getting more from the same amount of resource or achieving the same results with less and targeting the capacity released at our highest priorities.

7.7.2 Our strategy is **not** to cut services but to keep improving those that matter most to our community. Our corporate plan for 2006 – 2009 sets some ambitious targets for service improvement that can only be achieved with a robust MTFMS and MTFRM in place.

7.7.3 We use the following mechanisms for identifying and delivering efficiency gains:

- the MTFMS and MTFRM supports our corporate priorities and included ongoing efficiency savings that will be delivered through the business transformation programme;
- whenever there is staff turnover the opportunity is taken to review the provision of that service – this may include not replacing the member of staff, reallocating the duties or changing the way the service is provided;
- service managers can transfer certain amounts and types of budget between items giving them flexibility to react to external changes and improve the delivery of services to their customers;
- our annual Directorate plans set out the service changes that will be made in the coming year to achieve improved performance within budgetary constraints;
- task and finish scrutiny teams carry out best value style review on service areas that the Council wishes to develop; this approach ensures that providing Value for Money is an integral part of every service review;
- proposals to add expenditure to the based budget – revenue or capital – are management through an annual scheme selection and prioritisation process designed to ensure we invest our resources effectively in our highest priorities.

7.7.4 Herefordshire has a good track record for delivering on its 2.5% overall Gershon efficiency gains target as can be evidenced in its Annual Efficiency Statements. Assessment of the current policy and financial

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landscape at national level as outlined in the earlier sections of this document suggest that the current efficiency gain targets are likely to get more challenging in the near future.

- 7.7.5 We think this will be coupled by an increased focus on procurement activities. As a result, Herefordshire has recently appointed to the new post of Procurement & Efficiency Review Manager. This post will be located in the Resources Directorate and will have a key role to play in embedding corporate procurement policies across the Council. The post holder will also be working alongside the Herefordshire Connects programme, supporting the procurement elements of the integrated back office work stream. The final aspect of this person's job will be in developing simple systems for reviewing and reporting on the Gershon efficiency agenda.
- 7.7.6 Given our pessimistic view of funding for local government funding over the period covered by CSR07, and the fact that the government has already moved to increase efficiency targets for some of its own departments, our plans are geared to delivering a significantly higher level of efficiency gain.
- 7.7.7 Our aim is to demonstrate if required cumulative cashable efficiency savings over the 4-year period covered by the MTFRM of £11.55m – that's 1.25% of the current baseline for the first year and 2.5% of the current baseline for the following 3 years. We will be able to achieve this through the Herefordshire Connects programme. It will deliver at least £11.75m of cashable efficiency gains in that 4-year period based on outline financial appraisal approved by Cabinet in April 2006.
- 7.7.8 Under the requirement of the annual efficiency process Herefordshire Council needs to identify minimum cumulative savings target of £6.619m by the end of 2006/07 to meet the 'Gershon' savings target. This target will be exceeded by £14,000 and is broken down as follows:

| <b>2006/07 Summary</b> | <b>£000s</b> |
|------------------------|--------------|
| Cashable savings       | 1.774        |
| Non cashable savings   | 1.691        |
| Total                  | 3.465        |
| Add 2005/06 Total b/f  | 3.168        |
| Cumulative Total       | 6.633        |
| Surplus                | 0.014        |

- 7.7.9 The target for 2007/08 will be an additional £3.31m of which at least half must be cashable. The resulting cumulative target to be achieved by the end of 2007/08 is £9.5m.
- 7.7.10 The savings target for 2007/08 will be met in part by efficiencies associated with Herefordshire Connects. Other efficiencies are being identified including vehicle purchasing and leasing as well as the use of



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agency staff. The Forward-Look statement will be submitted by 12 April and will outline our intentions for 2007/08.

### **Value for Money (VfM)**

7.7.11 Herefordshire is committed to routinely using VfM information and benchmarking data to review and challenge VfM throughout services and corporately, supporting continuous service improvement and the drive for efficiencies. This is an integral component of the new Performance Improvement Cycle.

7.7.12 We support the drive for VfM through the following mechanisms:

- ensuring service managers deliver the outputs and outcomes agreed for their service area within budget – managing within budget is a key responsibility for all budget holders embedded in our staff review and development procedures;
- establishing the corporate Procurement & Efficiency Review Manager post described above;
- integrating corporate, service and financial planning processes;
- planning over the medium-term as well as the short-term;
- developing our routine financial performance monitoring reports for Cabinet to include VfM reviews;
- benchmarking our costs and activities with other authorities;
- through internal and external audit reviews; and
- through scrutiny reviews.

7.7.13 Herefordshire was judged to be offering Council Tax payers good value for money in the 2005 Use of Resource assessment scoring 3 out of 4 on the Value for Money Key Line of Enquiry.

7.7.14 Our overall Comprehensive Performance Assessment rating is good too. We achieve this despite being the most sparsely populated upper tier authority in the country, despite our government funding being 20% lower per head of population from the government than the average for similar authorities, and despite having a lower than average Council Tax compared to similar authorities. The Audit Commission Value for Money profiles show that our spending on services is just above bottom quartile.

7.7.15 We will shortly be submitting our 2006 self-assessment as a basis for our external auditor to make his judgement on our Use of Resources score. We will be concentrating on demonstrating that planned improvements in response to feedback from our auditors on the 2005 assessment have been made and are embedded.

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7.7.16 A key development is including non-financial performance information in our routine financial performance monitoring reports as described in paragraph 7.3.12 et al.

### **7.8 Treasury Management Strategy**

7.8.1 The Council is required to approve an annual treasury management strategy each year as part of the budget setting process. Herefordshire's Treasury Management Strategy for 2006/07 complies with the detailed regulations that have to be followed. The 2007/08 strategy and prudential indicators is attached at Appendix C.

7.8.2 The Treasury Management Strategy is a key element of the overall financial management strategy. It supports achievement of several corporate financial objectives, including creating financial capacity within the revenue account as it aims to optimise investment and borrowing decisions.

7.8.3 In summary, the Treasury Management Strategy sets out the Council's strategy for making borrowing and investment decisions during the year in the light of its view on future interest rates. It identifies the types of investment the Council will use and the limits for non-specified investments. On the borrowing side, it deals with the balance of fixed to variable rate loan instruments, debt maturity profiles and rescheduling opportunities.

7.8.4 The Treasury Management Strategy also sets the Prudential Code limits for the year. These limits define the framework within which the Council self-regulates its borrowing based on long-term affordability. These link back to the overall size of the capital investment programme and the MTFRM.

7.8.5 The current forecast for interest rates as suggested by Sector Treasury Services Limited, who are the Councils external Treasury Management advisors, is that the bank base rate will:

- peak at 5.5% in quarter 1 2007;
- then fall to 5.25% in Q3 2007;
- then fall to 5% in Q4 2007;
- then fall to 4.75% in Q3 2008;
- then fall to 4.5% in Q1 2009;
- then rise to 4.75% in Q1 2010.

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- 7.8.5 These forecasts form part of our Treasury Management Strategy helping us to plan our borrowing and investment activity. Crucially the assessments inform decisions about changing any existing investment activity to increase the level of interest we receive.
- 7.8.6 The Council is working with its Treasury Management advisors to look at more effective use of the cash resources it holds. The 2007/08 budget includes a target of £250k income from reviewing the balance sheet. The work may centre around using the ability to transfer the balance of Capital Receipts Reserves into the Capital Financing Account. This is a technical exercise which is permitted by legislation (subject to Audit Commission confirmation) following the introduction of the Prudential Code for Capital Finance.
- 7.8.7 The effect of this will be temporarily to reduce the Council's Capital Financing Requirement and thus reduce the minimum debt repayment (MRP) required from the revenue account. This adjustment would have a 'one-off' benefit as the debt repayment requirement would return to the current position as the unused capital receipts become physically spent. Such a transfer would have to be made before the year end for the Minimum Revenue Provision change to have an effect in the subsequent year.
- 7.8.8 The MRP is usually 4% of the Capital financing requirement. Therefore a reduction of £10 million would result in a reduction in MRP of £250,000.

### **7.9 Key Corporate & Financial Risks**

- 7.9.1 Herefordshire sees risk management as an essential element of the corporate governance framework. We have done much in recent months to promote our corporate Risk Management Strategy with our Audit Committee, councillors, Corporate Management Board, Directorate Management Team and our Senior Management Team.
- 7.9.2 All formal reports include a risk management assessment. The Cabinet receives regular updates on the corporate risk register following review by CMB as part of our Integrated Performance Reporting arrangements.
- 7.9.3 Corporate Management Board and Directorate Management Teams can demonstrate that their risk registers are regularly reviewed. Risks are regularly discussed in performance review meetings at all levels although at lower levels they might not be recognised as such.
- 7.9.4 The most recent update of the Corporate Risk Register (reviewed by Corporate Management Board in June 2006) is provided for information at Appendix D.

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7.9.5 The assumptions underpinning the MTFMS and the MTFRM and Capital Investment Plan are identified in the relevant section of this document.

7.9.6 Council considered a full financial risk assessment of its budget plans for 2006/07 before setting its budgets and Council Tax for the year in March. Many of the financial risks identified at that time have been addressed through the outturn process for 2005/06 or are addressed by the financial management strategies proposed in this paper, demonstrating risk management in practice. The financial risk assessment will continue to be reviewed as part of routine performance reporting arrangements and as part of the budget planning process.

7.9.7 The projected budgets make assumptions about likely levels of funding. The variable nature of these factors could impact on the budget and the following gives an indication of the extent of the possible changes:

- An increase or decrease of 0.5% in the Council Tax Base impacts the budget by £390k
- 1% increase in council tax impacts the budget by £750k, or
- £100k increase in budget increases council tax by 0.13%
- An increase of 1% in base rates would have a marginal impact. Existing debt is at fixed rates. Investments would generate a greater return - £10,000 on every £1m invested for a year. Similarly new borrowing rate increase by 1%. Increases in base rates have little impact upon long term (50 year) borrowing rates from the PWLB, therefore an increase in base rates means the net effect is we generate greater investment income.

### **7.10 Summary**

7.10.1 There are 3 key things that will underpin the Council's ability to maintain its current financial standing into the future and achieve its service improvement aspirations:

- strong corporate working supported by open book accounting;
- strong financial management; and
- successful and timely delivery of the business transformation programme.

7.10.2 The corporate financial objectives and financial management strategies set out in this section of the MTFMS all support these three pre-requisites, providing the financial ground rules within which medium-term service plans can be developed.

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### **8. Decision Making, Consultation, Diversity & Review**

#### **8.1 Introduction**

8.1.1 This section of the MTFMS describes the decision making and scrutiny process supporting the Council's integrated corporate service and financial planning process (known as the Performance Improvement Cycle), sets out how we plan to consult on the proposals, considers the support it provides to cross-cutting themes and finishes by setting out how the MTFMS will be reviewed and improved for the future

#### **8.2 Decision Making & Scrutiny Process**

8.2.1 Cabinet launched a draft version of the MTFMS in July 2006 as a consultation document. It was used to inform the 'ground rules' that Directors were asked to follow in developing their 3-year service delivery proposals that fed into the draft Corporate Plan for 2007 - 2010.

8.2.2 A members' seminar was held to brief all councillors on the MTFMS, the key role it has to play in the new fully integrated performance improvement cycle and the nature of the ground rules being used to develop service delivery proposals.

8.2.3 An updated MTFMS was presented to the Strategic Monitoring Committee on 16<sup>th</sup> October 2006 so its comments were available to Cabinet when it approved the MTFMS on 26<sup>th</sup> October 2006. At both Strategic Monitoring Committee and Cabinet, the MTFMS was considered alongside the emerging 3-year service proposals that underpin the Corporate Plan for 2007 – 10.

8.2.4 Cabinet will consider the draft Annual Operating Plan for 2007/08, with budgets, in January 2007, with a view to approving them in February, subject to the budget and Council Tax for 2007/08 set by Council in March 2007. The Strategic Monitoring Committee was consulted at each stage of the process.

8.2.5 The above timetable ensures maximum opportunity for every councillor to be fully briefed on the policy and financial context to the Council's improvement planning process. It is hoped it will allow members to offer both formal and informal opportunities to comment and influence the developing corporate, service and financial management strategies and plans – whether or not they have executive, scrutiny or corporate governance responsibilities.

#### **8.3 Consultation & Communication**

8.3.1 The Head of Communications developed a communication strategy (Appendix F refers) for the MTFMS to ensure our staff and our partners

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understand the national policy context for local government and how that impacts on our approach to strategic financial management.

8.3.2 The communications strategy also ensures two-way dialogue so the Cabinet is able to take the views of our customers, strategic partners, colleagues and trade unions (Unison) into account.

8.3.3 Consultation on the Council's MTFMS will be linked to wider consultation on the Council's priorities as allocation of cash through the MTFMS follows agreed priorities. It is the latter that should be the main focus of consultation with our communities and partners.

### **8.4 Diversity & Equality**

8.4.1 A key target in the Annual Operating Plan for 2006/07 is to achieve Level 2 of the Local Authority Equality Standard by the end of the year. Integral to this is the completion of our initial 3-year programme of equality impact assessments by September 2006.

8.4.2 The MTFMS is designed to support key corporate priorities and indirectly supports diversity and equality work in other service areas. An impact assessment of the MTFMS was completed by August 2006 in line with the corporate requirement.

### **8.5 Reviewing the MTFMS**

8.5.1 This MTFMS sets the financial context for corporate and service planning and then the detailed budget work prior to setting the Council Tax. It is a living document as the detail of the strategic financial context within which we operate is subject to constant change.

8.5.2 The MTFMS will be formally reviewed and updated at least once a year. This will be timed so as to integrate with corporate and service planning and to deliver the Council's budget and Council Tax report on time. The next review will be in June/July 2007 at which point a better analysis of the implications on financial strategy of the proposed Herefordshire Public Services Trust and Herefordshire Connects programme should be possible.

8.5.3 Updates to the MTFMS may be approved at other times of the year as a result of routine financial performance monitoring reports or as significant changes to any of the key assumptions underpinning the MTFMS are identified.

8.5.4 The new Performance Improvement Cycle has led to a more streamlined budget setting process for 2007/08, with considerable officer and councillor time saved by ensuring developing corporate and service plans are affordable and that the budgets are allocated in line with agreed priorities. The Audit Commission has commented on the

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improvements in corporate planning processes that have been achieved in the last 12 months.

### **8.6 Summary**

- 8.6.1 The MTFMS will be one of Herefordshire's key policy statements and as such will need to be formally approved by Council. Council will consider the Executive's recommendations following full consultation with the Scrutiny function and input from a wide range of stakeholders.
- 8.6.2 The MTFMS sets the financial context for corporate and service planning and then detailed budget work prior to setting the Council Tax. It describes how the Council will allocate its cash resources in support of corporate, service and organisational priorities, including crosscutting themes.

## Medium Term Financial Management Strategy (MTFMS)

### 9. Conclusions

- 9.1 Robust financial management is the essential underpinning for the Council's determined drive for sustainable excellence in the delivery of services and, with its partners, securing a successful future for the county and a better quality of life.
- 9.2 This MTFMS is designed to achieve this in a much more demanding environment than any the Council has faced: one that combines unprecedented demands from service users and government, within equally unprecedented financial constraints. Meeting these twin challenges has required a fundamental change in the Council's approach to financial management.
- 9.3 But the change will be more extensive than this. Fundamental cultural change will be needed. Accountants and service managers will need training and development support so they are equipped to make financial management work within the authority. Service managers will need reassurance that the new approach isn't a one-way street if they operate within the financial management framework now being established, and that there is still room for innovation.
- 9.4 With the increasing pressure to do more for less that is clearly set out in the early sections of this document, we have little choice but to accept the new way of working that the Herefordshire Connects programme will bring. The future is both exciting and challenging. The plan for change is ambitious and it will be fast but, working as one, this way forward gives us much greater control over our destiny as, if achieved, we will avoid the need for potentially painful cuts in service provision.
- 9.5 A final note: no document like this would be complete without the Treasurer's health warning! The MTFMS, and its supporting MTFRM, has been developed using the best available information as a basis for forecasting the future policy and financial context for the Council. A key corporate financial risk is that these assumptions, whilst appropriate at the current point in time, might need review as the future actually unfolds. The Corporate & Customer Services and Resources Directorates will continue to scan the policy and financial horizons, working together to update members and advise on policy changes as necessary.



## Medium Term Financial Management Strategy (MTFMS)

### Appendix A Financial Resource Model

|   | 2007/2008<br>Budget<br>£'000 | 2008/2009<br>Budget<br>£'000 | 2009/2010<br>Budget<br>£'000 | 2010/2011<br>Budget<br>£'000 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>Base Budget</b>  | <b>118,285</b>               | <b>122,371</b>               | <b>126,695</b>               | <b>131,220</b>               |
| <b>Inflation</b>  | 618                          | 635                          | 608                          | 661                          |
|   | <b>118,903</b>               | <b>123,006</b>               | <b>127,303</b>               | <b>131,881</b>               |
| <b>Other Items</b>  |                              |                              |                              |                              |
| - Waste management - PFI Contract (net of £2m reserve)*<br><i>*additional £850k required in 2011/12 to restore net budget</i> | 550                          | 450                          | 500                          | 500                          |
| - Whitecross PFI requirement (net of schools contribution)  | 451                          | 0                            | 0                            | 0                            |
| - Part transfer of Preserved Rights grant into FSS  | 0                            | 1,891                        | 0                            | 0                            |
| <b>MTFMS changes per para 7.3.8</b>   |                              |                              |                              |                              |
| - Queenswood Park   | 25                           | 0                            | 0                            | 0                            |
| - Procurement & Efficiency Staff  | 55                           | 0                            | 0                            | 0                            |
| - Herefordshire Matters   | 50                           | 0                            | 0                            | 0                            |
| - Chief Executives Development Fund   | 150                          | 0                            | 0                            | 0                            |
| - HB & CT Benefit Administration  | 150                          | 0                            | 0                            | 0                            |
| - Support Services Review   | 100                          | 0                            | 0                            | 0                            |
| - ESG   | 225                          | 0                            | 0                            | (225)                        |
| <b>MTFMS changes per para 7.4.2</b>   |                              |                              |                              |                              |
| - Herefordshire Connects - Revenue Costs  | 0                            | 1,866                        | (566)                        | (280)                        |
| - Herefordshire Connects - Revenue Savings  | (5,800)                      | (4,800)                      | (800)                        | (350)                        |
| - Accommodation Strategy  | 0                            | 0                            | 0                            | 0                            |
| - LPSA 2 Reward grant - 75% of Revenue element  | 0                            | (823)                        | 0                            | 823                          |
| <b>Capital Financing Costs</b>  |                              |                              |                              |                              |
| - Herefordshire Connects  | 460                          | 2,111                        | (82)                         | (82)                         |
| - Accommodation Strategy  | 0                            | 146                          | 254                          | 492                          |
| - Repayment of LGR SCA  | 0                            | (453)                        | (334)                        | (230)                        |
| - Rotherwas Futures   | 0                            | 0                            | 0                            | 0                            |
| - Existing SCE(R) & Prudential Borrowing  | 210                          | (192)                        | 638                          | (422)                        |
| - New Prudential Borrowing Bids   | 68                           | 162                          | 109                          | 112                          |
| - Cash flow implications of externally funded projects  | 500                          | 0                            | 0                            | 0                            |
| <b>Funding Sources</b>  |                              |                              |                              |                              |
| - Use of existing Herefordshire Connects Reserve  | (1,500)                      | 1,500                        | 0                            | 0                            |
| - Transfer of Part of Social Care Contingency Reserve   | (1,300)                      | 1,300                        | 0                            | 0                            |
| - Transfer of Budget Management Reserve   | (1,100)                      | 1,100                        | 0                            | 0                            |
| - LABGI Grant   | (2,000)                      | 2,000                        | 0                            | 0                            |
| - Increased Cash Transactions Income  | (500)                        | 500                          | 0                            | 0                            |
| - Accommodation Capital Financing Cost  | 0                            | 0                            | 0                            | 0                            |
| - Balance Sheet Review  | (300)                        | 300                          | 0                            | 0                            |
| - Procurement & Efficiency  | (250)                        | 0                            | 0                            | 0                            |
| <b>Emerging Pressures</b>   |                              |                              |                              |                              |
| - Cover for Herefordshire Connects Savings  | 5,800                        | (5,800)                      | 0                            | 0                            |
| - Reduced level of Council Tax Income   | 0                            | 0                            | 0                            | 0                            |
| - Customer Services Division  | 500                          | 0                            | (500)                        | 0                            |
| - Corporate Capacity  | 400                          | 0                            | 0                            | 0                            |
| <b>Capacity to achieve desired Tax increase</b>   | <b>6,524</b>                 | <b>2,431</b>                 | <b>4,698</b>                 | <b>3,786</b>                 |

## Medium Term Financial Management Strategy (MTFMS)

|                                      |                |                |                |                |
|--------------------------------------|----------------|----------------|----------------|----------------|
| <b>TOTAL BUDGET</b>                  | <b>122,371</b> | <b>126,695</b> | <b>131,220</b> | <b>136,005</b> |
| <b>Council Tax increase</b>          | 3.80%          | 4.70%          | 4.70%          | 4.70%          |
| <b>Dedicated Schools Grant b/fwd</b> | 78,151         | 81,511         | 83,142         | 84,805         |
| Increase                             | 3,360          | 1,630          | 1,663          | 1,696          |
| <b>Dedicated Schools Grant</b>       | <b>81,511</b>  | <b>83,142</b>  | <b>84,805</b>  | <b>86,501</b>  |
| <br>DSG % increase                   | <br>4.3%       | <br>2.0%       | <br>2.0%       | <br>2.0%       |

## Medium Term Financial Management Strategy (MTFMS)

### APPENDIX B

#### MEDIUM-TERM CAPITAL PLAN

|   | <b>2006/07</b> | <b>2007/08</b> | <b>2008/09</b> | <b>2009/10</b> |
|---|----------------|----------------|----------------|----------------|
|   | <b>Budget</b>  | <b>Budget</b>  | <b>Budget</b>  | <b>Budget</b>  |
|   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   |
| Children and Young People's Services    | 11,042         | 14,324         | 14,077         | 5,949          |
| Resources                               | 12,301         | 19,206         | 15,038         | 11,133         |
| Corporate and Customer Services         | 3,742          | 20,406         | 1,500          | -              |
| Adult and Community Services            | 3,133          | 774            | 2,800          | -              |
| Environment Services                    | 13,865         | 12,128         | 5,165          | 2,485          |
|   | <b>44,083</b>  | <b>66,838</b>  | <b>38,580</b>  | <b>19,567</b>  |
| Funded by:                              |                |                |                |                |
| Supported Capital Expenditure (Revenue) | 7,585          | 5,569          | 8,529          | 2,585          |
| Prudential Code Borrowing               | 13,622         | 22,879         | 25,221         | 15,442         |
| Unfunded                                | 13,152         | 9,964          | 1,500          | 1,500          |
| Capital Receipts Reserve                | 31             | 170            | -              | -              |
| Revenue Contribution                    | 9,693          | 26,498         | 3,240          | -              |
| Government Grants & Contributions       | -              | 1,758          | 90             | 40             |
|   | <b>44,083</b>  | <b>66,838</b>  | <b>38,580</b>  | <b>19,567</b>  |

Detailed above is the medium term initial capital programme. This is continuously updated as part of the capital monitoring process.

Major schemes include:

- Weobley High sports hall, Sutton Primary replacement school and Hunderton Junior and Infants school amalgamation (£8m scheme)
- Corporate Accommodation costs of £3.8m in 2006-07
- Herefordshire Connects ICT capital scheme costs of £8.5m in 2006-07 and £10.9m in 2007-08, plus additional ICT corporate voice and data network work of £2m in 2006-07
- Friar Street museum resource and learning centre Phase 3 works and High Town and High Street Hereford capital works
- Extra Care Housing development (£5.28m in 2006-07) and affordable housing grants capital schemes

HEREFORDSHIRE COUNCIL

TREASURY MANAGEMENT STRATEGY 2007/08

1. INTRODUCTION

1.1 The Financial Policy Team is responsible for the day-to-day management of the Council's treasury management activities. The Treasury Management Strategy for borrowing and Annual Investment Strategy for 2007/08 covers the team's activity over the coming 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 capital spending plans to be considered and approved, as well as the development of this integrated Treasury Management Strategy.

1.3 The Treasury Management Strategy covers the:

- current treasury portfolio position;
- treasury limits for 2007/08;
- prudential indicators for 2007/08 – 2009/10;
- 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<sup>st</sup> January 2007 is as follows:  
-

| <b>DEBT POSITION</b>    | <b>Principal<br/>(£)</b> | <b>Borrowing Rate<br/>(%)</b> |
|-------------------------|--------------------------|-------------------------------|
| Public Works Loan Board | 82,028,668               | 4.50                          |
| Market Debt *           | <u>12,000,000</u>        | <u>4.50</u>                   |
| <b>Total Debt</b>       | <b>94,028,668</b>        | <b>4.50</b>                   |

Estimated Borrowing Requirement 2007/08 – supported borrowing approvals of approximately £9,963,196, plus the potential for an additional £27,061,000 unsupported borrowing under the Prudential Code (which includes slippage from previous year). In addition refinancing of maturing debt of £464,180 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.

## Medium Term Financial Management Strategy (MTFMS)

| INVESTMENT POSITION      | Principal<br>(£)  | Rate of Return<br>(%) |
|--------------------------|-------------------|-----------------------|
| Internally managed funds | 42,596,471        | 4.84                  |
| Externally managed funds | 7,711,374         | 3.83                  |
| <b>Total Investments</b> | <b>50,307,845</b> | <b>4.71</b>           |

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

### 3. TREASURY LIMITS FOR 2007/08

- 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 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 the 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 has to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

### 4. PRUDENTIAL INDICATORS FOR 2007/08 – 2009/10

- 4.1 The following prudential indicators are relevant for the purposes of setting an integrated Treasury Management Strategy and must be included in the strategy.

| PRUDENTIAL INDICATOR                                  | 2006/07      | 2007/08      | 2008/09      | 2009/10      |
|---|--------------|--------------|--------------|--------------|
| <b>(1). Budget Setting Indicators</b>                 |              |              |              |              |
|   | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> |
| Capital Expenditure                                   | 44,083       | 66,838       | 38,580       | 19,567       |
| <b>Ratio of financing costs to net revenue stream</b> |              |              |              |              |
| Net Revenue Stream                                    | 118,285      | 122,371      | 126,695      | 131,220      |
| Financing Costs                                       | 8,875        | 9,571        | 11,138       | 11,468       |
| Ratio of financing costs to net revenue stream        | 7.50%        | 7.82%        | 8.79%        | 8.74%        |

## Medium Term Financial Management Strategy (MTFMS)

|  | 2007/08      | 2008/09      | 2009/10      |
|--|--------------|--------------|--------------|
| <b>Incremental effect of Prudential Borrowing</b>  | <b>£ p</b>   | <b>£ p</b>   | <b>£ p</b>   |
| Existing Prudential Borrowing allocations  | 28.61        | 77.09        | 78.25        |
| New Prudential Borrowing bids  | 0.47         | 1.83         | 1.97         |
| <b>Total</b>   | <b>29.08</b> | <b>78.92</b> | <b>80.22</b> |
| Revenue & Reserves contributions towards capital financing costs (includes use of Herefordshire Connects Invest to Save reserve of £1,059,000 and £500,000 pa revenue contribution toward the Corporate Voice and Data Network capital projects) | (10.17)      | (21.74)      | (8.15)       |
| <b>Net Band D Impact</b>   | <b>18.91</b> | <b>57.18</b> | <b>72.07</b> |
| <b>Capital Financing Requirement (as at 31/3)</b>  | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> |
| Total  | 128,810      | 158,562      | 147,248      |

### PRUDENTIAL INDICATOR

| (2). Treasury Management Prudential Indicators                         | 2006/07            | 2007/08            | 2008/09        | 2009/10        |
|--|--------------------|--------------------|----------------|----------------|
| <b>Authorised Limit for External Debt</b>                              | <b>£'000</b>       | <b>£'000</b>       | <b>£'000</b>   | <b>£'000</b>   |
| Borrowing  | 147,000            | 166,000            | 203,000        | 206,000        |
| Other Long Term Liabilities  | 3,000              | 3,000              | 3,000          | 3,000          |
| <b>Total</b>   | <b>150,000</b>     | <b>169,000</b>     | <b>206,000</b> | <b>209,000</b> |
| <b>Operational Boundary</b>  | <b>£'000</b>       | <b>£'000</b>       | <b>£'000</b>   | <b>£'000</b>   |
| Borrowing  | 108,500            | 130,500            | 157,500        | 152,500        |
| Other Long Term Liabilities  | 1,500              | 1,500              | 1,500          | 1,500          |
| <b>Total</b>   | <b>110,000</b>     | <b>129,000</b>     | <b>159,000</b> | <b>154,000</b> |
| <b>Upper Limit for Fixed Interest Rate Exposure</b>                    | <b>£ or %</b>      | <b>£ or %</b>      | <b>£ or %</b>  | <b>£ or %</b>  |
| Net principal re fixed rate borrowing / investments                    | 100%               | 100%               | 100%           | 100%           |
| <b>Upper Limit for Variable Interest Rate Exposure</b>                 | <b>£ or %</b>      | <b>£ or %</b>      | <b>£ or %</b>  | <b>£ or %</b>  |
| Net principal re variable rate borrowing / investments                 | 50%                | 50%                | 50%            | 50%            |
| <b>Maturity Structure of new fixed rate borrowing during 2007/08</b>   | <b>Upper Limit</b> | <b>Lower Limit</b> |                |                |
| Under 12 Months  | 50%                | 0%                 |                |                |
| 12 months and within 24 months   | 50%                | 0%                 |                |                |
| 24 months and within 5 years   | 100%               | 0%                 |                |                |
| 5 years and within 10 years  | 100%               | 0%                 |                |                |
| 10 years and above   | 100%               | 0%                 |                |                |
| <b>Upper Limit for total principal sums invested for over 364 days</b> | <b>2006/07</b>     | <b>2007/08</b>     | <b>2008/09</b> | <b>2009/10</b> |
|  | <b>£'000</b>       | <b>£'000</b>       | <b>£'000</b>   | <b>£'000</b>   |
|  | 10,000             | 10,000             | 10,000         | 10,000         |

## **Medium Term Financial Management Strategy (MTFMS)**

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

- 5.1 The Council currently uses Sector Treasury Services Limited for treasury advice. Part of their service is to assist the Council to form 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 Sector.

#### **Economic Background**

- Gross Domestic Product (GDP): the UK's economy is generally improving from a low point reached in June 2005. Growth is expected to continue for a little longer but a modest "cooling" is expected in 2007 (2006 2.7%, 2007 2.2%) and to continue at below the trend rate of 2.5% thereafter.
- The housing market has proved more robust than expected; house price inflation over 8% per annum.
- The Monetary Policy Committee (MPC) decision to raise Bank Rate in November 2006 and January 2007 is aimed at bringing Consumer Price Inflation (CPI) down to the 2% target level.
- Household income growth is expected to recover in 2007 as inflation falls and pay rises.
- Once inflation is back under control, Bank Rate will switch to a falling trend in late 2007.

#### **Interest rate forecast**

##### **Base Rate:**

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

- peak at 5.50% in Q1 2007 ;
- fall to 5.25% in Q3 2007 and then to 5.00% in Q4 2007;
- fall to 4.75% in Q3 2008 and then to 4.50% in Q1 2009 before rising back to 4.75% in Q1 2010.

##### **Long Term Rates:**

- The 50-year PWLB rate is expected to remain flat at 4.25%.
- The 25-30 year PWLB rate is expected to stay at 4.50% for the foreseeable future.
- The 10-year PWLB rate will fall from 5.00% to 4.75% in late 2007 and then fall again to 4.50% in early 2008 and remain at that rate for the foreseeable future.
- 5 year PWLB rate will fall from 5.50% to 5.25% in early 2007 and continue falling until reaching 4.50% in early 2008 when it will remain at that rate for the foreseeable future.

## Medium Term Financial Management Strategy (MTFMS)

### 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 table.

#### Sector Treasury - Interest Rate Forecast

(This table represents the view of the Council's Treasury advisor as at January 2007)

| %                   | Q1 2007 | Q2 2007 | Q3 2007 | Q4 2007 | Q1 2008 |
|---------------------|---------|---------|---------|---------|---------|
| <b>Base Rate</b>    | 5.50    | 5.50    | 5.25    | 5.00    | 5.00    |
| <b>10 Year PWLB</b> | 5.00    | 5.00    | 4.75    | 4.75    | 4.50    |
| <b>25 Year PWLB</b> | 4.50    | 4.50    | 4.50    | 4.50    | 4.50    |
| <b>50 Year PWLB</b> | 4.25    | 4.25    | 4.25    | 4.25    | 4.25    |

## 6. BORROWING STRATEGY

- 6.1 Based upon the prospects for interest rates outlined above, the forecast indicates that the Council's borrowing strategy for 2007/08 should be set to take very long dated borrowing at any time in the financial year. Variable rate borrowing for five years may be more expensive than long term borrowing and will therefore be unattractive throughout the financial year compared to taking long term borrowing.
- 6.2 In order to minimise debt interest costs, the main strategy is therefore as follows:
- With 50 year PWLB rate at 4.25%, borrowing should be made in this area of the market at any time in the financial 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 4.25%.
  - Money Market debt will also be considered where opportunities are available to minimise borrowing costs in the short term. The interest rates available will be carefully monitored and advice sought from the Treasury Management Consultants over the timing of any new borrowing.
- 6.3 Against this background caution will be adopted with the 2007/08 treasury operations.
- 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 interest rates and market forecasts, adopting the following responses to a change of view:
- **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. The portfolio position would be re-appraised with the likely action that fixed rate funding will be used whilst interest rates were still relatively cheap.
  - **A significant risk of a sharp fall in long and short term rates**, perhaps due to growth rates weakening. If this happened, then long term borrowings will be postponed, and any rescheduling from fixed rate funding into variable or short rate funding will be considered.



## Medium Term Financial Management Strategy (MTFMS)

### 7. DEBT RESCHEDULING OPPORTUNITIES

- 7.1 As the first fall in Bank Rate is expected in Autumn 2007, there may be a sharp difference between higher shorter term rates and cheaper long term rates in quarters 2 to 3 of 2007. Later on in 2007/08, this advantage will diminish once Bank Rate, and short term rates generally, start falling. There will therefore be opportunity during quarters 2 to 3 of 2007 to restructure the Council's shorter term debt into long term in order to achieve the savings in the financial year 2007/08. Any positions taken via rescheduling will be in accordance with the strategy position outlined in paragraph 6 above. This approach is consistent with achieving the savings in cash management outlined in the draft 2007/08 budget.
- 7.2 In addition, the Council will seek to take advantage of small movements in PWLB rates to reduce the cost of existing debt by reborrowing at lower rates without making significant changes to the type of debt or maturity periods.
- 7.3 The reasons for any rescheduling to take place will include:
- the generation of cash savings at minimum risk;
  - help fulfil the borrowing strategy outlined above; and
  - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- 7.4 CIPFA issued a draft accounting standards document (SORP 2007) on 18 October 2006, and a final draft in November 2006 which includes major potential changes in the treatment of the valuation of debt and investments, the calculation of interest and the treatment of premia and discounts arising from debt rescheduling. There will be a three month consultation period before proposals are finalised. It is also expected that these proposals, once finalised, may make necessary the issue of legislation by the Government to take effect from 1st April 2007. The Authority's treasury management strategy will be reviewed once the final decisions in this area are known to see whether any changes will be required in borrowing, investment or debt rescheduling strategies.

### 8. SPECIFIED AND NON-SPECIFIED INVESTMENTS

- 8.1 Under CIPFA's Treasury Management Code of Practice and the DCLG's Guidance on Local Government Investments issued in March 2004 the Council is required to have an investment strategy.
- 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**. These are included at the end of the report.
- 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

## Medium Term Financial Management Strategy (MTFMS)

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, in other words it can include monies borrowed for the purpose of expenditure in the reasonably near future. 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.

9.2 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 and Moody's Investors Service 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 As the Section 151 Officer, 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 Bank Rate to peak at 5.50% in Q1 2007 before falling to 5.25% in Q3 2007, to 5.00% in Q4 2007 and to 4.75% in Q3 2008. The lowest level is anticipated to be 4.50% in Q1 2009, remaining at that level before rising again back to 4.75% in Q1 2010. Councils should, therefore, seek longer period investments at higher rates before this fall starts for some element of their investment portfolio which represents their core balances. Sector believes that for 2007/08, clients should budget for an investment

## **Medium Term Financial Management Strategy (MTFMS)**

return of 5.00%

### **12. EXTERNALLY MANAGED FUNDS**

- 12.1 A cash fund of £7,711,374 (as at 31st January 2007) is currently managed by Investec Asset Management on a discretionary basis. The fund has not been performing as well as expected recently so the Council, in conjunction with the Council's Treasury Management adviser, is reviewing the external fund manager's performance for 2006/07, and may call the funds back to be managed internally.
- 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.

## Medium Term Financial Management Strategy (MTFMS)

### HEREFORDSHIRE COUNCIL PRUDENTIAL INDICATORS 2007/08

#### 1. INTRODUCTION

The Prudential Code sets out a number of recommended performance indicators and these form an important part in the assessment of capacity to borrow.

#### 2. ACTUAL AND ESTIMATED CAPITAL EXPENDITURE

The following 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.

It is important to note that certain allocations of Government capital funding are not expected until March or April 2007. Such allocations of funding will be added to the Capital Programme and reported as part of the Capital Monitoring process. Supported Capital Expenditure (Revenue) allocations are expected to be largely replace by direct capital grants from 2008/09 but this is to be confirmed by Government as part of CSR2007.

|  | <b>Forecast<br/>Outturn<br/>2006/07<br/>£'000</b> | <b>Estimated<br/>2007/08<br/>£'000</b> | <b>Estimated<br/>2008/09<br/>£'000</b> | <b>Estimated<br/>2009/10<br/>£'000</b> |
|--|---|--|--|--|
| <b>Capital Programme Area: -</b>             |   |  |  |  |
| Children and Young Peoples Services          | 11,042  | 14,324                                 | 14,077                                 | 5,949                                  |
| Environment Services                         | 12,301  | 19,206                                 | 15,038                                 | 11,133                                 |
| Corporate and Customer Services<br>Resources | 3,742   | 20,406                                 | 1,500                                  | -                                      |
|  | 3,133   | 774                                    | 2,800                                  | -                                      |
| Adult and Community Services                 | 13,865  | 12,128                                 | 5,165                                  | 2,485                                  |
|  | <b>44,083</b>                                     | <b>66,838</b>                          | <b>38,580</b>                          | <b>19,567</b>                          |
| <b>By funding</b>                            |   |  |  |  |
| Capital Receipts Reserve                     | 7,585   | 5,569                                  | 8,529                                  | 2,585                                  |
| Grants and Contributions                     | 13,622  | 22,879                                 | 25,221                                 | 15,442                                 |
| Supported Capital Expenditure (Revenue)      | 13,152  | 9,964                                  | 1,500                                  | 1,500                                  |
| Revenue Contribution                         | 31  | 170                                    | -                                      | -                                      |
| Prudential Borrowing – Existing allocations  | 9,693   | 26,498                                 | 3,240                                  | -                                      |
| Prudential Borrowing – New bids              | -   | 1,758                                  | 90                                     | 40                                     |
|  | <b>44,083</b>                                     | <b>66,838</b>                          | <b>38,580</b>                          | <b>19,567</b>                          |

## Medium Term Financial Management Strategy (MTFMS)

### 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.

|  | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
|--|---------|---------|---------|---------|
|  | £'000   | £'000   | £'000   | £'000   |
| Net Revenue Stream                             | 118,285 | 122,371 | 126,695 | 131,220 |
| Capital Financing Costs (less contributions)   | 8,875   | 9,571   | 11,138  | 11,468  |
| Ratio of financing costs to net revenue stream | 7.50%   | 7.82%   | 8.79%   | 8.74%   |

### 4. CAPITAL FINANCING REQUIREMENT

This indicator represents the underlying need to borrow for a capital purpose. The potential change from SCE(R) funding to direct capital grant funding, combined with anticipated capital receipts means future debt levels should begin to reduce as debt is repaid.

|  | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
|--|---------|---------|---------|---------|
|  | £'000   | £'000   | £'000   | £'000   |
| Capital Financing Requirement (as at 31/3) | 127,465 | 158,412 | 154,223 | 147,099 |

### 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.

|                             | 2006/07        | 2007/08        | 2008/09        | 2009/10        |
|-----------------------------|----------------|----------------|----------------|----------------|
|                             | £'000          | £'000          | £'000          | £'000          |
| Borrowing                   | 147,000        | 166,000        | 203,000        | 206,000        |
| Other Long Term Liabilities | 3,000          | 3,000          | 3,000          | 3,000          |
| <b>Total</b>                | <b>150,000</b> | <b>169,000</b> | <b>206,000</b> | <b>209,000</b> |

## Medium Term Financial Management Strategy (MTFMS)

### 6. OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

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

|                             | 2006/07        | 2007/08        | 2008/09        | 2009/10        |
|-----------------------------|----------------|----------------|----------------|----------------|
|                             | £'000          | £'000          | £'000          | £'000          |
| Borrowing                   | 108,500        | 130,500        | 157,500        | 152,500        |
| Other Long Term Liabilities | 1,500          | 1,500          | 1,500          | 1,500          |
| <b>Total</b>                | <b>110,000</b> | <b>129,000</b> | <b>159,000</b> | <b>154,000</b> |

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

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

| Increase in council tax (Band D, per annum) for the Capital Financing costs of the following:  | 2007/08      | 2008/09      | 2009/10      |
|--|--------------|--------------|--------------|
|  | £ p          | £ p          | £ p          |
| Existing Prudential Borrowing allocations  | 28.61        | 77.09        | 78.25        |
| New Prudential Borrowing bids  | 0.47         | 1.83         | 1.97         |
| <b>Total</b>   | <b>29.08</b> | <b>78.92</b> | <b>80.22</b> |
| Revenue & Reserves contributions towards capital financing costs (includes use of Herefordshire Connects Invest to Save reserve of £1,059,000 and £500,000 pa revenue contribution toward the Corporate Voice and Data Network capital projects) | (10.17)      | (21.74)      | (8.15)       |
| <b>Net Band D Impact</b>   | <b>18.91</b> | <b>57.18</b> | <b>72.07</b> |

## Medium Term Financial Management Strategy (MTFMS)

### 8. TREASURY MANAGEMENT INDICATORS

These are specific indicators which relate to the management of the Treasury Management process covering both how we borrow funding and invest existing resources.

|  | 2006/07            | 2007/08            | 2008/09        | 2009/10        |
|--|--------------------|--------------------|----------------|----------------|
| <b>Upper Limit for Fixed Interest Rate Exposure</b>                    |                    |                    |                |                |
| Net principal re fixed rate borrowing / investments                    | 100%               | 100%               | 100%           | 100%           |
| <b>Upper Limit for Variable Interest Rate Exposure</b>                 |                    |                    |                |                |
| Net principal re variable rate borrowing / investments                 | 50%                | 50%                | 50%            | 50%            |
| <b>Maturity Structure of new fixed rate borrowing during 2006/07</b>   |                    |                    |                |                |
|  | <b>Upper Limit</b> | <b>Lower Limit</b> |                |                |
| Under 12 Months  | 50%                | 0%                 |                |                |
| 12 months and within 24 months   | 50%                | 0%                 |                |                |
| 24 months and within 5 years   | 100%               | 0%                 |                |                |
| 5 years and within 10 years  | 100%               | 0%                 |                |                |
| 10 years and above   | 100%               | 0%                 |                |                |
| <b>Upper Limit for total principal sums invested for over 364 days</b> |                    |                    |                |                |
|  | <b>2006/07</b>     | <b>2007/08</b>     | <b>2008/09</b> | <b>2009/10</b> |
|  | <b>£'000</b>       | <b>£'000</b>       | <b>£'000</b>   | <b>£'000</b>   |
| (per maturity date)  | 10,000             | 10,000             | 10,000         | 10,000         |

## Medium Term Financial Management Strategy (MTFMS)

### SPECIFIED INVESTMENTS

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

| <b>Investment</b>  | <b>Security / Credit Rating</b>   | <b>Circumstance of use</b>  |
|--|---|---|
| <b>Debt Management Agency Deposit Facility (DMADF)</b>   | Govt-backed   | In-house  |
| <b>Term deposits</b> with the UK government or with UK local authorities ( <i>i.e. deposits with local authorities as defined under Section 23 of the 2003 Act</i> )   | High security although LAs not credit rated.  | In-house and by external fund manager   |
| <b>Term deposits</b> with credit-rated deposit takers ( <i>i.e. deposits with banks and building societies, (including callable deposits), with maturities up to 1 year</i> )  | Yes-varied<br><i>Minimum rating "A"<br/>Long-term and "F1"<br/>Short-term (or equivalent)</i> | In-house and by external fund manager   |
| <b>Certificates of Deposit</b> issued by credit-rated deposit takers ( <i>i.e. a certificate issued for deposits made with a bank or building society, who agree to pay a fixed rate of interest for the specified period of time and repay the principal at maturity</i> ) up to 1 year.<br><br><i>Custodial arrangement required prior to purchase</i> | Yes-varied<br><i>Minimum rating "F1+"<br/>Short-term (or equivalent)</i>                      | External fund manager   |
| <b>Gilts:</b> up to 1 year ( <i>a fixed interest security issued or secured by the British Government</i> )<br><br><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<br>(2) For trading: by external fund manager only subject to the guidelines and parameters agreed with them |
| <b>Reverse Gilt Repos:</b> maturities up to 1 year ( <i>a transaction where gilts are bought with a commitment (as part of the same transaction) to sell equivalent gilts on a specified date, or at call, at a specified price</i> )  | Govt-backed   | External fund manager only subject to the guidelines and parameters agreed with them  |
| <b>Money Market Funds</b> ( <i>a AAA credit rated collective investment scheme such as a mutual fund or a unit trust, as defined in Statutory Instrument 2004 No. 534, that invests exclusively in money market securities</i> )   | Yes-varied<br><i>Minimum AAA credit rated</i>   | In-house and by external fund manager subject to the guidelines and parameters agreed with them   |
| <b>Forward deals</b> with credit rated banks and building societies < 1 year ( <i>i.e. a deal negotiated before the deposit is paid, with the negotiated deal period plus period of deposit &lt; 1 year</i> )  | Yes-varied<br><i>Minimum rating "A"<br/>Long-term and "F1"<br/>Short-term (or equivalent)</i> | In-house  |
| <b>Commercial paper</b><br><i>[Short-term obligations (generally with a</i>  | Yes-varied<br><i>Minimum rating "F1+"</i>   | External fund manager only subject to the   |



## Medium Term Financial Management Strategy (MTFMS)

|   |   |  |
|---|---|--|
| <p><i>maximum life of 9 months) which are issued by banks, corporations and other issuers]</i><br/> <i>Custodial arrangement required prior to purchase</i></p>   | <p><i>Short-term (or equivalent)</i></p>    | <p>guidelines and parameters agreed with them</p>  |
| <p><b>Gilt Funds and other Bond Funds***.</b><br/> <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></p> | <p>Yes<br/> <i>Minimum rating "AA-"</i></p> | <p>External fund manager only subject to the guidelines and parameters agreed with them<br/>         (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).</p> |

## Medium Term Financial Management Strategy (MTFMS)

| <b>Investment</b>   | <b>Security / Credit Rating</b> | <b>Circumstance of use</b>   |
|---|---------------------------------|--|
| <b>Treasury bills</b><br><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><br><i>Custodial arrangement required prior to purchase</i>                | Govt-backed                     | In-house and external fund manager subject to the guidelines and parameters agreed with them   |
| <b>Bonds issued by a financial institution that is guaranteed by the UK Government</b><br><i>[As defined by Statutory Instrument 2004 No. 534, with maturities under 12 months].</i><br><br><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<br>(2) For trading: by external fund manager only subject to the guidelines and parameters agreed with them |
| <b>Bonds issued by a multilateral development bank</b><br><i>[As defined by Statutory Instrument 2004 No. 534, with maturities under 12 months].</i><br><br><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<br>(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***

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

## Medium Term Financial Management Strategy (MTFMS)

|  |   |  |                |                      |
|--|---|--|----------------|----------------------|
| <i>Custodial arrangement required prior to purchase</i>  | <i>Short-term (or equivalent)</i>   | Management advisor   |                |                      |
| <b>Callable deposits</b> with credit rated deposit takers (banks and building societies) with maturities greater than 1 year | YES-varied<br><i>Minimum rating "AA-" Long-term and "F1" Short-term (or equivalent) Support 1,2 or equivalent</i> | External Fund Manager.<br>In-house after consultation with Treasury Management advisor | 50%<br><br>20% | 5 years in aggregate |

## Medium Term Financial Management Strategy (MTFMS)

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

## Medium Term Financial Management Strategy (MTFMS)

|  |  |  |  |  |
|--|--|--|--|--|
|  | <i>and "F1"<br/>Short-term<br/>(or<br/>equivalent)<br/>Support 1,2<br/>or equivalent</i> |  |  |  |
|--|--|--|--|--|

## Medium Term Financial Management Strategy (MTFMS)

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

## Medium Term Financial Management Strategy (MTFMS)

### 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.

## **Medium Term Financial Management Strategy (MTFMS)**

### **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.



## Medium Term Financial Management Strategy (MTFMS)

### APPENDIX D

| Stage One  |                       |  |                          |                 | Stage Two   |                       |   |                          |                          |
|--|-----------------------|--|--------------------------|-----------------|---|-----------------------|---|--------------------------|--------------------------|
| Identified   | Risk Reference Number | Assessment of Risk (Assume NO controls in place) using risk matrix |                          |                 | Risk Controls Measures  | Responsible Directors | Assessment of Residual Risk (With control measures implemented) |                          |                          |
|  |                       | Impact (Severity)  | Likelihood (Probability) | Priority Rating |   |                       | Impact (Severity)   | Likelihood (Probability) | Residual Priority Rating |
| Ensuring the Council secures the completion of the formal engagement with DFES on Children and Young People's outcomes and project and performance management. | CR1                   |  |                          |                 |   | SF                    |   |                          |                          |
| Corporate spending pressures outweigh the level of resources available to meet them. Particular pressures prevalent in Adult Social Care.                      | CR2                   | 4  | 4                        | High            | Medium Term Financial Strategy now adopted by Cabinet and highlights the need for corporate capacity to be created to meet future spending pressures. Social Care overspend has been highlighted at Cabinet and at Scrutiny Cttee. Budget Plan adopted to minimise pressures and needs analysis identifying future patterns of service with costed options. This will be reported by the end of August.                                     | ALL/SR                | 4   | 3                        | High                     |
| Herefordshire Connects: Programme does not go through robust investment appraisal and subsequent savings not being realised leading to service cuts.           | CR3                   | 4  | 4                        | High            | Robust appraisals are carried out based on hard data, comparative and sensitivity analyses and deliverability. Strong corporate governance arrangements are in place. Change Manager appointed. Business Transformation Board created and the new governance arrangements approved. Procurement approach agreed. Benefits realisation framework to be developed.<br><br>The MTFMS highlights both the investment required for Herefordshire | NP                    | 4   | 3                        | High                     |



## Medium Term Financial Management Strategy (MTFMS)

| Stage One   |                       |  |                          |                 | Stage Two  |                       |   |                          |                          |
|---|-----------------------|--|--------------------------|-----------------|--|-----------------------|---|--------------------------|--------------------------|
| Identified  | Risk Reference Number | Assessment of Risk (Assume NO controls in place) using risk matrix |                          |                 | Risk Controls Measures   | Responsible Directors | Assessment of Residual Risk (With control measures implemented) |                          |                          |
|   |                       | Impact (Severity)  | Likelihood (Probability) | Priority Rating |  |                       | Impact (Severity)   | Likelihood (Probability) | Residual Priority Rating |
|   |                       |  |                          |                 | arrangements. Workshops held for all directorates and service continuity plans have been prepared and due for testing during the year in business critical systems and services. Monthly checks made to ensure amendments are made to all plans. Annual update of Community Risk Register to inform the review process of Council emergency response plans in support of the emergency services and the Council's arrangements to assist recovery and return to normality of the community & environment following an emergency. Bi-annual exercising of the Emergency Response Team. Annual exercising of emergency response plans. |                       |   |                          |                          |
| Continuity of Herefordshire Jarvis Services and successful partnering arrangements.           | CR6                   | 4  | 3                        | High            | Regular consultation held between senior management from both sides of the partnership.  | GD                    | 3   | 3                        | Medium                   |
| Corporate Capacity to deliver a range of changes the Council has embarked upon.               | CR7                   | 4  | 3                        | High            | Programme Management, Clear Leadership and Senior Management Restructuring. Capacity issues identified within CPA inspection and will be part of Improvement Plan. A minimum of 20% of corporate directors' time will be spent on corporate issues.  | NP                    | 4   | 2                        | Medium                   |
| Achievement of LPSA 2 targets and hence the Performance Reward Grant (PRG). Failure to manage | CR8                   | 3  | 3                        | Medium          | LPSA. Partnership Manager and the Head of Policy & Performance now meet regularly with the assigned project manager and have agreed  | SF/GH/GD              | 3   | 3                        | Medium                   |

## Medium Term Financial Management Strategy (MTFMS)

| Stage One   |                       |  |                          |                 | Stage Two  |                       |   |                          |                          |
|---|-----------------------|--|--------------------------|-----------------|--|-----------------------|---|--------------------------|--------------------------|
| Identified  | Risk Reference Number | Assessment of Risk (Assume NO controls in place) using risk matrix |                          |                 | Risk Controls Measures   | Responsible Directors | Assessment of Residual Risk (With control measures implemented) |                          |                          |
|   |                       | Impact (Severity)  | Likelihood (Probability) | Priority Rating |  |                       | Impact (Severity)   | Likelihood (Probability) | Residual Priority Rating |
| future PRG will have a significant and detrimental impact on the Council's ability to invest in future performance gains in services.                                       |                       |  |                          |                 | responsibilities for chasing progress and ensuring action. In addition performance indicators are received every 2 months, in line with the Council's performance management arrangements, enabling proactive management through this management group.  |                       |   |                          |                          |
| Delivery of Local Area Agreement  | CR9                   | 3  | 2                        | Medium          | LAA - Partnership team and Policy & Performance have agreed a joint approach to including the LAA review issues and LAA refresh mandatory indicators in the preparations for the Corporate Plan thus ensuring that there is only one process and no confusion about targets.   | JJ                    | 3   | 2                        | Medium                   |
| Recruitment and retention of staff where there are national skills shortages and including the impact of Job Evaluation. Ensuring consistent treatment of Equal Pay Claims. | CR11                  | 3  | 3                        | Medium          | Succession planning as part of management development provision  | ALL/DJ                | 2   | 2                        | Medium                   |
|   |                       | 4  | 4                        | High            | Utilise SRDs / implement career development posts and conclude job evaluation. 93% SRDs completed by the end of May. Further work being carried out on identifying gaps. HR to support Directorates to deliver identified training needs, to work to Investor in People standard.<br><br>Focused recruitment activity to support identified shortages e.g. |                       |   |                          |                          |

## Medium Term Financial Management Strategy (MTFMS)

| Stage One   |                       |  |                          |                 | Stage Two  |                       |   |                          |                          |
|---|-----------------------|--|--------------------------|-----------------|--|-----------------------|---|--------------------------|--------------------------|
| Identified  | Risk Reference Number | Assessment of Risk (Assume NO controls in place) using risk matrix |                          |                 | Risk Controls Measures   | Responsible Directors | Assessment of Residual Risk (With control measures implemented) |                          |                          |
|   |                       | Impact (Severity)  | Likelihood (Probability) | Priority Rating |  |                       | Impact (Severity)   | Likelihood (Probability) | Residual Priority Rating |
|   |                       |  |                          |                 | <p>Social Work (Childrens), plus development of a workforce plan, and work to implement national data sets. Work to set an establishment for the Council has begun.</p> <p>Promote professional development support through training agreements and payment of professional fees. Develop secondment opportunities internally and with partners. - Improving leadership and management through a review of management development</p> <p>Pride in Herefordshire approach to be implemented.</p> <p>Implement software to review new pay structure to ensure that it is equality proofed.</p> |                       |   |                          |                          |
| Approach to Diversity: Risk of not achieving level and not improving Standard | CR12                  | 3  | 2                        | Medium          | Long term development plan produced. EIA action plans to be incorporated into Service Plans and monitored through the performance management process.  | JJ                    | 3   | 2                        | Medium                   |
| Successful implementation of Accommodation Strategy.                          | CR13                  | 4  | 4                        | High            | Issues concerning the acquisition of the property following a meeting with Scottish & Newcastle where Council were notified of a property review of all production sites. Initial moves within property to continue.   | SR                    | 3   | 2                        | Medium                   |

## Medium Term Financial Management Strategy (MTFMS)

| Stage One  |                       |  |                          |                 | Stage Two  |                       |   |                          |                          |
|--|-----------------------|--|--------------------------|-----------------|--|-----------------------|---|--------------------------|--------------------------|
| Identified   | Risk Reference Number | Assessment of Risk (Assume NO controls in place) using risk matrix |                          |                 | Risk Controls Measures   | Responsible Directors | Assessment of Residual Risk (With control measures implemented) |                          |                          |
|  |                       | Impact (Severity)  | Likelihood (Probability) | Priority Rating |  |                       | Impact (Severity)   | Likelihood (Probability) | Residual Priority Rating |
|  |                       |  |                          |                 | An emerging risk is the move towards flexible working. Homework place assessments will need to be carried out for all staff formally working from home.  | DJ/JH                 |   |                          |                          |
| Herefordshire Connects: Management capacity and capabilities not sufficiently developed to plan in advance, and deliver, the service changes required for realisation of efficiency savings.   | CR14                  | 4  | 4                        | High            |  | NP                    | 4   | 3                        | High                     |
| Development of a Public Services Trust for Herefordshire   | CR15                  | 3  | 2                        | Medium          | External assistance for the first phase of development has been secured.   | GH                    | 3   | 2                        | Medium                   |
| Failure of Waste Management Contract leading to failure to meet diversion targets and the potential for the Authority to be paying £150 per tonne extra on our missed target tonnages. Failure of the contract would also lead to the loss of PFI credits. | CR16                  | 4  | 2                        | Medium          | Ongoing commitment from Herefordshire and Worcestershire to retain the existing contract. The incorporation of subcontractors into the existing contract as a variation should enable adequate waste to be diverted to ensure the authority does not become subject to penalties under the Landfill Allowance Trading Scheme (LATS). Herefordshire and Worcestershire have an agreement to Trade LATS between the two authorities at "no cost" to offset risks - this risk needs to be formalised. | GD                    | 4   | 1                        | Low                      |
| Use of Resources Judgement   | CR17                  | 4  | 2                        | Medium          | Managers have been allocated elements of the Key Lines of Enquiry so that all required actions have been   | SR                    | 3   | 2                        | Medium                   |

## Medium Term Financial Management Strategy (MTFMS)

| Stage One      |                       |  |                          |                 | Stage Two  |                       |   |                          |                          |
|----------------|-----------------------|--|--------------------------|-----------------|--|-----------------------|---|--------------------------|--------------------------|
| Identified     | Risk Reference Number | Assessment of Risk (Assume NO controls in place) using risk matrix |                          |                 | Risk Controls Measures   | Responsible Directors | Assessment of Residual Risk (With control measures implemented) |                          |                          |
|                |                       | Impact (Severity)  | Likelihood (Probability) | Priority Rating |  |                       | Impact (Severity)   | Likelihood (Probability) | Residual Priority Rating |
|                |                       |  |                          |                 | completed. However audit commission's inspection has been completed and the formal feedback not yet received. Any action plan produced by the audit commission will be given priority.   |                       |   |                          |                          |
| BFI Inspection | CR18                  | 2  | 2                        | Low             | BFI report on interventions has made a number of recommendations and an action plan has been drawn up to deal with these. Monthly monitoring is in place by the Head of Service to ensure we deliver this plan which will enable us to meet both the performance measures and enablers aspects of the benefit performance standards. | SR                    | 2   | 2                        | Low                      |

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

Position: \_\_\_\_\_

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

**FINANCIAL RISK ASSESSMENT FOR THE 2007/08 BUDGET**

**Council Tax**

The Financial Resources Model allows for an increase of 3.8 % in Council Tax for 2007/08 which is the firm proposal at this stage. An indicative figure of 4.7% is used for 2008/09 and beyond. A 3.8% increase in Council Tax for 2007/08 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 0.7% growth in the Council Tax base for 2007/08 as determined by the Council and a 1.0% increase for 2008/09 and future years. The level of growth for 2008/09 and future years may be more or less than indicated, but is a prudent indicator for current purposes based on expected trends. 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.

The Collection Fund achieved a surplus of £256,000 for 2006/07 which was used to reduce the 2007/08 Council Tax requirement. The Collection Fund is forecast to achieve a surplus of £300,000 for 2007/08 and future years and this is reflected in the Financial Resource Model. Changes in the Council Tax base are regularly monitored and although 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 that a surplus is achieved.. 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.

A proposed increase in Council tax of 3.8% is now included compared with a planning assumption of 4.7%. Whilst not inconsistent with the emerging national picture, it will lead to a reduction in income from Council Tax to support the Council’s corporate plan for 2007-2010 of approximately £600k over the next 3 years, a sum that will be difficult to replace given planned Council Tax increases for subsequent years of 4.7% are close to the 5% capping limit expected to remain in force. With schools funding now ring-fenced via Dedicated schools Grant, Council tax income now represents approximately 60% of the Council’s budget requirement.

The national context suggests a lower than originally planned Council Tax increase will have implications for the future if the three-year settlement for 2008/09 to 2010/11 is as difficult as current indications suggest. It would impact on the Council’s ability to meet the future challenges.

**Formula Grant and Dedicated Schools Grant**

The final figures announced by the Government on 18th January, 2007 confirm the second year of the two-year Formula Grant settlement as follows. The 2007/08 Dedicated Schools Grant is indicative as it will not be finally confirmed until the new year.

|  | 2006/07        |            | 2007/08        |            |
|--|----------------|------------|----------------|------------|
|  | £m             | %          | £m             | %          |
| Formula Grant                                | 46.542         | 2.4        | 47.648         | 2.4        |
| Dedicated Schools Grant (2007/08 indicative) | 78.151         | 4.3        | 81.892         | 4.8        |
| <b>TOTAL</b>                                 | <b>124.693</b> | <b>6.4</b> | <b>129.540</b> | <b>3.9</b> |



## **Medium Term Financial Management Strategy (MTFMS)**

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 2.0% in 2007/08 and for each year thereafter for all staff.

Pensions inflation has been included at 0.6% in 2007/08 and 2008/09. This reduces to 0.5% for 2009/10 then rises back to 0.6% for 2010/11. This represents the stepped increase in the employer's 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 other than for Planning, Car Parking and Investment Property income.

No increase in other costs have been allowed. This will be a challenging target in some areas.

### **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 below 6% 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.

## **Medium Term Financial Management Strategy (MTFMS)**

### **Concessionary Fares**

Spending on the Concessionary Fares scheme is notoriously difficult to predict. Introduction of the new statutory scheme in 2006/07 has stimulated demand. This budget will need to be closely monitored.

### **Social Care**

2005/06 saw significant levels of overspending particularly in adult services and this pattern has continued. The base budget was adjusted for 2006/07 and a contingency of £1.3 million 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 area of risk that produced a significant overspend in 2005/06. Effective action has been taken in 2006/07 by Housing Services but risks still remain.

### **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 £550k to this reserve in 2007/08. A figure of £450k has been included in 2007/08 and £500k thereafter. 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 £3.67m (3% of total net budget). The General Reserves balance is expected to be £4.9m at the end of 2007/08 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 £5.8m a year. This target needs to be reviewed as final spending figures for each year are available. The Annual Efficiency Statement for 2007/08 setting out how cashable and non-cashable efficiency savings will be delivered has to be prepared by mid-April. The Herefordshire Connects programme is expected to make a significant contribution to the efficiency target requirements.

## **Medium Term Financial Management Strategy (MTFMS)**

### **Edgar Street Grid Project**

Herefordshire's spending plans recognise the resource implications in 2007/08 for the Council of this project.

## Medium Term Financial Management Strategy (MTFMS)

### APPENDIX F

### COMMUNICATION PLAN

| Audience | Messages   | Channel   |
|----------|--|---|
| Citizens | <p>The council has strong financial management</p> <p>But like every other council, needs to take prudent steps ahead of significant pressures on funding</p> <p>Herefordshire is not a well-resourced council and is stretched to deliver services throughout a large, sparsely populated area.</p> <p>The council is committed to keeping council tax as low as possible while protecting the vulnerable</p> <p>The council will be entrepreneurial in generating income from property, assets and trading activities.</p> | <p><u>July 2006</u><br/>Press release – promoting the medium term financial management strategy as it is endorsed by cabinet</p> <p><u>August 2005</u><br/>Herefordshire Matters – report on budget out turn for 2005/06 and reinforce messages on financial management and challenge (allied to adult services pressures)<br/>Web site – the strategy posted on the council’s web site</p> <p>All subsequent communications – refer to key messages (avoid the media using the term ‘cash strapped’ or ‘financially troubled’).</p> <p><u>September 2006</u><br/>Annual Review and Accounts (Summary) – promote financial stability but need to plan to address increasing demands</p> <p><u>October 2006</u><br/>Community forums – financial strategy as an item</p> <p><u>November 2006</u><br/>Herefordshire Matters – overview of the challenges the council needs to plan for financially – plus innovations for generating income</p> <p><u>March 2007</u><br/>Council Tax Leaflet – outline pressures faced by the council</p> |

## Medium Term Financial Management Strategy (MTFMS)

|                  |   |  |
|------------------|---|--|
| <p>Managers</p>  | <p>The council is entering its most challenging period and good financial governance, systems and practice is vital.</p> <p>Sound financial management is a non-negotiable for every manager, in every part of the council.</p> <p>The new financial culture is for everyone to strive to understand and support the council in facing up to new budgetary pressures.</p> | <p><u>July 2006</u><br/>Leadership Forum – the financial non-negotiable to be presented and discussed by managers (as part of the eight non-negotiables)</p> <p><u>August 2006</u><br/>Senior Management Team – presentation on the new medium term financial strategy and workshop to determine how to engage managers effectively</p> <p><u>September 2006</u><br/>Intranet – financial guidance for managers to be produced and structured – promoted through First Press Online</p> <p><u>October 2006</u><br/>Leadership Forum – to take managers through the new strategy and promote the new financial management culture for the authority – key managers to be given a high level understanding of the strategy and the financial challenges the council faces - link the strategy to the business transformation project</p> |
| <p>Employees</p> | <p>The council, like every other council, faces serious financial challenges for the future but does so from a position of strength and a track record of sound financial management.</p> <p>Service improvement aspirations have to be realistic</p>   | <p><u>August 2006</u><br/>First Press – key messages on the council’s finances to go to every employee through the news leaflet in payslips and more details in the electronic version</p> <p><u>September 2006</u><br/>First Press – more detailed overview of financial challenges facing local government and the pressures on Herefordshire and how the strategy will address them</p> <p>Subsequent communications – the key messages about good financial management to be reinforced</p>  |

## Medium Term Financial Management Strategy (MTFMS)

|                 |  |   |
|-----------------|--|---|
| <p>Members</p>  | <p>The council has strong financial management but like every other council, needs to take prudent steps ahead of significant pressures on funding</p> <p>The council is committed to keeping council tax as low as possible while protecting the vulnerable</p>   | <p><u>July 2006</u><br/>Cabinet – paper launched as discussion document</p> <p>Service update – overview of strategy to be included</p>   |
| <p>Partners</p> | <p>The authority offers good value for money and manages its finances well.</p> <p>Financial planning is done in full consultation with key stakeholders.</p> <p>Its financial performance, administration, management and systems are sound.</p> <p>It has a healthy level of reserves and its balance sheet is strong.</p> <p>The council will verify that partner organisations are financially stable, that responsibilities and liabilities are clear and that accounting arrangements are established in advance of operation.</p> | <p><u>September 2006</u><br/>Herefordshire Partnership – item on next board meeting</p> <p>Summary – overview of the strategy sent to all partner organisations with covering letter</p> <p>Workshop for partner organisations – outlining the wider economic environment, the challenges faced by the county and the council, and how the strategy addresses our ambitions for service improvement.</p> <p>New policies for working with partner organisations to be produced.</p> <p>Children and young people newsletter – article on the medium term financial strategy to be included</p> <p>Schools forum – item on financial management and how schools affected</p> |

## Medium Term Financial Management Strategy (MTFMS)

### APPENDIX G

#### i) Spend to Save Proposals

Proposals under this section are those that require non-recurrent budget provision. Proposals that came forward aim to improve services for vulnerable children and older people.

- **Safeguarding and assessment – commissioning professional foster support for children.**

To purchase professional foster care within Herefordshire to halve the number of children, from 14 to 17, in 2008/09 who will be placed in independent foster care outside the county.

| Expenditure Required |                 |                 | Expected Income/Benefits |                 |                 |
|----------------------|-----------------|-----------------|--------------------------|-----------------|-----------------|
| 2007/08<br>£000      | 2008/09<br>£000 | 2009/10<br>£000 | 2007/08<br>£000          | 2008/09<br>£000 | 2009/10<br>£000 |
| 135                  | 100             | 50              | Cashable<br>0            | Cashable<br>200 | Cashable<br>200 |
|                      |                 |                 | Non cash<br>682          | Non cash<br>426 | Non cash<br>0   |

- **Community Development Workers for adult social care [This was to be subsumed in the overall programme of improvements to adult social care – and now should be, since those were approved by Cabinet in December]**

Population projections indicate an increase in numbers and in the proportion of older people in the population as a whole. A needs analysis carried out in 2006, indicates that, by 2011, there will be a 42.9% increase in the number of people aged 85 and over in Herefordshire. These significant demographic changes will place increasing pressure on health and social care to develop new models of care. The Community Development Workers will work within the community with local organisations to develop and promote a range of low-level support services. The workers will explore opportunities for the use of community facilities such as libraries, clubs, pubs, leisure facilities. These services would reduce the need for admission to hospital and residential care and intensive domiciliary packages.

| Expenditure Required |                |                 | Expected Income/Benefits |                 |                 |
|----------------------|----------------|-----------------|--------------------------|-----------------|-----------------|
| 2007/08<br>£000      | 2008/9<br>£000 | 2009/10<br>£000 | 2007/08<br>£000          | 2008/09<br>£000 | 2009/10<br>£000 |
| 45                   | 46             | 47              | 109                      | 127             | 182             |

- **Independent Living Fund (ILF) worker (Adult Social Care)**

The ILF is a Government funded charity, which provides funding to severely disabled people to enable them to live independently.

## Medium Term Financial Management Strategy (MTFMS)

Individuals have to be in receipt of high rate Disability Living Allowance and receive care services from the LA of a weekly value of over £210. Any amount provided by ILF reduces the LA financial commitment by the equivalent amount. The maximum provided by ILF is £475 per week. Currently not all eligible service users are accessing ILF and alterations in care arrangements are not routinely reported to ILF. Employment of a specialist worker would maximise income against ILF by:

- increasing the number of people applying for and receiving ILF contribution;
- ensuring that any increases in care packages are shared by ILF;
- ensuring notification to ILF of decreases in care packages is timely.

| Expenditure Required |                 |                 | Expected Income/Benefits |                 |                 |
|----------------------|-----------------|-----------------|--------------------------|-----------------|-----------------|
| 2007/08<br>£000      | 2008/09<br>£000 | 2009/10<br>£000 | 2007/08<br>£000          | 2008/09<br>£000 | 2009/10<br>£000 |
| 25                   | 25              | 25              | 35                       | 35              | 35              |

### ii) Spend to Mitigate Proposals

Proposals under this section will need recurrent budget provision. As with the previous proposals these are to improve services for vulnerable children and older people. The most significant and largest programme to ensure the Council can meet unavoidable future demand from older people and adults with learning difficulties.

- **Modernised, high performing social care and community services for older people**

Following a major review of older people's future social care needs in Herefordshire it has been confirmed that needs are increasing because of year-on-year increases in numbers of older people. Without changes being made it would cost nearly twice as much extra a year to provide relatively poor services than it would to provide high-quality, more efficient services to the larger number of people who will need them. The proposal also identifies the need for parallel investment to increase voluntary sector led community services. The investment in the overall proposal will substantially reduce the level of increased funding required if current patterns of service delivery continue. The proposal is also linked to a review leading to increased charges for those who can afford to pay. The following indicates two levels of investment required, one has an increase in charges and the other (higher) one assumes current charging policies remain.

|  |                             |
|--|-----------------------------|
|  | <b>Expenditure Required</b> |
|--|-----------------------------|



## Medium Term Financial Management Strategy (MTFMS)

|   | 2007/08<br>£000 | 2008/09<br>£000 | 2009/10<br>£000 |
|---|-----------------|-----------------|-----------------|
| Cost to the Council:                          |                 |                 |                 |
| Additional costs if no increases in charges   | 2,040           | 1,894           | 1,894           |
| Cumulative position                           | 2,040           | 3,934           | 5,828           |
| Additional costs with increase in charges     | 1,189           | (245)           | 1,769           |
| Cumulative position                           | 1,189           | 944             | 2,713           |
| Cumulative net cost of not increasing charges | 851             | 2,990           | 3,115           |

- **Modernised, high performing social care and community services for adults with learning difficulties (AWLD)**

A major review of AWLD's future social care needs has been undertaken. With increasing life expectancy there has been an effect on the level of needs to be met. If no changes are made to the current approach and levels of charges to those who can afford to pay it would cost over five times as much extra a year to provide relatively poor services than it would to provide high-quality, more efficient services. As with the previous proposal a parallel investment is needed, but this time in general community services. The following information indicates two levels of investment required, one has an increase in charges and the other (higher) one assumes current charging policies remain.

|   | Expenditure Required |                 |                 |
|---|----------------------|-----------------|-----------------|
|   | 2007/08<br>£000      | 2008/09<br>£000 | 2009/10<br>£000 |
| Cost to the Council:                          |                      |                 |                 |
| Additional costs if no increases in charges   | 601                  | 576             | 576             |
| Cumulative position                           | 601                  | 1,177           | 1,753           |
| Additional costs with increase in charges     | 469                  | 125             | 562             |
| Cumulative position                           | 469                  | 594             | 1,156           |
| Cumulative net cost of not increasing charges | 132                  | 583             | 597             |

- **Integrated services and inclusion for young people**

This proposal intends to enable better outcomes for young people with disabilities who are leaving school and require ongoing support. The JAR said that present arrangements were deficient: this is therefore part of the JAR Improvement Plan. It provides for co-coordinating resources and creates more options for those young people thus reducing their support needs. The proposal requires the following investment and produces some non cashable benefits:

## Medium Term Financial Management Strategy (MTFMS)

| Expenditure Required |                 |                 | Expected Income/Benefits        |                                 |                                |
|----------------------|-----------------|-----------------|---------------------------------|---------------------------------|--------------------------------|
| 2007/08<br>£000      | 2008/09<br>£000 | 2009/10<br>£000 | 2007/08<br>£000                 | 2008/09<br>£000                 | 2009/10<br>£000                |
| 18                   | 20              | 20              | Cashable<br>0<br>Non cash<br>15 | Cashable<br>0<br>Non cash<br>10 | Cashable<br>0<br>Non cash<br>5 |

- **Commissioning and Improvement in services for Children and Young People**

This investment is required to establish a Data & Performance Unit within the directorate, as a prerequisite to gaining improved service and higher standards, including through more effective scrutiny.

| Expenditure Required |                 |                 | Expected Income/Benefits       |                                    |                                  |
|----------------------|-----------------|-----------------|--------------------------------|------------------------------------|----------------------------------|
| 2007/08<br>£000      | 2008/09<br>£000 | 2009/10<br>£000 | 2007/08<br>£000                | 2008/09<br>£000                    | 2009/10<br>£000                  |
| 100                  | 0               | 0               | Cashable<br>0<br>Non cash<br>0 | Cashable<br>0<br>Non cash<br>1,190 | Cashable<br>0<br>Non cash<br>238 |

- **Safeguarding and Assessment for children**

To fund additional social workers to bring provision in line with recommended standards, thereby ensuring improvements in quality of provision and reducing reputational risk. Number of assessments to be increased from 220 per 10,000 to 350 per 10,000 leading to a reduction of children on looked after register. Cashable saving from reduced need to use agency staff to carry out assessments.

| Expenditure Required |                 |                 | Expected Income/Benefits         |                                    |                                  |
|----------------------|-----------------|-----------------|----------------------------------|------------------------------------|----------------------------------|
| 2007/08<br>£000      | 2008/09<br>£000 | 2009/10<br>£000 | 2007/08<br>£000                  | 2008/09<br>£000                    | 2009/10<br>£000                  |
| 300                  | 300             | 0               | Cashable<br>0<br>Non cash<br>408 | Cashable<br>375<br>Non cash<br>408 | Cashable<br>185<br>Non cash<br>0 |

- **Integrated services and inclusion – increasing family support**

Increased family support to address issues at an early stage before they escalate into crises which require expensive intervention. 10% reduction in number of children having to be looked after. Additionally, proposal would help looked after children to lose fewer days' schooling, as well as achieving a 2% increase in the proportion of those gaining 1 or more GCSEs.

## Medium Term Financial Management Strategy (MTFMS)

| Expenditure Required |                 |                 | Expected Income/Benefits         |                                      |                                 |
|----------------------|-----------------|-----------------|----------------------------------|--------------------------------------|---------------------------------|
| 2007/08<br>£000      | 2008/09<br>£000 | 2009/10<br>£000 | 2007/08<br>£000                  | 2008/09<br>£000                      | 2009/10<br>£000                 |
| 228                  | 0               | 0               | Cashable<br>0<br>Non cash<br>187 | Cashable<br>117.5<br>Non cash<br>277 | Cashable<br>59<br>Non cash<br>0 |

## **Medium Term Financial Management Strategy (MTFMS)**

# HEREFORDSHIRE COUNCIL

## CORPORATE PLAN 2007 to 2010

### Action for a better Herefordshire

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

- ...**Putting** people first
- ...**Promoting** our county
- ...**Providing** for our communities
- ...**Protecting** our future

*Quality life in a quality county*

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## Foreword

In a world of increasing economic competition, social change, greater diversity and increased public expectations, a successful future for Herefordshire will only be secured through an ambitious programme of continuous improvement.

The Council leads that programme. Developed with the enthusiastic involvement of people and organisations across the county, the *Herefordshire Community Strategy* sets out what we want to achieve through to 2020. Our *Local Area Agreement* with our partners and Government is the core of the action plan to turn this vision into reality.

We have demonstrated our ability to do exactly that. We have achieved our top priority, ensuring that our arrangements for safeguarding children are sound. Our schools have delivered record GCSE results. We opened the Whitecross School and Specialist Sports College, one of the most eco-advanced in Europe. We helped many more vulnerable people to live at home, with our Signposting Scheme now having enabled older people to claim more than £9.5 million in additional benefits. We reduced from 54 to 5 the number of families in bed and breakfast accommodation. We recycled more waste and sent less to landfill. We speeded up our planning decisions dramatically. These are just examples.

We are determined to drive an even faster pace of improvement. Resolved to keep Council Tax increases to the absolute minimum necessary, and with bleak prospects for increased Government grant, we have to create the capacity to meet both the exciting challenges and opportunities in the new local government White Paper *Strong and Prosperous Communities*, plus the challenges we face locally. Not the least of these are the inexorable rise in the number of older people and how to ensure that they are able to lead fulfilled lives as active members of their local communities; securing the economic infrastructure that will make the difference between a prosperous future and steady but certain decline – through ambitious projects such as the Edgar Street Grid and Rotherwas Futures; and the need to meet the public's expectations for better, more flexible services.

What will make all this possible is our comprehensive *Transformation Programme*. Over the next three years, this will revolutionise our services to customers, paying for the improvements through *Herefordshire Connects*, the rationalisation of our accommodation, and by a systematic approach to identifying future needs and how they can be met most cost-effectively, learning the lessons from the highest performing authorities elsewhere. The opportunity for greater efficiency and better services will be increased by our ground-breaking proposal to create a Public Service Trust that unites the Council with the commissioning arm of the Herefordshire Primary Care Trust.

Together with the completion of the network of *Info Shops* across the county, integrated with other services such as libraries, our new *Info By Phone* service will provide fast and efficient one-stop services for all. We will modernise our approach to potentially vulnerable adults, with the emphasis firmly on prevention and on maximising independence. We will continue to improve the safety, opportunities and achievements of children and young people. In all that we do, we will work with the people of Herefordshire to ensure cleaner, safer and culturally richer communities, taking full advantage of the passion of those of us long-established in the county, as well as the energy of the diverse range of newcomers we welcome to join us in this common cause.

**Councillor Roger Phillips - Leader of the Council**

## 1.0 Introduction

1.1 The Council shares a vision for a better Herefordshire with a wide range of partner organisations in the private, public and voluntary sectors, and with those representing communities. It is of

***Herefordshire as a place where people, business and an outstanding natural environment will together bring about sustainable prosperity and well-being for all.***

1.2 Looking forward to 2020, the new *Herefordshire Community Strategy* sets out how we and our partners intend to turn this vision into reality. At its heart is our *Local Area Agreement* with the Government. Recently reviewed and refreshed, it establishes demanding targets to ensure the continued improvement of services and better outcomes for people, businesses and communities throughout the county for the next three years – 2007-10.

1.3 This, the Council's own Corporate Plan, says what we will do over the same three years to play our part in fulfilling the vision. Appendix 1 shows how the Council's priorities relate to the Herefordshire Community Strategy. This plan also sets out how we intend to carry on improving our efficiency and effectiveness, so that we deliver a fair deal for Council Tax-payers and make sure that our front-line services are as good as they can be.

1.4 This Corporate Plan:

- identifies the main challenges facing the county and the Council
- reviews what has been achieved between April 2005 and the end of December 2006
- makes clear the Council's priorities for the future
- sets out the improvements in services and in efficiency and effectiveness which are planned
- identifies the main risks to the achievement of the Plan and how they will be managed
- shows how the Council's resources – human, financial, organisational and physical (including ICT) – will be deployed to bring about the planned improvements and manage the risks
- is the Council's strategic Best Value Performance Plan<sup>1</sup> and overall improvement plan
- incorporates the objectives and performance measures for the *Local Area Agreement* (LAA)
- is the basis for leading and managing the Council's performance
- is the basis for the Council's Annual Operating Plan and individual directorate and service plans, and so for the performance objectives and targets of every team and every individual member of staff

1.5 Everything in the Plan is intended to help deliver the Council's commitment to:

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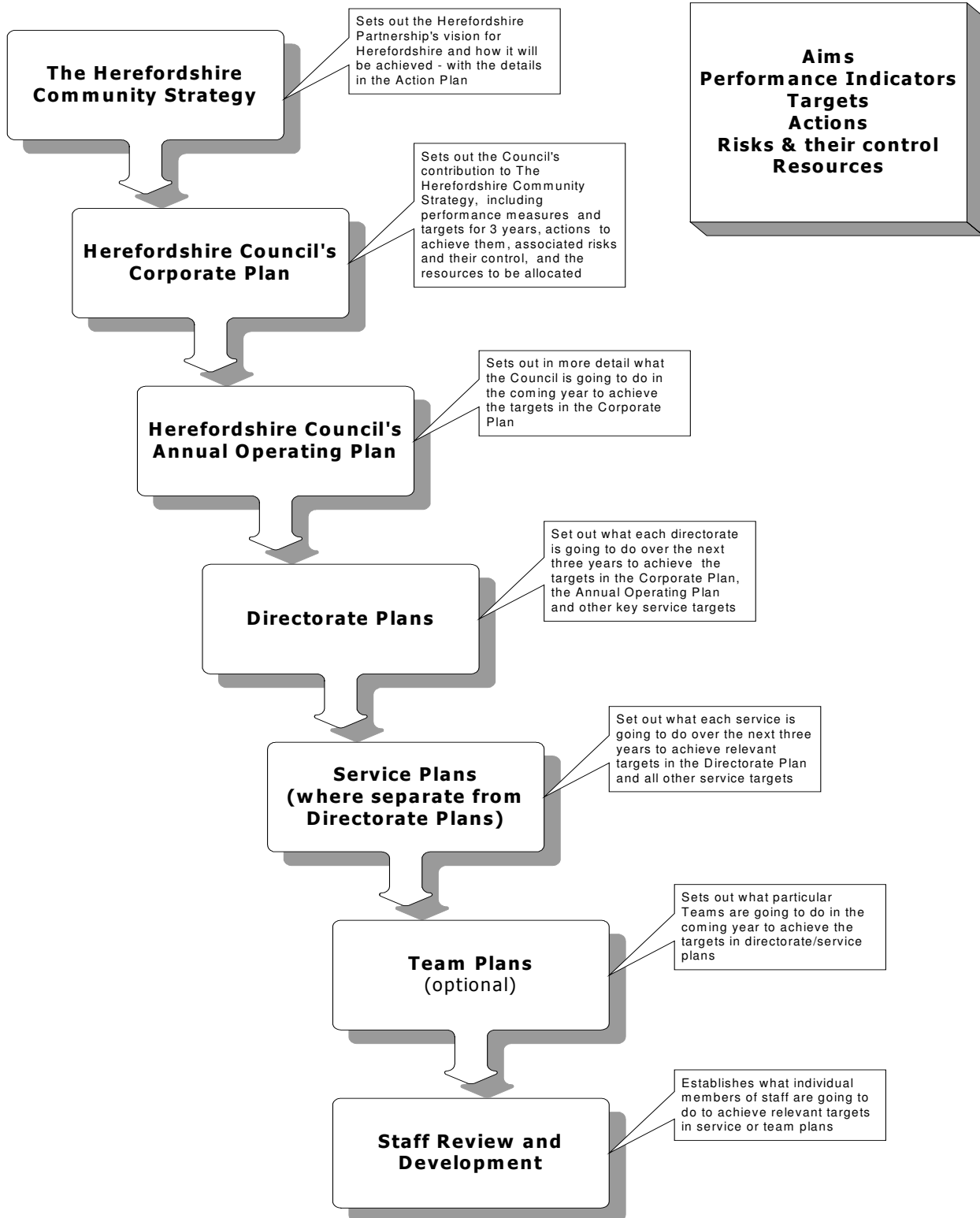
<sup>1</sup> Outturns and future targets for Best Value Performance Indicators will be reported by 30<sup>th</sup> June 2007, as an electronic link to the copy of this Plan on our website ([www.herefordshire.gov.uk](http://www.herefordshire.gov.uk)).



- understand the needs and wishes of service users and Council Tax-payers, and do all we can to respond to them; so it takes into account the views expressed by the public in the drawing up of the *Herefordshire Community Strategy*, the results of our first annual public satisfaction survey in autumn 2005 and those from the subsequent *Herefordshire Voice* citizen's panel survey
- community leadership and working in partnership with all sectors

and to the cross-cutting objectives that require contributions from across the Council:

- diversity and equal opportunities for all
- thriving communities
- understanding and responding to the distinctive needs of rural areas
- safeguarding the environment
- better outcomes for children
- enabling older people to live fulfilled lives in their local communities
- sustainability



## 2.0 Setting the Scene

- 2.1 Herefordshire's population is about 178,800. Just below a third of the population lives in Hereford City, about a fifth in the market towns and almost half in rural areas. A higher proportion of the county's population lives in very sparse areas than any other authority.
- 2.2 Between 1991 and 2005 the population increased by 11.5%, entirely due to net inward migration into the county, mainly from neighbouring English counties and the South East. This rate of growth was faster than that experienced by the rest of the West Midlands (2.6%) and England and Wales (5.2%).
- 2.3 Recent population movements have seen a considerable exodus from urban areas, mostly to villages within the immediate catchment of the main towns. Herefordshire has become a popular destination for the retired, for holiday homes and second homes and, in some areas, for out-of-county commuting.
- 2.4 The county's population has a considerably older age profile than that for England and Wales. 23.4% of the population is over retirement age, compared with 18.7% nationally, and there are fewer persons of working age (58.3% compared with 62.0%). People are, on average, healthier than nationally and live longer.
- 2.5 By 2011 the population is expected to grow by 1.1%, which is about the same as nationally. However, the number of under 16s is expected to fall by 10.6% (national fall 2.7%); the number of working age residents to fall by 1.6% (2.6% growth nationally); and the number who are of retirement age and above to grow by 17.3% (10.4% nationally).
- 2.6 Most dramatically, the number of people aged 85 and over is expected to rise by a further 35.9%, to 5,980 residents, compared with a national increase of 19.4%.
- 2.7 Although the Government's 2004 Index of Multiple Deprivation ranks Herefordshire 192<sup>nd</sup> out of 354 local authorities, there are areas of poverty and deprivation within the county. Concentrations of the most deprived areas are within Hereford (South Wye and Central) and Leominster. Conversely, the least deprived areas are concentrated to the east of the county, in some of the fringes of Hereford and directly north and west of the city, and around Ross-on-Wye.
- 2.8 Average wages in the county are significantly below both the regional and national averages, with the gap having increased slightly in recent years. Average house prices are high compared with elsewhere in the region.
- 2.9 Unemployment in the county is low. Manufacturing provides 17% of employment, with service industries accounting for 77%. Agriculture and tourism are a more important source of jobs in the county than elsewhere in the West Midlands. Self-employment is more common in Herefordshire (nearly 13.7%) than in the rest of England and Wales (8.3%).

- 2.10 Although Herefordshire performs well at GCSE level, there are relatively few people in the workforce with higher-level skills. There is limited higher education provision, and knowledge-based industries are under-represented in the county. There is net out-migration of young adults from the county, probably for the most part in search of wider opportunities for employment and higher education.
- 2.11 Experimental statistics (from ONS) suggest that, in 2003, 3.3% of the county's resident population was from ethnic minorities (5,900 people). This proportion is still very low by national (14.2%) and regional (15.0%) comparisons, but reflects growth of 22.9% in ethnic minority numbers since 2001, compared to just 1.1% in the total population. It is highly likely that numbers have increased further since the expansion of the European Union in May 2004; estimates suggest that in 2005 between 2,500 and 3,000 workers from new accession states were cleared to work in the county indefinitely.
- 2.12 The county also experiences a significant influx of seasonal agricultural workers each year (around 3,000) – mainly over the summer months, with the majority from the Ukraine and Russia.

### **The public's views**

- 2.13 The Council has a systematic programme for keeping up to date with the priorities of people in Herefordshire and what they think about the Council and the services it provides. This has included the wide-ranging consultation that enabled the Council and its partner organisations to develop the *Herefordshire Community Strategy*, the first of the Council's annual satisfaction surveys in Autumn 2005 and an initial follow-up survey of the members of the *Herefordshire Voice* citizen's panel in 2006 to find out the underlying reasons for key areas of dissatisfaction.
- 2.14 Taking these results together, the following issues emerged:
- perceived ease of access to most key local services had stayed at similar levels since 2003-04, but the public wanted better information and access
  - although 80% of respondents were satisfied with their local community as a place to live, most quality of life aspects were perceived to have deteriorated; this was particularly marked in respect of traffic congestion, wages and the local cost of living
  - by contrast, anti-social behaviour was seen as less of a problem than in 2003-04, although the public wanted further reductions in both anti-social behaviour and crime
  - satisfaction with public transport information and local bus services had decreased
  - satisfaction with local recycling facilities had increased since 2003-04 but satisfaction with the kerbside recycling collection had decreased
  - a safeguarded and pleasant environment was important to people, with particular importance attached to flood prevention
  - satisfaction with sports and leisure facilities, parks and open spaces had remained steady, while satisfaction with other cultural and recreational services had decreased

- considerable importance was attached to affordable housing and support to live independently
- this was also the case in respect of business diversification, enterprise, improved skills and training opportunities
- well over half of respondents felt they were kept well-informed by the Council, an increase compared with 2003-04; even so, people wanted more say in local issues and decision-making
- about half of respondents were satisfied with the way the Council runs things overall (a similar proportion to 2003-04), compared with under a quarter who are dissatisfied

2.15 The results of the Autumn 2006 General Survey are being analysed. Our report on them will be published in Spring 2007. They will be used further to refine and target our improvement programme.

### 3.0 What the Council can do

- 3.1 The Council has a wide and growing range of powers and duties. They already range from a general power to promote well-being to a host of specific legal obligations. These include such things as the provision of schools, the welfare of children and vulnerable adults, the safety of roads, waste collection and disposal, licensing and trading standards. The October 2006 White Paper; *Strong and Prosperous Communities* sets out the Government's proposals to increase these substantially. The Council has limited or no discretion in some areas but more in others.
- 3.2 The Council has finite resources to deliver both its legal obligations and discretionary services. The financial context is therefore crucial. It is set out in detail in the Council's Medium-Term Financial Management Strategy

**[electronic link to be added]**

#### The Challenges

- 3.3 In 2006-07 the gap in the level of Government grant provided to the Council widened:
- Formula Grant per head of population is £259 – 21% below the unitary authority average of £329
  - Formula Grant plus Dedicated Schools Grant per head of population is £698 - 19% below the unitary authority average of £862; and
  - Dedicated Schools Grant per head of population is £439 – 18% below the unitary authority average of £533
- 3.4 Despite this, the Council's financial situation is sound, with a healthy level of reserves and a strong balance sheet.
- 3.5 The Government has confirmed that Herefordshire will receive an increase of 2.4% in its formula grant for 2007-08. Under the current Government settlement, the Council is scheduled to receive in 2007-08 an increase of 4% in Dedicated Schools Grant. The amount for local authority schools will continue to be ring-fenced, so it cannot be used for other services.
- 3.6 It is therefore likely that budget pressures on schools can be contained within the grant funding much more easily than they can for other services, some of which are experiencing severe pressure.
- 3.7 Pressures are particularly intense on adult social care, including services for older people and adults with learning difficulties, evidenced by high levels of overspending in recent years. A comprehensive analysis of future needs and the cost-effective modern services needed to meet them shows that demand will continue to rise year-upon-year for the foreseeable future, as the population ages. The Council has limited discretion in these areas.
- 3.9 Nor has the Council much room for manoeuvre in respect of the non-schools aspects of children's services. Its responsibilities for the welfare of children have grown as

a result of the Children Act 2004. Although its arrangements for safeguarding vulnerable children are now judged to be good overall, the greatly increased number of referrals requires additional capacity to carry out assessments and deliver effective services. Other areas in need of continued improvement are services for children with learning difficulties and ensuring that all vulnerable young people make a successful transition to adult life.

3.10 Pressures are increasing in other areas too. For instance:

- spending has to continue to rise to meet Government targets for reducing waste
- there are rising costs nationally in a range of services, including street cleansing, tackling anti-social behaviour, housing, pensions and transport
- additional costs from new legislative and Government policy requirements, such as making local authorities solely responsible for the Coroners Service, that are not fully funded
- the proposals in the Government's Green Paper *Youth Matters* will place local authorities centre-stage for all youth services in their areas and the Government is proposing further extensions to concessionary fares in 2008; but in neither case is it clear whether the funding will be sufficient to meet the costs
- the proposals in the White Paper *Strong and Prosperous Communities* are far-reaching, placing further duties on local authorities in respect of community involvement, the delegation of power and budgets to local members and the community ownership and management of local facilities. The Council welcomes these proposals as increasing its ability to work with community and partners even more effectively to improve the quality of life throughout the county; but there can be no doubt this will increase the financial and other pressures.

3.11 In aggregate, these pressures will not be matched by increases in the Council's budget:

- looking beyond 2007-08, the next local government settlement will cover the three-year period 2008-09 to 2010-11, following HM Treasury's Comprehensive Spending Review 2007. Early indications are that this will include an even more incisive efficiency review and that resources will be focused on the Government's national priorities, such as education, health and security. This would mean that cash for local government services, other than schools, would be squeezed yet further
- one-off funding of major projects by the European Union and other external sources is coming to an end
- in view of the high number of people in the county on fixed and low incomes, and the Government's rules on capping, the Council cannot make up the deficit by increasing Council Tax to the levels that would be required
- whilst the Council will continue to borrow prudently, this will only be done where it would produce long-term affordable benefits.

3.12 The net result is that the Council faces significant budget pressures in 2007-08 and beyond. These can only be met by means of a radical transformation programme that both liberates cash for improvements in priority areas and delivers across the board improvements in the efficiency and effectiveness of customer services.

### The Council's Response

3.13 The Council will continue to campaign, with other rural local authorities, for a fairer deal. Whatever the outcome, the Council will maintain its programme of decisive action to live within its means and ensure the affordability of this Corporate Plan.

3.14 The motor for this is the Council's long-term *Transformation Programme*. Chaired by the Chief Executive, the Programme's Transformation Board leads an ambitious change programme to improve customer services and deliver the financial capacity needed to invest in key priorities for the future. It consists of six main inter-linking projects, each managed by its own board. They are:

- The *Herefordshire Connects* Programme
- The Customer Services Strategy
- The Children and Young People's programme
- The review of our office accommodation strategy
- The Adult and Community Services Programme
- The Pay and Workforce Development programme

3.15 The single most important element, on which all the others depend to a greater or lesser extent, is ***Herefordshire Connects***. Led by a corporate Change Core Team Manager and change champions from each directorate, it is in the advanced stages of procurement. There are three key work-streams:

1. Integrated Customer Services – electronic records and document management system
2. Integrated Support Services – finance, procurement, HR and asset management
3. Corporate Performance Management – cross-council framework

3.16 This programme is aimed to release cash from business processes to reinvest in service and capital investment priorities, such as increasing demand for adult social care, improved children's service and essential economic infrastructure, such as *Rotherwas Futures*. The benefits realisation target is £11.75m by 2010.

3.17 Objectives and targets for the other *Transformation Programme* projects are included in the Action Plan in section 6 below.

3.18 On the basis of the benefits from the *Herefordshire Connects* programme and of modest assumptions about future Government grant and the level of Council Tax, the Council's capacity for cumulative increased spending over the period of the Corporate Plan is of the order of:

|         |                |
|---------|----------------|
| 2007-08 | + £6.5 million |
| 2008-09 | + £2.4million  |
| 2009-10 | + £4.7 million |



- 3.19 These existing plans will be boosted by our proposal to create a Public Service Trust for Herefordshire over the coming year. It will bring together, in one executive organisation, the Council and the commissioning arm of the Herefordshire Primary Care Trust. This will create a unique opportunity simultaneously to drive down costs and provide better services.
- 3.20 To make the maximum impact in terms of sustainable service improvements, the Council will concentrate investment on meeting its top priorities in ways that will either reduce future expenditure or mitigate the costs of inescapable future demands.
- 3.21 The Council's aspirations for improvement are that it should achieve, by no later than 2009-10, a level of performance equating to the following Comprehensive Performance Assessment star ratings:
- Adult social care – at least 3\*
  - Benefits – at least 3\*
  - Children and Young People – at least 3\*
  - Corporate – at least 3\*
  - Culture (Libraries and Leisure) – at least 3\*
  - Environment – at least 3\*
  - Housing – 4\*
  - Use of Resources – 4\*
- 3.22 To enable us to meet these aspirations, we want to be judged by the Audit Commission in 2007 to be improving well and, in 2009 to be improving strongly.

## 4.0 Performance April 2005 – September 2006

4.1 The Council is building its plan for the next three years on both a record of achievement and a good understanding of areas where it needs to improve.

4.2 For 2006, the independent Audit Commission gives the Council a **Comprehensive Performance Assessment score of 3** (out of a possible 4) and adjudged us to be **improving adequately** (fuller details are given below)

4.3 The Council's *Transformation Programme* is designed to accelerate the Council's rate of improvement, so as to ensure that it achieves a high standard of efficiency and effectiveness in all that it does.

4.4 Major achievements already include:

- ensuring that our arrangements for safeguarding children social care are adequate, with excellent progress in the number of referrals of children in need (from 175 per 1,000 in March 2006 to 264 in December, against a target of 220)
- implementing all the key elements of the Joint Area Review Action Plan; for example, the 12-week target for occupational therapy assessment is now being met.
- completing other actions in the Children and Comprehensive Forward Delivery Plan to achieve the improved outcomes required by the Children and Young People's Partnership Plan
- completing a comprehensive assessment of future social care needs for older people and adults with learning difficulties, and of the better, more cost-effective services needed to meet them
- the implementation, across the whole Council, of a comprehensive *Performance Improvement Cycle* that links the allocation of resources with the delivery of the Council's priorities
- changing the Constitution to provide the necessary flexibility to ensure that the Council's political structures are aligned with the forward agenda
- strengthening the scrutiny function in respect of both performance enhancement and policy development by means of a Scrutiny Improvement Plan, including a programme of visits to look at best practice in other local authorities, with a particular emphasis on improving Children's Services scrutiny
- increasing the Council's capacity to deliver better services, particularly through the development of the *Herefordshire Connects* programme,

and the completion of the county-wide *Info. Shop* network and the new *Info. by Phone* Service, which are on track for Spring 2007

**4.5 Overall performance against Best Value Performance Indicators**

Compared to the previous year, in 2005-06 the Council improved or maintained its performance against 59% of the indicators. This compares favourably with the 52% improved or maintained in 2004-05. However, only 21% of indicators are in the top quartile when compared to all other unitary authorities, compared to 29% in 2004-05.

**4.6 Other highlights of performance against the Council’s priorities in 2005-06 and 2006-07**

|  |  |
|--|--|
| <p>Maximise the health, safety, economic wellbeing, achievements and contribution of every child</p> | <ul style="list-style-type: none"> <li>- Although the average length of stay of all households who were unintentionally homeless and in priority need rose from 4 weeks at the end of 2004-05 to 10.65 weeks at the end of 2005-06, the number of families with children in B&amp;B accommodation was reduced from 54 at the end of 2005 to 7 at the end of November 2006, with only 5 having been in B&amp;B for six weeks or longer.</li> <li>- Prevention work is having a positive impact: homelessness applications and acceptances are down to record lows.</li> <li>- The Leominster Coningsby and Springfield children’s centres were officially opened in May 2006, providing enhanced support to children and their families by bringing together under one roof different organisations that provide key services.</li> </ul> |
| <p>Improve the achievement of pupils</p>   | <ul style="list-style-type: none"> <li>- 48.3% of pupils achieved five or more A*-C GCSE passes, a 2.9% increase on the 2005 results.</li> <li>- 92.9% of pupils gained at least five A*-G GCSE passes, a 1.5% improvement on 2005.</li> <li>- The % of young people leaving care with at least 1 A*-G GCSE pass or an NVQ rose from 65% in 2004 to 91.7% in 2005.chasing the figure for 2006</li> <li>- Whitecross School and Specialist Sports College opened in June 2006. Many of its pupils helped design the school, which is one of the most eco-advanced in Europe.</li> </ul>   |
| <p>Enable vulnerable adults to live independently</p>  | <ul style="list-style-type: none"> <li>- The number of older people helped to live at home per 1,000-population aged 65 or more rose from 60 to 82.9.</li> <li>- The success of the Signposting Scheme continued: with over 2,100 referrals in 2005-06, the total since 2002 is over 8,000 and the welfare rights element has helped people claim more than £9.5 million in additional benefits.</li> <li>- Per 1,000 population aged 18-64,             <ul style="list-style-type: none"> <li>- 4.8 with physical disabilities were helped to live at home in 2005-06 compared with 2.4 in 2004-05;</li> <li>- 3.7 with mental health problems, compared with 1.3; and</li> <li>- 2.5 with learning difficulties compared to 2.2</li> </ul> </li> </ul>  |

|   |  |
|---|--|
|   | <ul style="list-style-type: none"> <li>- The number of carers receiving a specific carers' service as a percentage of clients receiving community-based services rose in 2005-06 to 10%, against a target of 2%.</li> <li>- Supporting People funded services enabled the independence and social inclusion of over 2,600 vulnerable or disabled people through the provision of low-level housing-related support.</li> </ul>   |
| Protect the environment, by recycling waste and reducing carbon emissions   | <ul style="list-style-type: none"> <li>- The percentage of household waste that has been recycled continued to improve, rising to 29.03% as at November, against 24.07% in 2005-06.</li> <li>- There was a reduction, from 528 to 521.7 in 2005-06, in the kilograms of waste collected per head, although the cost per household collection rose, as did disposal costs per tonne</li> <li>- The action plan developed to tackle the previous year's fall in the speed with which planning applications were determined had an immediate impact: major applications determined within 13 weeks improved from 46% in 2005-06 to 72% as at December 2006; minor applications determined within 8 weeks from 51% to 82%; and other applications within 8 weeks from 64% to 92%.</li> </ul>   |
| Improve transport and the safety of roads   | <ul style="list-style-type: none"> <li>- Although the number of people killed or seriously injured in road accidents rose from 141 in 2004 to 147 in 2005, this compares very favourably with earlier years; and there was a significant fall, from 783 to 732, in the number of people slightly injured.</li> </ul>   |
| Sustain vibrant and prosperous communities, providing more efficient, effective and customer-focused services and clean streets | <ul style="list-style-type: none"> <li>- The number of people accepted as homeless and towards whom the council has a full statutory duty fell from 510 in 2004-05 to 416. The number of acceptances in the first half of 2006-07 had fallen to 68, with the number of applications falling by 58% against the same period in the previous year.</li> <li>- The cleanliness of streets continued to improve, with a fall from 27% in 2004-05 to 17% at September 2006 in the proportion of relevant land falling below an acceptable level.</li> <li>- Following development of the Museum and Learning Resource Centre, satisfaction levels were at over 90%.</li> <li>- The first phase of the major enhancement project to revitalise Hereford City Centre is well-advanced</li> <li>- Significant progress has been made on the Edgar Street Grid, with the appointment of a Chief Executive and the purchase by Advantage West Midlands of the trading site for the relocation of existing businesses</li> <li>- 80% of adults resident in Herefordshire were satisfied with their local community as a place to live.</li> </ul> |
| Promote diversity and community harmony and strive for equal opportunities  | <ul style="list-style-type: none"> <li>- The Council remains on course to meet its target of achieving Level 2 of the Local Authority Equality Standard in 2006-07: the three-year comprehensive programme of equality impact assessments has been completed, providing the basis for SMART action plans to be in place across the Council by March 2007</li> <li>- Developed in partnership with West Mercia Police and</li> </ul>  |

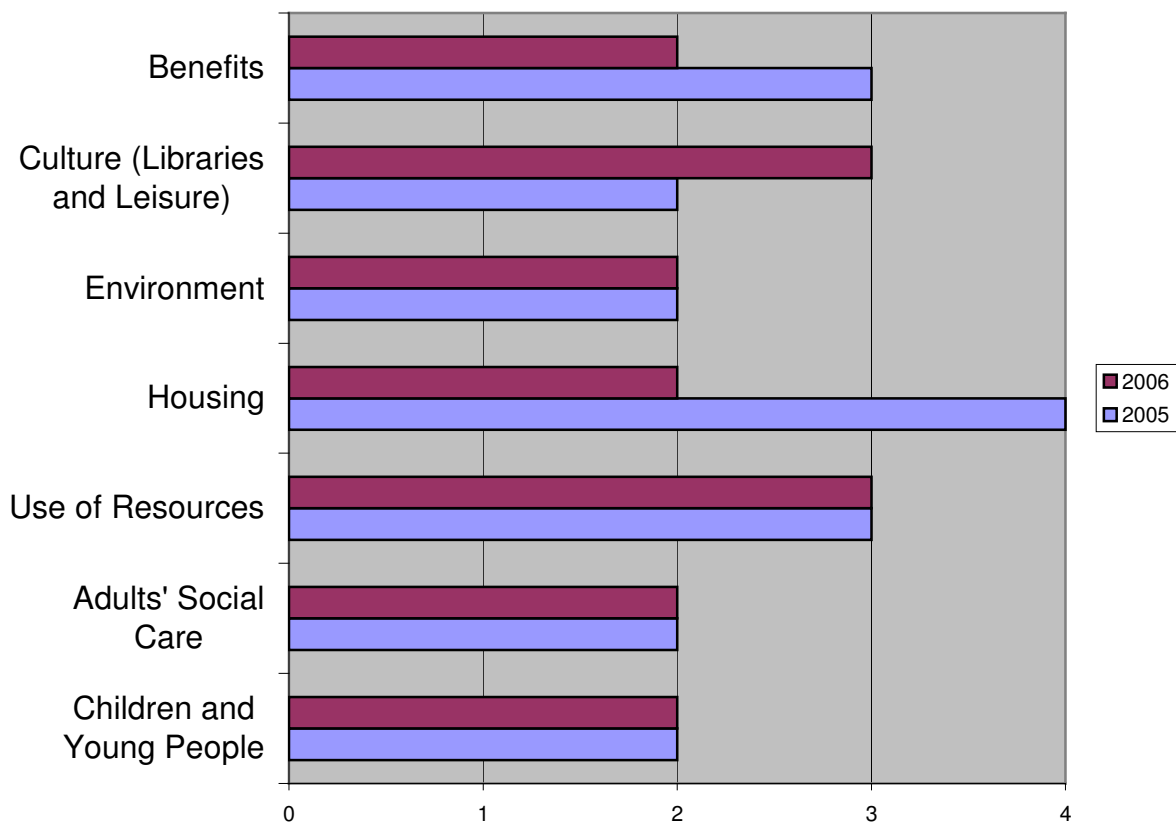
|   |   |
|---|---|
|   | <p>Herefordshire Primary Care Trust, a migrant workers' web-site has been launched, the first of its kind in the UK</p> <ul style="list-style-type: none"> <li>- buildings open to the public meeting Disability Discrimination Act requirements increased by 14% to 45.9%.</li> </ul>  |
| Develop its community leadership role   | <ul style="list-style-type: none"> <li>- With the Herefordshire Primary Care Trust, the Council has proposed the establishment of a Public Service Trust for Herefordshire to deliver more efficient and effective services.</li> <li>- Following its election, the <i>Herefordshire Youth Council</i> is now fully established and met for the first time in March 2006</li> </ul>   |
| Secure significant efficiency savings   | <ul style="list-style-type: none"> <li>- The Council made total efficiency savings of £3.2 million in 2005-06, of which over £2.5 million were cash-releasing.</li> </ul>   |
| Ensure that its essential assets are in the right condition for the long-term cost-effective delivery of services | <ul style="list-style-type: none"> <li>- A score of 3 out of 4 was achieved for the Use of Resources in the 2006 Comprehensive Performance Assessment, meaning that the Council was performing well and consistently above the minimum requirements set by the Audit Commission.</li> <li>- Options for future accommodation are under review following the decision of the owners of the Plough Lane site to suspend discussions on its purchase by the Council.</li> </ul>  |
| Understand the needs and preferences of service users and Council Tax-payers                                      | <ul style="list-style-type: none"> <li>- Annual satisfaction surveys were introduced in autumn 2005. Overall satisfaction levels with the Council were broadly similar to those achieved in 2003.</li> <li>- Follow-up surveys with the <i>Herefordshire Voice</i> citizen's panel have been undertaken during 2006-07 to find out the reasons for dissatisfaction with some services, so as to provide the basis for targeted action</li> </ul>  |
| Recruit, retain and motivate high quality staff   | <ul style="list-style-type: none"> <li>- Sickness levels fell slightly to 8.72 days per full-time equivalent employee as at November, compared to 10.5 days in 2005-06.</li> <li>- Turnover in 2005-06 remained low at 7.73%, compared with the 16.55% average in comparator authorities.</li> <li>- The new Central Recruitment Team reduced the average time taken to recruit to 39 days, compared with the previous 72.</li> </ul>   |
| Embed corporate planning, performance management and project management systems                                   | <ul style="list-style-type: none"> <li>- implementing a new <i>Performance Improvement Cycle</i> has enabled the Council to commit to higher targets within baseline budgets for many services, and to concentrate additional investment on securing further improvements in services for children and vulnerable adults through initiatives that will save money or reduce otherwise unavoidable expenditure.</li> <li>- putting in place a linked network of performance improvement managers across the Council, with parallel action to strengthen substantially the performance management arrangements of <i>The Herefordshire Partnership</i>, including for the Local Area Agreement</li> </ul> |

4.7 **Comprehensive Performance Assessment (CPA)**

The Audit Commission introduced revised and significantly more demanding CPA arrangements in 2005: *CPA – The Harder Test*. Under these arrangements, the Council is judged overall to have maintained its services in 2006 at the same level as in the previous 2 years, demonstrating a 3\* overall performance and improving adequately, notwithstanding the lower scores under this tougher regime awarded to Benefits and Housing.

The Culture Service has improved its rating to 3\* from 2\* in 2005.

Adult Social Care, Children and Young People, Environment, and Use of Resources have maintained the same judgement as in 2005.



4.8 The **Commission for Social Care Inspection (CSCI)** assessed the Council as serving some adults well, with uncertain capacity for improvement.

4.9 The **Office for Standards in Education (OFSTED)** judged as adequate the Council’s maintenance and improvement of outcomes for children and young people, its associated social care services and its capacity to improve.

## 5.0 The Council's Priorities

5.1 The Council's **top priorities** for the period of this Plan are:

- to **maximise the health, safety, economic well-being, achievements and contribution of every child**, with special emphasis on sound arrangements for safeguarding vulnerable children and sustained improvements in educational attainment
- to **reshape adult social care, enabling vulnerable adults to live independently** and, in particular, **many more older people to continue to live in their own homes**
- to **secure the essential infrastructure for a successful economy**
- to streamline its processes, assets and structures, and **secure significant efficiency savings, particularly by delivering the *Herefordshire Connects* programme.**

5.2 The Council's **other priorities** are:

- to **sustain thriving communities, including by securing more efficient, effective and customer-focused services, clean streets, tackling homelessness and effective emergency planning**
- to **protect the environment**, including by **producing much less waste, recycling much more of what remains** and significantly **reducing carbon emissions**
- to **improve transport and the safety of roads**, including further reductions in the numbers of people killed or seriously injured
- to **promote diversity and community harmony** and **strive for equal opportunities** for all the people of Herefordshire, regardless of race, religion, disability, sex, sexual orientation, geographical location, income or age
- to **give effective community leadership**, working with partners to deliver the *Herefordshire Community Strategy*, including the *Local Area Agreement*

5.3 To make these things possible, the Council's **organisational priorities**, in addition to securing significant efficiency savings, are:

- to **ensure that its essential assets**, including schools, other buildings, roads and ICT, **are in the right condition for the long-term cost-effective delivery of services, and ensure business continuity** in the face of emergencies
- better to **understand the needs and preferences of service users and Council Tax-payers**, and to tailor services accordingly

- to **recruit, retain and motivate high quality staff**, ensuring that they are trained and developed so as to maximise their ability and performance
- to **embed corporate planning, performance management and project management systems** so as to continue to drive up service standards and efficiency



## 6.0 Identifying and Managing Risk

- 6.1 The Council is determined to make the most of opportunities and has a comprehensive approach to identifying and managing the risks it faces.
- 6.2 All risks are recorded and monitored by means of a corporate register. Details are included in directorate and service plans.

### Overarching risks

- 6.3 A number of risks have the potential to affect the Council as a whole and to have direct or indirect impacts on all its services. These are **financial, reputational** and in respect of its **organisation, staff and systems**. These categories of risk often overlap and interact one upon the other.

### Financial

- 6.4 The Council faces major risks in respect of the **level of resources** available to it to provide services, the maintenance of a **balanced budget** and the **effective and efficient use of resources**.
- 6.5 The UK Government is placing tight constraints on local authority spending generally, at the same time as requiring councils to take on additional responsibilities and setting more demanding service targets. These bear disproportionately on rural authorities because of the extra costs of providing services to sparse populations.
- 6.6 The impact falls especially hard on Herefordshire Council, as an authority that receives a much lower than average Government grant per head of population.
- 6.7 The Council will manage these risks by:
- continuing, in partnership with other rural authorities, to make the case to Government for a fairer deal
  - ensuring that, whatever the level of resources likely to be available, its forward plans are affordable
  - rigorous and robust systems of internal control, including integrated in-year financial and performance monitoring and management, and a carefully targeted audit programme
  - delivering, primarily by means of the *Herefordshire Connects* programme, a major programme of efficiency savings that will exceed Government requirements
  - seeking further efficiencies through its proposals to establish a Public Service Trust
  - meeting its priorities in ways that will either reduce future expenditure or mitigate the costs of inescapable future demands, including the prudent use of reserves
  - getting better value from the goods and services the Council procures

- rationalising the Council's accommodation and other property holdings, and lowering the costs of using them
- where necessary, reducing lower priority services
- and, generally, through the measures and controls set out in the Medium-Term Financial Strategy

## Reputational

6.8 The Council must ensure that it has a good reputation with the people of Herefordshire, with partner organisations and with the UK Government. This is at risk in view of the financial and service challenges described above, as well as the ever-higher standards demanded by the Audit Commission and the other Government-led inspectorates.

6.9 The Council will manage these risks by:

- implementation of the comprehensive Action Plan further to improve our performance management arrangements, with the aim of integrating them as fully as possible with our key partner organisations by April 2008.
- continuing to give the highest priority to ensuring that its arrangements for safeguarding children continue to achieve good results-
- working with other organisations to achieve common goals for the people of Herefordshire, particularly by means of giving effect to the new *Herefordshire Community Strategy* and the associated *Local Area Agreement* with Government
- delivering full benefits from the *Transformation Programme*, in particular the savings and service improvement from *Herefordshire Connects*.
- establishing a Public Service Trust
- continuing the targeted improvement of individual services to achieve and maintain the highest possible Comprehensive Performance Assessment scores
- under its *Communications Strategy*, explaining to the public and partner organisations, candidly and in plain English, the issues the Council faces
- under its *Community Involvement Strategy*, consulting the public and partners fully about the major choices it has to make, taking their views into account before making them, and explaining the reasons for its decisions
- intensifying its focus on serving its customers through its *Customer Services Strategy*. This includes testing, through annual surveys and the monitoring of complaints and compliments, levels of customer satisfaction with the Council as a whole and with individual services

- ensuring effective emergency planning and business continuity to maintain essential services and protect the vulnerable
- continuing to comply with the requirements of the Freedom of Information Act and data protection legislation
- ensuring full compliance with all equalities legislation, in particular by ensuring that the results of its comprehensive programme of impact assessments are acted upon, and being well-prepared to meet the requirements of new legislation that is extending protection against unequal treatment on the grounds of gender, age, sexual orientation and religion or belief
- maintaining the highest standards of corporate governance, propriety, integrity and impartiality
- systematically inducting members of the Council following the election in May 2007

## **Organisation, staff and systems**

- 6.10 In support of these developments, the Council is implementing a major programme of organisational change and development, which involves working in new ways across traditional service boundaries within the Council and with our partners. This requires a more driven, corporate approach to securing change so as to deliver better services, meet new statutory and regulatory requirements, and improve efficiency.
- 6.11 Foundations have been laid to meet the challenges of *The Children Act* and *Every Child Matters*. Full, successful implementation will continue to require substantial cultural and organisational change within the Council and with partners. More rigorous and effective performance management is central to this, which is why the Council has engaged the Institute of Public Care to work with managers and staff in the development and operation of strengthened arrangements.
- 6.12 This is paralleled in its importance and magnitude by the need to secure new patterns of preventative, more flexible, value for money services to maximise the well-being, choice and independence of vulnerable adults
- 6.13 These and other challenges must be met at the same time as continuing to deliver to a high standard all essential services; and do so in some cases with fewer staff, working in new structures, new management relationships and streamlined business processes, with a consistently robust and effective approach to performance management. Above all, the Council must have a high quality, motivated workforce.
- 6.14 Underpinning the service and organisational improvements, there must be highly efficient and effective ICT. A draft ICT strategy is in place and the Council's systems are undergoing major up-grading; this will continue to require significant investment over the coming years.
- 6.15 Organisational change and development of this scale and range is a huge challenge, with high inherent risks of failure.

## 6.16 The Council will manage these risks by means of:

- setting clear strategies, objectives, targets and timetables for all elements of change and improvement, taking into account their interactions one upon the other; this is provided for in the *Transformation Programme*
- having a designated lead Cabinet member and member of the Corporate Management Board for each area of change, objective and performance, overseen by Cabinet and considering recommendations made by the relevant scrutiny committees
- PRINCE 2 project management, with each project led by the relevant member of the Corporate Management Board or Senior Management Team and overseen by the responsible Cabinet member
- the operation of the *Performance Improvement Cycle*, which integrates corporate, service and financial planning and performance management
- the operation of the Corporate Management Board, chaired by the Chief Executive. Its focus is on strategic issues, including the change agenda. Each member devotes at least 20 per cent of his or her time to explicitly corporate activities.
- driving strategic change into operational reality through the Senior Management Team, which comprises the Heads of Service
- devoting dedicated staff resources to drive the programme and to safeguard affected areas during the transition to fully operational new structures
- the *Pay and Workforce Strategy*, including support for staff and comprehensive training and development opportunities linked to the Council's objectives, underpinned by the Council's commitment to seek accreditation as an *Investor in People*
- a systematic programme for effective two-way communication with all staff, as part of the Council's *Communications Strategy*
- regular monitoring by the Corporate Management Board and Cabinet of the overall programme and the individual elements, leading to vigorous action wherever necessary
- regular reports to the Strategic Monitoring Committee and the relevant subject scrutiny committees

## 7.0 The challenges and the Council's response: the Action Plan for 2007-10

- 7.1 The pages that follow set out, for each of the Council's priorities, what the Council aims to achieve over the coming three years and the key actions it intends to take to do so.
- 7.2 **Part One – Making a reality of The Herefordshire Community Strategy** – shows what the Council intends to do to fulfil the *Herefordshire Community Strategy*, including the *Local Area Agreement*.
- 7.3 **Part Two - Organisational improvement** – shows what the Council intends to do to the way it operates so as to deliver better, more cost-effective services to users and Council Tax-payers.
- 7.4 Many of the targets and actions contribute to more than one of the priorities. Where they are of particular significance to more than one they are repeated, but mostly they are described in relation to the priority to which they contribute most.
- 7.5 Where particular objectives and related targets and actions are led by partner organisations, rather than the Council, they are shown under the Council priority **to give effective community leadership**, which begins on page 44
- 7.6 Except where otherwise indicated, the stated targets are to be achieved by the end of March 2010.
- 7.7 The Plan will be up-dated and rolled forward annually so that it always looks forward at least three years.
- 7.8 The details of what the Council will do in the first year of this Corporate Plan are set out in its **Annual Operating Plan 2007-08**.
- 7.9 To achieve the targets will require effective working across organisational boundaries: internally, between Cabinet members and between managers at all levels; and externally, between Council members and officers and their counterparts in partner organisations.
- 7.10 Information on the Council's budgets and income is given in Appendices 2 - 4.

## **The Action Plan Part One: making a reality of *The Herefordshire Community Strategy***

**Maximise the health, safety, economic well-being, achievements and contribution of every child**, with special emphasis on sound arrangements for safeguarding vulnerable children and sustained improvements in educational attainment

### **The challenges**

The overall challenge is to deliver, with our partners and across the whole of the Council's activities, fully integrated and coherent services for children and young people, as required by *Every Child Matters* and the *Children Act 2004*.

Within that framework, we must give the highest priority to ensuring that:

- services are provided on the basis of a sound understanding of the needs and wishes of children, young people and their families
- all children and young people are safeguarded, and enjoy and achieve to their maximum potential
- there is enhanced provision of appropriate family support and early intervention through children's centres, extended services around schools and support for parents
- there are effective services and support that meet the needs of children and young people with disabilities, learning difficulties or who are looked after
- the Council continues to work successfully with schools to raise the already impressive overall achievement of pupils across the county to even higher levels; and ensures that this extends to all Council maintained schools and all groups of pupils, with a particular emphasis on improving the achievements and life-chances of those with additional needs
- services promote healthy living for children and young people and families, and reduce health inequalities
- there is adequate housing for vulnerable young people (including those leaving care) and families
- that sound arrangements for children and young people are established, linked with the proposed Public Service Trust

## The Council's response

The full strategic response of the Council, with its partners, is set out in the statutory *Children and Young People's Plan 2006-09*. A selection of those targets, milestones and actions **where the Council is in the lead are in this section. Those led by other partners are included in the section below *Giving effective community leadership*.**

### BE HEALTHY

We aim to have **all schools accredited as Healthy Schools by 2010** (24 HCS)

Working with our partners, particularly in the NHS and the community sector, to ensure that parents get the advice and support they need, we aim to:

- **Increase from 33% in 2004-05 to 40% in 2007-08** the proportion of babies born in the South Wye area who are breastfeeding at six weeks (21b HCS)
- **Increase from 21% in 2004-05 to 30% in 2007-08** the proportion of babies born to teenage mothers in the county who are breastfeeding at six weeks (21a HCS)
- **Increase** the percentage of all babies in the county breastfeeding at six weeks (20 HCS) Target to be set by end March 2007
- **Increase the percentage of children walking or cycling to school.** This is a new indicator – target to be agreed by end March 2007 (88 HC)
- **Improve the health of young people by;**
  - taking actions to **reduce the percentages who smoke, and who are obese, as well as reducing the rates of alcohol consumption and drug use.**
  - taking actions **to increase the percentage participating in sport or other physical activities**
  - increasing the **percentage of young people eating five portions of fruit and vegetables a day.**

Targets for these indicators will be set before the end of March 2007. (22a to 22f HCS)

- continuing to **reduce the number of sexually transmitted infections in young people by at least 1% a year against the 2004 baseline figure of 278 cases** (23 HCS)

## STAY SAFE

We will improve performance with the intention that we are **in the top quartile of authorities for staying safe outcomes** and will aspire to level 3 in Annual Performance Assessment\*\*

\*\*Note – we will measure performance using the following indicators;

- The number of referrals for children in need; (89a HC)
- The completion rate of initial assessments of children in need within 7 working days of referral (89b HC)
- The completion of core assessments for children in need within 35 working days; (89c HC)

By working closely with schools, requiring the recording of incidents and action to deal with bullying, we aim to **reduce the percentage of 11-15 year-olds who say they have been bullied in the last twelve months** (28 HCS) Target to be set by the end of March 2007.

## ENJOY and ACHIEVE

- We will continue to **ensure that at least 85% of three year-olds have access to good quality early years education** (66 HC)
- We will work with schools to raise to even higher levels performance in the top GCSE grades, in particular **increasing the proportion of pupils in schools maintained by the Council achieving 5 A\* - C GCSEs, or the equivalent, including English and Maths** (31 HCS) Target to be agreed by April 2007
- By working in partnership with schools to tackle disaffection by means of the Behaviour Support Plan and the Behaviour Support Policy produced by each school, we aim to **reduce school absences** in 2007/08:
  - **in secondary schools maintained by the Council, from 7.4% to 6% of half-day sessions** (34 HCS)
  - **in primary schools maintained by the Council, from 4.9% to 4% of half-day sessions** (33 HCS)
  - **the number of children looked after by the Council continuously for at least 12 months, who missed at least 25 days of schooling during the previous school year, to fall from 14 in 2004 to no more than 7 in 2008** (35a HCS)
  - **the number of half day sessions missed by looked after children as a percentage of the total number of sessions in primary schools to fall from 4.65% in 2005/06 to 4.25% in 2007/08** (35b HCS)



- **the number of half day sessions missed by looked after children as a percentage of the total number of sessions in secondary schools to fall from 7.6% in 2005/06 to 7% in 2007/08** (35b HCS)
- We aim to **reduce by 2008-09 the conception rate of under 18s by 40% from a baseline of 37.2 per 1000** (85 HCS)
- We aim to **increase adults' perceptions of improvement** in:
  - activities for teenagers (60a HCS)
  - facilities for young children (90 HC)

[Note; Baselines and targets to be established by the end of March 2007]

## POSITIVE CONTRIBUTION

- Working with them, we aim to **ensure that 100% of schools have a functioning school council** (91 HC)
- By encouraging Duke of Edinburgh Awards and other initiatives we aim to **increase the number of 11-15 year-olds volunteering** (37 HCS) Target will be set at the end of March 2007.
- Through the implementation of our *Community Involvement Action Plan for Young People* and by progressively embedding the Hear by Rights Standards by 2010, we will develop and maintain a good understanding of the needs and wishes of children and young people. The key measures of our success will be to **increase the percentage of young people who feel that they can influence decisions affecting important local services** (38 HCS) Target to be set by the end of August 2007 following publication of the 2007 Youth Survey.

## ECONOMIC WELL-BEING

- Working with schools and the Learning and Skills Council (LSC), **we aim to reduce to less than 4.8% the proportion of 16-18 year-olds those not in education, employment or training** (40 HCS)
- We aim to **increase from 12 to 46 the number of young people engaged in education, training or employment at the age of 19 who had been looked after by the Council in their 17<sup>th</sup> year who are engaged in education, training or employment at the age of 19** (41 HCS).
- By working with schools, the LSC and further education colleges to broaden the range and flexibility of the curriculum and available qualifications, including increased vocational options, **we aim to increase from 92.9% to 96.5% in 2008/09 the proportion of pupils in schools maintained by the Council achieving 5 or more A\* - G grades at GCSE, or the equivalent** (30 HCS)

- By implementing our *Homelessness Strategy* and by securing, with partners, an increase in the supply of both temporary and settled housing, we aim to **eliminate the need for the use of bed and breakfast accommodation for households with children** (13 HCS)

## SERVICE MANAGEMENT

- Building on the work of the *Children and Young People's Partnership Board*, we will **establish by April 2008 Children's trust arrangements** with all the relevant local partners. These arrangements will link to the proposed Public Service Trust between the Primary Care Trust and Herefordshire Council
- We will complete, with partners, the development and **implementation of the Herefordshire Common Assessment Framework (CAF) , with targets set by June 2007** to identify children with additional needs and ensure that early intervention services are put in place
- We aim to **increase by at least 15% (from about 250 to over 300) the number of families receiving support** (29 HCS)
- Fully involving parents, carers and children, we will develop and implement a joint commissioning strategy with Health, the voluntary sector and other partners to **deliver service improvements for children with learning difficulties and disabilities. Implementation of the strategy will commence in April 2007, when targets will be set.**
- We aim to **ensure that all schools have an approved school travel plan by March 2010** (84 HCS)

## **Reshape adult social care to enable vulnerable adults to live independently and, in particular, to enable many more older people to continue to live in their own homes**

### **The challenges**

Over the coming three years the big challenges are to:

- implement radical improvements in the pattern and quality of services so as to meet future needs as efficiently and effectively as possible. Key elements in this will be;
  - (i) working with communities and partners to develop to the full the opportunities for the rapidly growing numbers of older people to have fulfilled lives and contribute to society
  - (ii) putting in place more cost-effective social care services to improve the quality of life of older people, especially those over 80, and their carers
  - (iii) putting in place more cost-effective and flexible support, including social care and preventative, housing-related support services for other vulnerable adults (particularly those with physical disabilities, mental health problems or learning difficulties) and their carers
  - (iv) in respect of all, maximising independence, well-being and choice
- continue to tackle homelessness successfully

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

**Working with its partners, the Council aims to make the following improvements to the services provided to vulnerable adults:**

- reduce waiting times for assessment and care packages;
- increase the number of individuals receiving non-care managed packages
- map, co-ordinate and develop a range of rehabilitation, prevention and independent living services;
- establish community wardens across the county;
- expand the *Signposting Scheme*; piloting a local care sitter service;
- expanding the provision of Supporting People Services;
- target further sites with Fire Service outreach workers;
- continue the Trading Standards *Doorstep Crime Campaign*;
- increase significantly the number of older people receiving direct payments to purchase social care.

By making these improvements we will:

- **increase the number of people of 65 or over helped to live at home per 1,000 population from 82.9 to 100 in 2009-10** (16 HCS) [Note; target under consideration in the light of the additional resources allocated to reshape older peoples social care and support services. Target to be set by end of March 2007]
- **reduce to 31,222 by 2007-08 the number of emergency unscheduled acute hospital bed-days in NHS hospitals occupied by a person aged 75 or more** (15 HCS)
- **increase the satisfaction of people over 65 using home care services provided through Herefordshire Social Care or directly purchasing services using direct payments from 58% in 2006 to 66% in 2009.** (17 HCS)

By working with our partners, and following extensive consultation with older people and other interests, we aim to have in place by **October 2007 a comprehensive Older People's Strategy, with clear targets and actions for improvement.**

Through the Joint Team with the Department of Work and Pensions (DWP) and implementation of the agreed plan to identify potential claimants, we aim to:

- **increase the number of people in receipt of Pension Credit from 7,722 in 2006-07 to 8,554** (18a HCS)
  - **increase the number of people aged 60 or over in receipt of Council Tax benefit from 7,751 in 2006-07 to 8,300 in 2009-10** (18c HCS)
  - **Increase the number of people in receipt Attendance Allowance from 6,470 in 2006-07 to 6,934 in 2009-10** (18b HCS)
- Working with partners to implement the *Physical Disability and Sensory Impairment Best Value Review Action Plan* and through the development of a new deaf-blind service, we aim to **increase the number of people with physical disabilities per 1,000 population aged 18-64 helped to live at home from 4.8 to 5.2** (74c HC)
  - Working with partners on the continuing implementation of our four-year service transformation programme, using improved assessment tools, providing improved advice and support, and supporting more people to move into their own homes from registered care, we aim to **increase the number of people with learning disabilities per 1,000 population aged 18-64 helped to live at home from 2.5 to 3.5** (74a HC) [Note; target under consideration in the light of the additional resources allocated to reshape support services for people with learning difficulties. Target to be set by end of March 2007]

- Working with our partners in a co-located joint service, with expanded early intervention, deliberate self-harm and carers' support services, we aim to **increase the number of people with mental health problems per 1,000 population aged 18-64 helped to live at home from 3.7 to 5.1** (74b HC)
- Working with partners, we will before the end of 2007 establish the future needs of 18-64 year-olds **with mental health problems or physical disabilities; have a clear understanding of the services and support programmes needed to meet them cost effectively.**
- By implementing with our partners our *Homelessness Strategy Action Plan* **to prevent homelessness and by** securing more affordable housing, we aim to **decrease from 416 to 140 the number of people accepted as homeless during a year in respect of whom the Council has a full statutory duty** (14 HCS)

## Securing the essential infrastructure for a successful economy

### The challenges

It's crucial over the coming years to ensure that Herefordshire has the right infrastructure to strengthen the competitiveness of its economy and so to secure better paid, higher value-added jobs. This requires:

- a flexible, skilled workforce
- a good transport infrastructure
- a good supply of industrial and commercial sites
- incentives to help new businesses prosper and grow
- a focus on attracting and retaining knowledge and high-technology industries that offer better paid, high-value added employment

### The Council's response

Working with partners, we will implement the *Herefordshire Economic Development Strategy 2005 to 2025*, key elements of which are;

- We intend to **tender for the development partner for the retail element of the Edgar Street Grid and to have a preferred development partner in place by early 2008.**
- **We also intend, by December 2007, to undertake a feasibility study for the inclusion and development of a library as part of the scheme.**
- We aim for **the Rotherwas access road to be opened in June 2008.**
- We intend to **start phase two of *Rotherwas Futures*, tendering for construction by January 2008.**
- We will continue to work with partners on the programme of construction of the *Learning Village* in Hereford City with **final handover of the completed Learning & Resource Centre and Work Skill Centre by December 2007.**
- We aim to **increase the number of VAT-registered businesses each year by at least 1.3%** (HCS 2)
- By establishing a new grant scheme to encourage employers and by running a support programme of seminars and events, we aim to **increase the number of people employed in technology and**

**knowledge intensive industries from 9,500 in 2006-07 to 10,286 in 2007-08 (HCS 3) (LPSA target)**

Through these measures, we aim to **reduce the gap in average wage levels, measured as a ratio, between Herefordshire and nationally from 0.87:1 in 2005 to 0.89:1 in 2009-10 (1 HCS)**

## **Sustaining thriving communities, including by securing more efficient, effective and customer-focused services, clean streets, tackling homelessness and effective emergency planning**

### **The challenges**

The next three years require continued action across a wide range of complementary areas vital to the future of communities across the county:

- tackling the continuing problems of affordable housing and continuing successfully to combat homelessness
- building on success in reducing the overall level of crime, with a particular drive to reduce the number of violent offences, crime related to the misuse of drugs and alcohol, and anti-social behaviour
- working in even more effective and focused partnerships across all sectors to maintain and improve community services, including the full modernisation of those provided directly by the Council to make them more cost-effective and user-friendly
- the fuller engagement of people of all ages, backgrounds and abilities in the life and development of their communities
- maintaining our successful partnerships to ensure that all people are safeguarded at times of emergency

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

By implementing with our partners our *Homelessness Strategy Action Plan to prevent homelessness* and by securing more affordable housing, we aim to **decrease from 490 to 140 the number of people accepted as homeless during a year in respect of whom the Council has a full statutory duty** (14 HCS)

By implementing our Community Involvement and Communication Action Plan, enabling more communities to draw up their community/parish plans, making the best possible use of the county's Community Fora, capacity-building and training for community volunteers and agencies, and support for activities that enable communities to come together more, we aim to:

- **increase the proportion of adult residents who feel they can influence decisions affecting their local community from 35% in 2005-06 to 40% by 2008 and to 43% by 2009-10** (61a HCS)
- **increase the percentage of adult residents who feel the Council does enough to give them the opportunity to**



**influence important decisions about local services from 23% in 2005-06 to 28% in 2009-10 (70 HC)**

- **increase the proportion of adult residents who feel they can influence decisions affecting their local area (61b HCS) (target to be decided by the end of March 2007)**
  - **increase the proportion of adult residents reporting that they have engaged in formal volunteering of an average of two or more hours a week from 17% in 2005-06 to 22% in 2007 to 25% in 2009-10. (62 HCS)**
- By working in partnership with other agencies and voluntary and community groups (including the provision of cleansing equipment for them to use), and by a targeted programme of deep cleansing and enforcement action, we aim to:
- **reduce from 18% in 2005-06 to 13% the proportion of relevant land and highways that fall below an acceptable level (54 HCS)**
  - **reduce from 3% in 2005-06 to 1% the proportion of relevant land and highways from which unacceptable levels of graffiti are visible (92 HC)**
  - **reduce from 2% to 1% the proportion of land and highways from which unacceptable levels of fly-posting are visible (93 HC)**
  - **maintain our current grade of 1 (very effective) for the year-on-year reduction in the total number of incidents and increase in total number of enforcement actions taken to deal with 'fly-tipping' (94 HC)**
  - **increase by at least 4% over three years the percentage of people satisfied with the cleanliness standard in their area\* (95 HC) (\*for this indicator there will be a three-year target against which we will monitor progress annually through the Annual Satisfaction Survey)**
  - **increase from 90% in 2005-06 to 100% the percentage of abandoned vehicles removed within 24 hours from the point where the Council is legally entitled to remove the vehicle (96 HC)**

**Through the implementation** of the *Herefordshire Community Safety and Drugs Partnership Strategy*, the *Hereford Against Night-Time Disorder Scheme*, and the work of the *Community Alcohol Service*, including the *Alcohol Referral Scheme*, **we aim by March 2008** to:

- **reduce the number of violent crimes from 2,844 in 2003/04 to 2,553 by 2008** (45 HCS)
- **reduce the number of criminal damage incidents from 2,524 in 2003/04 to 2,101 by 2008** (42b HCS)
- For there to have been a **fall of at least 5% against the 2005 baseline figures the proportion of people who think that the following things are a problem:** (43 HCS)
  - **speeding traffic** - 81% (2005 baseline) to 76% by 2008
  - **vandalism, graffiti and other deliberate damage to property or vehicles** - 60% (2005 baseline) to 55% by 2008
  - **people using drugs** - 60% (2005 baseline) to 55% by 2008
  - **people dealing drugs** - 53% (2005 baseline) to 48% by 2008
  - **people being drunk or rowdy in public places** - 53% (2005 baseline) to 48% by 2008

We aim to maintain **the proportions of survey respondents who find it easy to access the following key local services using their normal form of transport\*\*;**

- a Doctor (59a HCS)
- a local hospital (59b HCS)
- a library (59c HCS)
- a sports or leisure centre (59d HCS)
- a cultural or recreational facility (59e HCS)

\*\*Note; Access to services indicators - These indicators are measured annually through a satisfaction survey.

We aim to **increase the percentage of adults who use:**

- **sports and leisure facilities at least once a month; from 25% in 2005 to 31% in 2010** (65a HCS)
- **parks, open spaces, play areas and other recreational facilities at least once a month; from 41% in 2005 to 48% in 2010** (65e HCS)
- **libraries at least once a month; from 32% in 2005 to 36% in 2010** (65b HCS)
- **museums or galleries at least once every six months; from 19% in 2005 to 22% in 2010** (65c HCS)

- **theatres or concert halls at least once every six months; from 32% in 2005 to 37% in 2010 (65d HCS)**
- We will also aim to **increase, by at least 4% by 2010, the adult public's perceptions of improvement in the following quality of life indicators\***;
  - **access to nature (96 HC)**
  - **activities for teenagers (60a HCS)**
  - **affordable decent housing (60b HCS)**
  - **clean streets (97 HC)**
  - **community activities (98 HC)**
  - **cultural facilities (99 HC)**
  - **education provision (100 HC)**
  - **facilities for young children (90 HC)**
  - **health services (101 HC)**
  - **job prospects (60c HCS)**
  - **parks and open spaces (102 HC)**
  - **public transport (103 HC)**
  - **race relations (104 HC)**
  - **road and pavement repairs (105 HC)**
  - **shopping facilities (106 HC)**
  - **sports and leisure facilities (107 HC)**
  - **the level of crime (60d HCS)**
  - **the level of pollution (108 HC)**
  - **the level of traffic congestion (60e HCS)**
  - **wage levels and the local cost of living (60f HCS)**
  - **public rights of way (109 HC)**

\* Note; Quality of Life indicators

The target has been set at 4% because perceptions are measured through the use of an annual survey which has a confidence level is  $\pm 3\%$ . This means that in order to be reasonably sure that there has been an improvement in performance the measurable improvement must be at least 4%.

We aim to increase;

- **the satisfaction of adult residents with their local community as a place to live from 80% in 2005 to 87% in 2008 (64 HCS)**
- **the percentage of people who feel that Herefordshire is a place where people from different backgrounds can get on together (63 HCS)\***
- **the percentage of people who feel that people in their area treat them with respect and consideration\*. (87 HCS)**
- **the percentage of people who feel informed about what is being done to tackle anti-social behaviour in the local area\*. (110 HC)**

- **the percentage of people who feel that parents in their local area are made to take responsibility for the behaviour of their children\***. (86 HCS)

*\* Targets for these indicators to be set by end of March 2007*

Working with our partners to deliver our annual programme of risk assessment emergency planning and exercising, business continuity management within the Council, advice to business and other organisations, and effective communications with the community, **we will comply fully with the Civil Contingencies Act 2004.** (79 HC)

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

### **The challenge**

Building on the strong foundations we have laid in recent years, over the next three years we must further improve our performance in respect of:

- safeguarding Herefordshire's beautiful countryside as a place where people can live, work and enjoy, and which continues to be a magnet for responsible tourism
- reducing waste and pollution across the county
- our direct contribution from the way we conduct our operations
- and do so within tightly constrained resources.

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

We intend to **adopt the Unitary Development Plan**, providing consistent county-wide policies for environmental protection and sustainable development

Through our maintenance of highway verges, school grounds, cemeteries, smallholdings, parks, open spaces and other landholdings, we aim **by 2009-10 to increase from 2.59% to 3.4% the proportion of Council-owned or managed land, without a nature conservation designation that is managed for biodiversity** (67 HC)

We aim to **increase from the proportion of land designated as a Site of Special Scientific Interest within the local authority area that is in favourable condition**. (55 HCS) Target to be set by the end of March 2007

We aim to **increase the numbers of key species** (57 HCS) Target to be set by the end of March 2007

By increasing participation in the kerbside collection of recyclables, supporting new facilities for waste diversion and recycling and improving the performance of household waste sites, we aim to:

- **reduce the amount of household waste collected per head in a year to 510 kilograms (compared to the 2005-06 baseline of 521.7 kilograms)** (56a HCS)
- **reduce from 78.2% to 65% the proportion of household waste that is landfilled** (56b HCS)
- **maintaining the % of municipal waste arisings (excluding household waste) which have been sent by the Local Authority for recycling** (56c HCS)

- **Maintaining the % of municipal waste (excluding household waste) landfilled** (56d HCS)
- **increase the proportion of household waste recycled from 17.46% in 2005-06 to 28%** (56e HCS)

Through the implementation of *The Herefordshire Partnership's Carbon Management Action Plan*, we aspire to see a **reduction in carbon emissions per head of the population** (58 HCS) [Target to be set by the end of March 2007]

We will continue to seek improvements in the energy efficiency of domestic dwellings required under the Home Energy Conservation Act through the provision of grants and advice and by implementing an Affordable Warmth Strategy with the aim of **reducing energy consumption by at least 4.4% against the 2006 baseline.**

## **Improving transport and the safety of roads, including further reductions in the numbers of people killed or seriously injured**

### **The challenge**

Over the coming three years we must:

- improve the condition of the roads for which the Council is responsible at a time when recurrent Government financial support for highways is set to fall
- build on our achievements by cutting road casualties even more
- continue to do all we can to promote sustainable transport that serves all the people of the county, including those who don't have a car

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

By means of Local Transport Plan safety schemes, improving the condition of roads more generally and through road safety training in schools, we aim to;

- **reduce from 141 in 2004 to 116 the number of people killed or seriously injured in road traffic collisions in a year (52 HCS)**
- **reduce the number of people slightly injured in road traffic collisions (111 HC) [Target to be set by the end of March 2007]**
- **reduce the percentage of adult residents in Herefordshire who usually travel to work for their main job by driving a car or van on their own. (6 HCS) [Target to be set by the end of March 2007]**
- **improve the condition of principal roads so that only 5% fall below an acceptable threshold compared to 21% in 2005-06 (83a HC)**
- **improve the condition of non-principal roads so that only 14% fall below an acceptable threshold (83b HC)**

Primarily by means of targeted bus subsidies, the provision of bus lanes and other public transport infrastructure, and by introducing park and ride facilities, we aim to:

- **control the increase of annual average traffic volumes to no more than 8% compared with 2003-04 (7a HCS & 7b HCS)**
- **increase from 3,248,935 to 4,032,000 (24%) the number of passenger bus journeys a year (76 HC)**

**We will measure people's perceptions of traffic congestion** (60e HCS) (Three-year target to be set by the end of March 2007. Progress will be reported on annually through the Annual Satisfaction Survey)

By providing improved cycleways, traffic and road safety schemes, the safer routes to schools programme, and highway and footway maintenance, we aim to;

- **increase the number of cyclists using public cycle parking facilities by 5% every two years** (114 HC)
- **increase by 18% the number of cycling trips in a year compared with 2003-04** (72 HCS)



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

### **The challenges**

Over the next three years we must:

- accelerate our progress against the *Local Authority Equality Standard*
- meet existing and new statutory requirements to promote equality and eliminate discrimination in respect of race, disability, gender, age, religion or belief, and sexual orientation
- continue the sound equal opportunities policies and practices the Council has established for the selection and development of its staff, and further increase the diversity of our workforce
- develop our plans in response to the community cohesion requirements in the Local Government White Paper, *Strong and prosperous communities*

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

Working with *The Herefordshire Equality Partnership Board* we will implement our *Comprehensive Equality Policy Action Plan*. and continue a comprehensive programme of awareness training, information sharing and networking with elected member, staff and community organisations so as to **attain Level 5 of the *Local Authority Equality Standard* by March 2010.** (80 HC)

We will **ensure that all Directorates and Human Resources have Equality Impact Action plans that are realistic and achievable and which are monitored and reported against every six months.**

We will **review and roll forward our statutory *Race Equality Scheme, by April 2008, and our *Disability Equality Scheme by December 2009****

In doing all this, **we will take account of the equalities implications of the results of our surveys that ask the public about ease of access to key services and factors affecting the quality of life** (for fuller details see the Action Plan for *Sustain thriving communities* beginning on page 34 above), **setting targets and actions accordingly**

By reviewing the effectiveness of our recruitment activities and changing them where necessary, we aim to:

- **increase from 0.89% in 2005-06 to 2.8% in 2009-10 the percentage of employees from black and ethnic minorities (112a HC)**
- **increase from 1.89% in 2005-06 to 3.5% in 2009-10 the percentage pf employees from black and ethnic minorities who are amongst the top 5% of wage earners (112b HC)**
- **Increase from 0.39% in 2005-06 to 3.75% in 2009-10 the percentage of employees declaring a disability (112c HC)**

We intend **by September 2007 to have developed our response to the community cohesion requirements in the Local Government White Paper, *Strong and prosperous communities***

**Giving effective community leadership** by working with partners to deliver *The Herefordshire Community Strategy*, including the *Local Area Agreement*

### **The challenges**

The new *Herefordshire Community Strategy* to 2020 provides the foundations for an even more successful *Herefordshire Partnership*. This is buttressed by the LAA, which provides the core of the *Partnership Action Plan*, with clear targets and performance management arrangements to ensure delivery.

The Local Government White Paper, *Strong and prosperous communities* puts an even greater emphasis on local authorities leading effective partnerships in their areas to improve their communities and the quality of life.

At the same time, the Council and the Herefordshire Primary Care Trust have proposed a trail-blazing Public Service Trust.

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

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

### **The Council's and partners' response**

Fuller details are set out in *The Herefordshire Community Strategy 2006 to 2020*, and many of the key targets and actions are described in the earlier parts of this Action Plan. This section includes those where organisations other than the Council have the lead responsibility, albeit that in many cases the Council makes an important contribution.

### **Reducing crime, use of illegal drugs and violence**

Through the implementation of the *Herefordshire Crime, Disorder and Drugs Reduction Strategy 2005- 8 and LPSA targets*, The Council, working with West Mercia Constabulary, aims by 2007-08 to achieve the following crime related targets (2004-5 data as baseline, unless otherwise specified):

- **Reduce violent crimes in Herefordshire by 11% against the 2003-04 baseline** (45 HCS)
- **Reduce the incidence of criminal damage in Herefordshire by 6% against the 2003-04 baseline** (42b HCS)
- **Reduce all recorded crime by 15%** (42c HCS)
- **Reduce the number of young people aged under 25 who are victims of crime in Herefordshire by 6%** (25 HCS)

- **Reduce re-offending by young people in Herefordshire by a further 2.5% by 2008 (measured in calendar years against the 2006 baseline) (36 HCS)**
- **Reduce by 15% the proportion of prolific and other priority offenders (PPOs) who re-offend. (48 HCS)**
- **Reduce British Crime Survey comparator crimes by 15%, against the 2003-04 baseline. (42a HCS)**
- **No more than 600 recorded domestic burglaries per year (49a HCS)**
- **No more than 1,086 recorded vehicle crimes per year (49b HCS)**

Through the implementation of the *Herefordshire Crime, Disorder and Drugs Reduction Strategy 2005- 8 and LPSA targets*, The Council, working with West Mercia Constabulary, aims by 2007-08 to achieve the following drug-related targets (2004-5 data as baseline):

- **Increase the number of Class A drug supply offences brought to justice by 25% (50 HCS)**
- **Increase the numbers of drug users in treatment to 720 (46 HCS)**
- **Reduce the offending behaviour of individuals engaged in the Drugs Intervention Programme (47 HCS).** Target to be agreed by the end of March 2007 once baseline data has been established.

Through the implementation of the *Herefordshire Crime, Disorder and Drugs Reduction Strategy 2005- 8 and LPSA targets*, The Council, working with West Mercia Constabulary, aims by 2007-08 to achieve the following domestic violence related targets (2004-5 data as baseline):

- **Increase the number of calls to the Herefordshire Women's Aid helpline by 10% (51a HCS)**
- **Increase the number of domestic violence incidents reported to the police by 10% (51b HCS)**
- **Increase the number of arrests for domestic violence by 10% (51c HCS)**
- **Increase the number of sanction detections for domestic violence incidents by 5% (51d HCS)**

Through the implementation of the *Herefordshire Crime, Disorder and Drugs Reduction Strategy 2005- 8 and LPSA targets*, the Council, working with West Mercia Constabulary, aims by 2007-08 to achieve the following targets relating to the public's perceptions of crime and anti-social behaviour (2004-5 data as baseline, unless otherwise specified):

**decrease by 5%** the proportion of people who think that the following are a problem:

- **speeding traffic** - 81% (2005 baseline) to 76% by 2008
  - **vandalism, graffiti and other deliberate damage to property or vehicles** - 60% (2005 baseline) to 55% by 2008
  - **people using drugs** - 60% (2005 baseline) to 55% by 2008
  - **people dealing drugs** - 53% (2005 baseline) to 48% by 2008
  - **people being drunk or rowdy in public places** - 53% (2005 baseline) to 48% by 2008
- **increase in the percentage of people who feel informed about what is being done to tackle anti-social behaviour in the local area\*** (112 HC)
  - **increase in the percentage of people who feel that parents in their local area are made to take responsibility for the behaviour of their children\*** (86 HCS)

\*these are new indicators. Baselines and targets will be set by end of March 2007

- **reduce by 4% against the 2006 baseline, the proportion of adults worried about crime or anti-social behaviour** (44 HCS)

### Improving health

Through the implementation of the new public health agenda "Choosing Health", **the Council, working with the Primary Care Trust (PCT), aims to:**

- **reduce the mortality rate from cancer for people under 75 from 96 in 2006 to 93 in 2007 – (8 HCS)\***
- **reduce the mortality rate from circulatory diseases for people under 75 from 79 in 2006 to 77 in 2007 – (9 HCS)\***
- **reduce the number of deaths per annum from chronic diseases from 595 (based on an three year running average from 2004 to 2006) to 590 (based on an three year running average from 2005 to 2007) (10 HCS)\***
- **reduce the mortality rate from accidents.** Baseline data to be set and target to be agreed by the end of March 2007 (53 HCS)\*

\*Note; mortality rates are shown per 100,000

- **reduce the number of all causes standardised mortality rate (SMR) for deprived areas of Herefordshire from 24% (based on an three year running average from 2004 to 2006) to 20% (based on an three year running average from 2005 to 2007) (11 HCS)**

By the same means **the Council, working with the PCT, aims to improve the healthy lifestyles of residents by:**

- **increasing the number of adults who quit smoking from 1,100 a year in 2006 to 1,200 a year in 2007.** (12a HCS)
- **reducing the percentage of adults who consume more than the recommended intake of alcohol per week from the 2006-07 baseline figure of 17%** (12b HCS)
- **reducing the percentage of adults eating fewer than five portions of fruit and vegetables on a typical day from the 2006-07 baseline figure of 34%** (12c HCS)
- **increasing the percentage of adults undertaking thirty minutes or more of moderate physical activity at least three days per week from 22% in 2006 to 23%** (12d HCS)

### **Improving qualification rates**

Through the implementation of the Herefordshire and Worcestershire Learning and Skills Council (LSC) Local Strategic Plan, the Council, working with the LSC, aims by 2007-08 to increase the number of Herefordshire residents aged 19 and over achieving:

- **a Level 2 qualification, excluding manufacturing and engineering, from 1,738 to 1,872** (4c HCS)
- **a Level 2 qualification in engineering and manufacturing to 57** (4b HCS)
- **a Level 3 qualification, excluding manufacturing and engineering, from 825 to 878** (4e HSC)
- **a Level 3 qualification in manufacturing and engineering from 26 to 44** (4d HSC)

By the same means the Council working with the LSC aims to achieve the following targets:

- **31 skills for life qualifications gained through Train to Gain in 2007-08** (5 HCS)
- **an increase in the percentage of the working age population qualified to at least Level 3** (4ai HCS) [Note; Target to be set by end of March 2007]
- **an increase in the percentage of the working age population qualified to at least level 4** (4aii HCS) [Note; Target to be set by end of March 2007]

To maintain high-levels of public confidence in open government and local democracy, **the Council will:**

- overseen by its independently chaired *Standards Committee* and the *Monitoring Officer*, **uphold in its affairs the highest standards of corporate governance, propriety, integrity and impartiality**
- through the work of the Audit and Corporate Governance Committee and the Finance Officer, **discharge its financial and audit duties to ensure good financial management and governance**
  
- **ensure it is accessible and responsive, seeking to avoid findings of maladministration against the Council being issued by the Local Government Ombudsman**
  
- **ensure that all members have the opportunity to receive full induction training on the responsibilities of being a Councillor, Cabinet Member, Committee Member and Scrutiny member**
  
- ensure that **all agendas for meetings are made available on our website at least five working days** before meetings **and that Council and Committee minutes, as well as Cabinet decision notices, are published on the Council website within two working days of being approved.**
  
- Work with the *Herefordshire Association of Local Councils*, **to provide training and support that enable the county's town and parish councils to demonstrate best practice and be at the forefront of national developments**

## The Action Plan Part Two - organisational improvement

Streamline our processes, assets and structures, **and secure significant efficiency savings, particularly by delivering the *Herefordshire Connects* programme.**

### The challenges

Over the next three years we must:

- make recurrent and cumulative cash-releasing savings of at least £11.75 million
- achieve these savings without detriment to our customers
- continue to modernise and improve the quality, accessibility and positive impact of our services on people's quality of life

### The Council's response

We will **implement the *Herefordshire Connects* programme** (for further details see paragraphs 3.15 and 3.16 on page 12). The key milestones and staged targets to achieve the £11.75 million of cash-releasing savings will be determined in the coming months, following the appointment of the Council's strategic partner.

As part of this, we will **rationalise our front and back office functions**. Again, the key milestones and targets will be determined in the coming months, following the appointment of the Council's strategic partner

Through e-procurement, benchmarking against other organisations, streamlining procedures and other initiatives, we will continue to improve the value for money we get from procuring goods and services. **In the first year of this plan we will achieve an additional saving of £250,000 through improved procurement procedures.**

We will **review our *Accommodation Strategy by June 2007***, including the disposal of properties, the cessation of leases and the relocation of staff in the light of future needs for office accommodation.



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

### **The challenges**

The Council must ensure that:

- despite the need for overall reductions in expenditure, it maintains a prudent programme for the renewal and maintenance of its key assets
- it has in place tried and tested plans and systems to maintain services in the event of disaster or other crises
- it raises its performance as regards the use of resources, including the achievement of best value for money, to an even higher level

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

In the light of the outcomes of the review of our Accommodation Strategy, we will **complete our new ICT network during 2007-08** to make our operations more efficient and effective, with the **network available for at least 98.5% of the time**

By disposing of some dilapidated property and bringing up to standard the buildings we retain following the review of our *Accommodation Strategy*, we will **raise the proportion of the gross internal floor space in ODPM categories A and B to at least 95% by 2009-10**

By embedding our business continuity plans for all parts of the Council's activities and services through an annual programme of risk assessment and business continuity management, we will ensure that we **comply with the *Civil Contingencies Act 2004*, in particular so as to safeguard the most vulnerable people in the county** (79 HC)

We will embed risk management across all aspects of the Council's work and take all other measures necessary to **raise our *Use of Resources* score from 3 to 4** (the highest possible). (113 HC)

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

### **The challenge**

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

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

Through our network of local *Info Shops*, a state-of-the-art *Info by phone* service and the fullest possible use of electronic services, we will provide **better, faster and more responsive services to individual customers**. The key milestones and targets for the period of this Plan will be determined as part of the *Herefordshire Connects* programme.

By embedding our new customer relations management and complaints handling systems, a programme to continue encouraging customer feedback, and a rolling programme of training for complaints officers and other staff, we aim to **increase from a baseline of 29% the proportion of those making complaints who are satisfied with how their complaint has been handled** (68 HC) (Target to be set by end of March 2007)

By implementing our *Community Involvement* and *Communications Strategy* action plans, giving effect to agreed parish plan aspirations, the implementation of changes following a review of the *Community Fora* and conducting annual customer satisfaction surveys, we aim to **increase the proportion of adult residents who feel they can influence decisions affecting their local community from 35% in 2005 to 43% in 2010** (61 HCS)

Through the service improvements described in this Plan, and also by enabling more communities to draw up town and parish plans, building community and voluntary sector capacity and enabling more opportunities for people in communities to come together, we aim to **increase from 80% to 87% the proportion of adults satisfied with their community as a place to live**. (64 HCS)

Through the implementation of our *Community Involvement Action Plan for Young People*, including the establishment of the *Herefordshire Youth Council* and the operation of the *Community Fora*, we will maintain an up-to-date understanding of the needs and wishes of children and young people. A key measure of our success will be to **increase from 19% to 28% the percentage of young people who feel that the Council does enough to give them the opportunity to influence important decisions about local services**. (69 HC)

Working with partners, and in consultation with service users and their representatives, we will **before the end of 2007 establish the future needs of 18-64 year olds with mental health or physical disabilities and have a clear understanding of the services and support programmes that will be needed to meet them cost effectively**.

We will continue to operate robust procedures so as to comply with the *Freedom of Information Act* and data protection legislation, **responding to FOI requests within 20 days and data protection requests within 40 days**. (79 HC)

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

### **The challenges**

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

Specific challenges are:

- re-skilling for the new business process and behaviours required to deliver the *Herefordshire Connects* programme successfully
- dealing successfully with the proposed executive merger with the PCT to form the Public Service Trust.
- as part of this, developing key skills in respect of effective planning and performance management to drive continuous improvement in standards of services across the Council and its partners
- continuing to roll-out the workforce strategy for social care to secure adequate recruitment and retention
- developing and implementing the workforce changes needed to deliver modernised, high-performing adult social care services
- to maximise productivity and contribute to the drive for big efficiency savings, we must reduce sickness absence and strike the right balance in staff turnover
- to make even more effective two-way communications between managers and staff at all levels.

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

**Our Pay and Workforce Strategy** will continue to be the comprehensive response to these challenges; it will reflect changing and future envisaged needs through regular review by the Pay and Workforce Strategy Board. Performance targets will be set by April 2007 as part of developing a revised workforce strategy for 2007-10.

At the heart of the *Strategy* is our commitment to **Investor in People accreditation**, which we aim to achieve for the whole Council **by October 2007** (73 HC)

We will **continue our comprehensive programme of staff training and development**, basing it on a sound understanding of current skills and future skills needs, identifying the need for NVQs and other formally accredited training, and linking core skills

to pay and grading. Success will be measured by setting targets for attainment and for monitoring progress against these targets.

We will deepen and extend our programmes to **ensure that all managers are well-equipped to plan their services and manage performance effectively to deliver the Council's priorities.** Success will be measured by evaluating the impact of the revised management development provision. Performance targets will be set as part of developing a revised strategy for 2007-10

We will integrate this approach with individual performance management including regular Staff Review and Development (SRD) discussions with individual members of staff. In 2007-08 **we will raise the completion rate for SRDs from 94% to 100% of those members of staff agreed as being eligible for an SRD.** We will ensure that they are completed to a satisfactory and consistent standard. (115 HC)

By improved management of attendance, provision of timely management information, and the active engagement of Human Resources, we aim to **reduce sickness absence from an average of 10.5 days per FTE in 2005-06 to 8.9 days per FTE in 2007-08,** which is top quartile performance based on the 2005-06 outturn data. (71 HC) Target to 2010 to be set by end of March 2007.

Through better workforce planning, including the analysis of skills shortages and national trends, by promoting Council careers in schools, colleges, universities, and at national events, and by improving our recruitment and retention procedures, we aim to **maintain annual staff turnover at no more than 9%.** (77 HC)

We will pay **special attention to the recruitment and retention of staff in social care and other particularly sensitive areas of service delivery, through the development and delivery of workforce plans. We will measure success against the delivery of those plans and their impact on service delivery.** These measures will be developed by April 2007.

We will continue to improve understanding and motivation throughout the organisation by **implementing our *Communications Strategy Action Plan*;**

- We will maintain a robust team briefing system for managers and their teams. **To help keep our staff fully informed we will produce 150 team briefs by September 2007.**
- Establish a **news package** for all employees that achieves high scores for readability, relevance and credibility in the eyes of our staff. We will aim for a **50 per cent score in the first benchmarking, rising to 70 per cent by November 2007 and 90 per cent by November 2008.**
- We will continue to develop relevant and useful content for the intranet that is structured around the needs of users and supports improved performance across the council - starting with **an online induction for new employees by June 2007**
- We will create a communications tool kit **by April 2007 to help managers make the most effective and appropriate use of internal and external communications channels.**

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

### **The challenges**

The Audit Commission has assessed the Council to be improving only adequately. Effective planning and performance and project management are crucial to accelerating the rate of improvement.

The Commission reviewed the operation of the Council's performance management arrangements again in autumn 2006. Its overall conclusion was that, "*The Council is making steady progress in strengthening its....arrangements and in embedding a performance culture.*"

It went on, however, to say that the improvements were not yet sufficient to meet the standard to which the Council aspires and not yet embedded across all parts of the organisation. It made a number of recommendations about how the Council could complete the job.

The systematic use of project management is more important than ever, particularly to ensure the delivery of the *Transformation Programme* and the full realisation of its benefits, in terms of both efficiency savings and improved customer services.

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

The Council aims to be **judged by the Audit Commission to be improving well by 2007 and to be improving strongly by 2008**. We will:

- **by April 2007, construct and communicate an interim high-level model that clearly identifies how the Council intends to assess and measure its level of performance and rate of improvement**
- **from April 2007, develop and begin to implement a more consistent, strategic approach to embedding a performance management culture across the Council**
- **ensure the fullest possible integration between the Council's planning and performance management arrangements and those of the Herefordshire Partnership; with a detailed implementation plan to be in place by December 2007 and the new arrangements operating from April 2008**
- **ensure that members are integrated into the Council's performance management arrangements, measured by a review of the operation of the performance management framework in October each year**
- **produce regular, high-level strategic assessments of performance trends for senior management, Cabinet and scrutiny, identifying barriers and levers to raising performance and delivering the**

**Council's priorities. A format for this will be agreed by CMB and Cabinet in April, and will operate from June 2007**

- improve the quality of the staff review and development (SRD) process **to ensure that all individuals' targets are linked to corporate and service targets**

**Starting in 2007-08;**

- **we will begin the performance improvement cycle in April** to provide a sound basis for systematically achieving value for money across all services
- We will **embed the performance management improvements being developed for Children's Services and for adult social care**. We will also consider their potential value for the Council more generally
- We will develop, as part of the *Herefordshire Connects* programme, **a corporate ICT-based system to make much easier and faster the collection and analysis of all performance information for the Council and its strategic partners**
- **Directors and Heads of Service will continue to be required to ensure that the Council's cross-cutting objectives** (see paragraph 1.5 above) **are delivered successfully in their areas**
- By means of our action plan to ensure robust auditable data, we aim to **retain the unqualified status of our Best Value Performance Plan (78 HC) and ensure that none of our individual performance indicators is qualified (81 HC)**
- The operation of **the whole Performance Management Framework will be audited as part of Internal Audit's annual review of the Council's key processes**, providing a sound basis for continuous improvement (82 HC)
- **PRINCE 2 project management will continue to be used** in respect of all aspects of the *Transformation Programme* and for other major projects.

**How the Council’s priorities relate to the Herefordshire Community Strategy**

**Appendix 1**

| HCS Themes                             | The Council’s Priorities   | Supported by Organisational Priorities  |
|--|--|---|
| Children & Young People                | <ul style="list-style-type: none"> <li>- to <b>maximise the health, safety, economic well-being, achievements and contribution of every child</b>, with special emphasis on sound arrangements for safeguarding vulnerable children and sustained improvements in educational attainment</li> </ul>  | <ul style="list-style-type: none"> <li>- to streamline its processes, assets and structures, and <b>secure significant efficiency savings, particularly by delivering the Herefordshire Connects programme.</b></li> </ul>  |
| Healthier Communities and Older People | <ul style="list-style-type: none"> <li>- to <b>reshape adult social care, enabling vulnerable adults to live independently</b> and, in particular, <b>many more older people to continue to live in their own homes</b></li> </ul>   | <ul style="list-style-type: none"> <li>- to <b>ensure that its essential assets</b>, including schools, other buildings, roads and ICT, <b>are in the right condition for the long-term cost-effective delivery of services, and ensure business continuity</b> in the face of emergencies</li> </ul>   |
| Economic Development and Enterprise    | <ul style="list-style-type: none"> <li>- to <b>secure the essential infrastructure for a successful economy</b></li> </ul>   | <ul style="list-style-type: none"> <li>- better to <b>understand the needs and preferences of service users and Council Tax-payers</b>, and to tailor services accordingly</li> </ul>   |
| Safer and Stronger Communities         | <ul style="list-style-type: none"> <li>- to <b>sustain thriving communities, including by securing more efficient, effective and customer-focused services, clean streets, tackling homelessness and effective emergency planning</b></li> <li>- to <b>protect the environment</b>, including by <b>producing much less waste, recycling much more of what remains</b> and significantly <b>reducing carbon emissions</b></li> <li>- to <b>improve transport and the safety of roads</b>, including further reductions in the numbers of people killed or seriously injured</li> <li>- to <b>promote diversity and community harmony</b> and <b>strive for equal opportunities</b> for all the people of Herefordshire, regardless of race, religion, disability, sex, sexual orientation, geographical location, income or age</li> <li>- to <b>give effective community leadership</b>, working with partners to deliver the <i>Herefordshire Community Strategy</i>, including the <i>Local Area Agreement</i></li> </ul> | <ul style="list-style-type: none"> <li>- to <b>recruit, retain and motivate high quality staff</b>, ensuring that they are trained and developed so as to maximise their ability and performance</li> <li>- to <b>embed corporate planning, performance management and project management systems</b> so as to continue to drive up service standards and efficiency</li> </ul> |

**Revenue budgets 2007-10 by source****Appendix 2**

(To be finalised following Council approval of Council Tax and Budget)

|                     | <b>2007-08</b> | <b>2008-09</b> | <b>2009-10</b> |
|---------------------|----------------|----------------|----------------|
|                     | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   |
| Formula Grant       | 47,648         | 47,649         | 47,649         |
| Council Tax         | 74,467         | 78,746         | 83,271         |
| Council Tax Surplus | 256            | 300            | 300            |

|                                   |                       |                       |                       |
|-----------------------------------|-----------------------|-----------------------|-----------------------|
| <b>NET REVENUE BUDGET FUNDING</b> | <b><u>122,371</u></b> | <b><u>126,695</u></b> | <b><u>131,220</u></b> |
|-----------------------------------|-----------------------|-----------------------|-----------------------|

**Note**

The above figures are based on settlement figures for 2007-08 already announced by Government and the assumption of a zero percent increase in Government Funding for future years.

\* The above table does not include additional government grants, fees, charges and other income not funded through the Council Tax and Formula Grant mechanism.



**Strategic revenue budgets 2007-10 by service/corporate area****Appendix 3**

(To be finalised following Council approval of Council Tax and Budget)

|  | <b>2007-08</b> | <b>2008-09</b> | <b>2009-10</b> |
|--|----------------|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   |
| Adult and Community Services                       | 44,710         | 46,658         | 46,713         |
| Children's Services (excluding DSG)                | 22,694         | 22,913         | 23,123         |
| Corporate and Customer Services                    | 7,688          | 7,782          | 7,872          |
| Environment  | 25,021         | 25,584         | 26,192         |
| Resources  | 6,122          | 6,230          | 6,333          |
| Central Services & Human Resources                 | 4,592          | 4,636          | 4,678          |
| Capital Financing Costs (net of Investment Income) | 9,768          | 11,542         | 12,127         |
| <b>Total Corporate Area budgets</b>                | <b>120,595</b> | <b>125,345</b> | <b>127,038</b> |
| Social Care Contingency                            | 1,302          | 1,302          | 1,302          |
| Herefordshire Connect - Revenue Costs              |                | 1,866          | 1,300          |
| Herefordshire Connect - Revenue Savings            | (5,800)        | (10,600)       | (11,400)       |
| LPSA2 Reward Grant                                 |                | (823)          | (823)          |
| Capacity to achieve potential CT increase          | 6,274          | 9,605          | 13,803         |
| <b>NET REVENUE BUDGET</b>                          | <b>122,371</b> | <b>126,695</b> | <b>131,220</b> |

**Note**

The above figures are based on information available from the Government's 2004 Spending Review, the Council's Medium Term Financial Plan and projections from the 2007-09 Formula Grant mechanism.

**Proposed capital programme 2007 – 10****Appendix 4**

(To be finalised following Council approval of Council Tax and Budget)

|                                     | <b>2007-08</b> | <b>2008-09</b> | <b>2009-10</b> |
|-------------------------------------|----------------|----------------|----------------|
|                                     | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>   |
| Children and Young Peoples Services | 14,324         | 14,077         | 5,949          |
| Environment Services                | 19,206         | 15,038         | 11,133         |
| Corporate and Customer Services     | 20,406         | 1,500          | -              |
| Resources                           | 774            | 2,800          | -              |
| Adult and Community Services        | 12,128         | 5,165          | 2,485          |
|                                     | <b>66,838</b>  | <b>38,580</b>  | <b>19,567</b>  |

**Funded by:**

|   |               |               |               |
|---|---------------|---------------|---------------|
| Capital Receipts Reserve                    | 5,569         | 8,529         | 2,585         |
| Grants and Contributions                    | 22,879        | 25,221        | 15,442        |
| Supported Capital Expenditure (Revenue)     | 9,964         | 1,500         | 1,500         |
| Revenue Contribution                        | 170           | -             | -             |
| Prudential Borrowing – Existing allocations | 26,498        | 3,240         | -             |
| Prudential Borrowing – New bids             | 1,758         | 90            | 40            |
|   | <b>66,838</b> | <b>38,580</b> | <b>19,567</b> |

Detailed above is the medium term initial capital programme which includes new bids to be funded from Prudential Borrowing. The Capital Programme is continuously updated as part of the capital monitoring process.

Major schemes include:

- Weobley High sports hall, New Minster School, Sutton Primary replacement school and Riverside Junior and Infants school amalgamation (£8m scheme)
- Herefordshire Connects ICT capital scheme costs of £19.4m for 2007-08, plus additional ICT corporate voice and data network work.
- Friar Street museum resource and learning centre Phase 3 works and High Town and High Street Hereford capital works
- Extra Care Housing development and affordable housing grants capital schemes

**Glossary****Appendix 5**

|  |  |
|--|--|
| <b><i>The Herefordshire Community Strategy</i></b>       | The Community Strategy for Herefordshire. It sets out the vision, agreed by the Council and its partners following consultation with the public, for what the county should aspire to be by 2020, together with the objectives and targets to achieve it.  |
| <b><i>Local Area Agreement (LAA)</i></b>                 | A three-year agreement with the Government to deliver, with the Council's partners, higher levels of performance than would otherwise have been achieved. This is facilitated by greater freedom and flexibility in the operation of Government rules, including the use of Government grants. It is the core of the action plan for the first three years of <i>The Herefordshire Community Strategy</i> .          |
| <b><i>Local Public Service Agreement (LPSA)</i></b>      | A three-year agreement with the Government to deliver higher levels of performance than would otherwise have achieved, in return for pump-priming additional finance to help achieve the enhanced targets and some relaxation in regulation. Achievement of the targets attracts substantial reward payments.<br><br>As from 2006-07, it has been subsumed within the LAA (see above).                               |
| <b><i>Comprehensive Performance Assessment (CPA)</i></b> | The assessment of a Council's current performance and its capacity to improve. It comprises four main components: self-assessment, corporate assessment by an external team, use of resources assessment by external auditors, and service assessment based on an analysis of recent service inspections, reviews and performance indicator results. It is overseen and managed by the independent Audit Commission. |
| <b><i>Corporate Management Board (CMB)</i></b>           | The strategic management board of the Council, comprising the Chief Executive, Directors and the Head of Human Resources.  |
| <b><i>The Senior Management Team (SMT)</i></b>           | The operational management board of the Council, comprising Heads of Services.   |
| <b><i>Local Transport Plan (LTP)</i></b>                 | A long-term strategy to develop an integrated and sustainable transport system for Herefordshire   |
| <b><i>Joined-Up Programme (JUP)</i></b>                  | The complete programme of work undertaken by the Herefordshire Service Delivery Partnership (Herefordshire Council, Herefordshire Jarvis Services and Owen Williams) covering highways, property and related work  |
| <b><i>Academic years and Financial years</i></b>         | References to academic years as shown thus; '/' – for example 2007/08<br><br>References to financial years are shown thus; '-' for example 2007-08   |



**COUNCIL TAX RESOLUTION 2007/08****Report By: Director of Resources****Wards Affected**

Countywide

**Purpose**

To set the Council Tax amounts for each category of dwelling in Herefordshire for 2007/08 and to calculate the Council's budget requirements.

**Recommendation**

- (1) In respect of the Council's 2007/08 Budget:
- (a) a council tax of £1,083.46 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 2007/08 that the following amounts be approved by the Council for the year 2007/08 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:
- (a) £311,899,880 being the estimated aggregate expenditure of the Council in accordance with Section 32(2)(a) to (e) of the Act;
  - (b) £187,472,000 being the estimated aggregate income of the Council for the items set out in Section 32(3)(a) to (c) of the Act;
  - (c) £124,427,880 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) £47,904,366 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

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

- special grant, increased by the transfer from the Collection Fund;
- (e) £1,113.39 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) £2,056,880 being the aggregate amount of all special items referred to in Section 34(1) of the Act;
- (g) £1,083.46 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 and Worcester Combined Fire 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.

## Considerations

1. 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.
2. 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.

- 3 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.
- 4 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.
- 5 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.
- 6 The report and annexes considered by Cabinet on 22<sup>nd</sup> February 2007 are reflected in the Cabinet report to Council.
- 7 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 2007/08.
- 8 The Parish Precepts for 2007/08 total £2,056,879.95 amounting to an average Band D Council Tax Charge of £29.93 (an increase of 2.08% over 2006/07). 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.
- 9 Details of the West Mercia Police Authority Precept are contained in Annex 1 (iii).
- 10 Details of the Hereford & Worcester Fire and Rescue Authority Precept are contained in Annex 1 (iv).





**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

| <b>Herefordshire Council requirement by Parish, including Band D equivalent</b> |                       |                 |   |  |
|---|-----------------------|-----------------|---|--|
| <b>Parish</b>   | <b>Parish Precept</b> | <b>Tax Base</b> | <b>Parish Precept Basic Tax Rate (Band D)</b> | <b>Band D Charge (Parish and Herefordshire Council's Basic Rate - £1,083.46)</b> |
|   | <b>£</b>              |                 | <b>£</b>                                      | <b>£</b>   |
| Abbeydore & Bacton Group Parish Council   | 4,550.00              | 156.02          | 29.16   | 1,112.62   |
| Aconbury Parish Meeting   | 50.00                 | 34.68           | 1.44  | 1,084.90   |
| Acton Beauchamp Group   | 2,500.00              | 173.92          | 14.37   | 1,097.83   |
| Allensmore Parish Council   | 1,500.00              | 242.96          | 6.17  | 1,089.63   |
| Almeley Parish Council  | 6,000.00              | 259.15          | 23.15   | 1,106.61   |
| Ashperton Parish Council  | 3,000.00              | 116.62          | 25.72   | 1,109.18   |
| Aston Ingham Parish Council   | 1,750.00              | 204.91          | 8.54  | 1,092.00   |
| Avenbury Parish Council   | 1,800.00              | 106.43          | 16.91   | 1,100.37   |
| Aymestrey Parish Council  | 2,289.00              | 158.68          | 14.43   | 1,097.89   |
| Ballingham Bolstone & Hentland Group Parish Council                             | 4,000.00              | 281.20          | 14.22   | 1,097.68   |
| Bartestree & Lugwardine Group Parish Council                                    | 21,000.00             | 798.52          | 26.30   | 1,109.76   |
| Belmont Rural Parish Council  | 25,000.00             | 1,364.93        | 18.32   | 1,101.78   |
| Birley with Upper Hill Parish Council   | 1,627.00              | 122.87          | 13.24   | 1,096.70   |
| Bishop's Frome Parish Council   | 14,000.00             | 329.38          | 42.50   | 1,125.96   |
| Bishopstone & District Group Parish Council                                     | 3,000.00              | 189.38          | 15.84   | 1,099.30   |
| Bodenham Parish Council   | 5,500.00              | 459.81          | 11.96   | 1,095.42   |
| Border Group Parish Council   | 6,000.00              | 305.06          | 19.67   | 1,103.13   |
| Bosbury and Coddington Parish Council   | 4,000.00              | 367.27          | 10.89   | 1,094.35   |
| Brampton Abbots & Foy Group Parish Council                                      | 2,000.00              | 215.73          | 9.27  | 1,092.73   |
| Bredenbury & District Group Parish Council                                      | 1,700.00              | 162.62          | 10.45   | 1,093.91   |
| Breinton Parish Council   | 5,750.00              | 389.82          | 14.75   | 1,098.21   |
| Bridstow Parish Council   | 5,750.00              | 401.03          | 14.34   | 1,097.80   |
| Brilley Parish Council  | 1,500.00              | 119.50          | 12.55   | 1,096.01   |
| Brimfield and Little Hereford Group Parish Council                              | 7,000.00              | 507.41          | 13.80   | 1,097.26   |
| Brockhampton Parish Council   | 1,600.00              | 86.88           | 18.42   | 1,101.88   |
| Brockhampton Group Parish Council   | 10,500.00             | 338.60          | 31.01   | 1,114.47   |
| Bromyard & Winslow Town Council   | 120,000.00            | 1,520.27        | 78.93   | 1,162.39   |
| Burghill Parish Council   | 10,525.00             | 699.65          | 15.04   | 1,098.50   |
| Callow & Haywood Group Parish Council   | 2,800.00              | 198.49          | 14.11   | 1,097.57   |
| Clehonger Parish Council  | 7,500.00              | 519.23          | 14.44   | 1,097.90   |
| Clifford Parish Council   | 5,500.00              | 242.96          | 22.64   | 1,106.10   |
| Colwall Parish Council  | 51,472.00             | 1,150.79        | 44.73   | 1,128.19   |
| Malvern Hills Conservators (Colwall Parish Council)                             | 29,150.00             | "               | 25.33   | 25.33  |
| Cradley Parish Council  | 16,000.00             | 756.75          | 21.14   | 1,104.60   |
| Credenhill Parish Council   | 17,000.00             | 631.66          | 26.91   | 1,110.37   |
| Cusop Parish Council  | 5,000.00              | 184.36          | 27.12   | 1,110.58   |
| Dilwyn Parish Council   | 10,481.00             | 308.24          | 34.00   | 1,117.46   |
| Dinedor Parish Council  | 6,000.00              | 123.37          | 48.63   | 1,132.09   |
| Dinmore Parish Meeting  | -                     | 7.90            | 0.00  | 1,083.46   |
| Dormington & Mordiford Group Parish Council                                     | 5,000.00              | 312.62          | 15.99   | 1,099.45   |
| Dorstone Parish Council   | 1,700.00              | 170.60          | 9.96  | 1,093.42   |
| Eardisland Parish Council   | 10,700.00             | 227.78          | 46.98   | 1,130.44   |
| Eardisley Group Parish Council  | 6,300.00              | 478.25          | 13.17   | 1,096.63   |
| Eastnor & Donnington Parish Council   | 2,000.00              | 142.62          | 14.02   | 1,097.48   |
| Eaton Bishop Parish Council   | 4,000.00              | 188.63          | 21.21   | 1,104.67   |
| Ewyas Harold Group Parish Council   | 16,959.72             | 445.11          | 38.10   | 1,121.56   |
| Fownhope Parish Council   | 16,000.00             | 434.95          | 36.79   | 1,120.25   |
| Foxley Parish Council   | 2,000.00              | 171.91          | 11.63   | 1,095.09   |
| Garway Parish Council   | 3,500.00              | 165.36          | 21.17   | 1,104.63   |
| Goodrich & Welsh Bicknor Group Parish Council                                   | 4,500.00              | 251.22          | 17.91   | 1,101.37   |
| Hampton Bishop Parish Council   | 5,000.00              | 197.41          | 25.33   | 1,108.79   |

**ANNEX 1 (i)**

| <b>Parish</b>   | <b>Parish Precept</b> | <b>Tax Base</b> | <b>Parish Precept Basic Tax Rate (Band D)</b> | <b>Band D Charge (Parish and Herefordshire Council's Basic Rate - £1,083.46)</b> |
|---|-----------------------|-----------------|---|--|
|   | <b>£</b>              |                 | <b>£</b>                                      | <b>£</b>   |
| Hampton Charles Parish Meeting                          | -                     | 19.06           | 0.00  | 1,083.46   |
| Hatfield and District Group Parish Council              | 2,500.00              | 208.90          | 11.97   | 1,095.43   |
| Hereford City Council                                   | 484,000.00            | 16,888.62       | 28.66   | 1,112.12   |
| Holme Lacy Parish Council                               | 6,400.00              | 186.39          | 34.34   | 1,117.80   |
| Holmer & Shelwick Parish Council                        | 6,000.00              | 562.68          | 10.66   | 1,094.12   |
| Hope Mansell Parish Council                             | 1,500.00              | 136.90          | 10.96   | 1,094.42   |
| Hope under Dinmore Group Parish Council                 | 2,600.00              | 159.22          | 16.33   | 1,099.79   |
| How Caple, Sollershope & Yatton Group Parish Council    | 3,250.00              | 150.10          | 21.65   | 1,105.11   |
| Humber, Stoke Prior & Ford Group Parish Council         | 3,020.00              | 277.41          | 10.89   | 1,094.35   |
| Huntington Parish Council                               | 550.00                | 47.64           | 11.54   | 1,095.00   |
| Kentchurch Parish Council                               | 4,000.00              | 111.62          | 35.84   | 1,119.30   |
| Kilpeck Group Parish Council                            | 6,760.00              | 203.44          | 33.23   | 1,116.69   |
| Kimbolton Parish Council                                | 4,000.00              | 203.84          | 19.62   | 1,103.08   |
| Kings Caple Parish Council                              | 4,000.00              | 141.59          | 28.25   | 1,111.71   |
| Kingsland Parish Council                                | 3,900.00              | 445.19          | 8.76  | 1,092.22   |
| Kingstone & Thrupton Group Parish Council               | 6,000.00              | 428.72          | 14.00   | 1,097.46   |
| Kington Rural and Lower Harpton Group Parish Council    | 2,000.00              | 242.95          | 8.23  | 1,091.69   |
| Kington Town Council                                    | 49,500.00             | 920.32          | 53.79   | 1,137.25   |
| Kinnersley and District Group Parish Council            | 3,000.00              | 248.19          | 12.09   | 1,095.55   |
| Lea Parish Council                                      | 5,300.00              | 254.40          | 20.83   | 1,104.29   |
| Ledbury Town Council                                    | 224,760.00            | 3,576.76        | 62.84   | 1,146.30   |
| Leintwardine Group Parish Council                       | 10,600.00             | 434.88          | 24.37   | 1,107.83   |
| Leominster Town Council                                 | 167,027.23            | 3,953.11        | 42.25   | 1,125.71   |
| Linton Parish Council                                   | 5,300.00              | 460.46          | 11.51   | 1,094.97   |
| Little Birch Parish Council                             | 2,200.00              | 96.76           | 22.74   | 1,106.20   |
| Little Dewchurch Parish Council                         | 5,500.00              | 172.94          | 31.80   | 1,115.26   |
| Llangarron Parish Council                               | 3,500.00              | 460.56          | 7.60  | 1,091.06   |
| Llanwarne & District Group Parish Council               | 1,450.00              | 261.14          | 5.55  | 1,089.01   |
| Longtown Group Parish Council                           | 5,320.00              | 399.51          | 13.32   | 1,096.78   |
| Lower Bullingham Parish Council                         | 8,725.00              | 641.43          | 13.60   | 1,097.06   |
| Luston Group Parish Council                             | 4,000.00              | 375.13          | 10.66   | 1,094.12   |
| Lyonshall Parish Council                                | 3,500.00              | 282.93          | 12.37   | 1,095.83   |
| Madley Parish Council                                   | 7,000.00              | 425.31          | 16.46   | 1,099.92   |
| Marden Parish Council                                   | 17,500.00             | 533.44          | 32.81   | 1,116.27   |
| Marstow Parish Council                                  | 3,000.00              | 170.34          | 17.61   | 1,101.07   |
| Mathon Parish Council                                   | 4,962.00              | 146.80          | 33.80   | 1,117.26   |
| Malvern Hills Conservators (Mathon Parish Council)      | 3,900.00              | "               | 26.57   | 26.57  |
| Middleton-on-the-Hill and Leysters Group Parish Council | 2,750.00              | 173.54          | 15.85   | 1,099.31   |
| Monkland and Stretford Parish Council                   | 1,725.00              | 83.24           | 20.72   | 1,104.18   |
| Moreton on Lugg Parish Council                          | 18,000.00             | 299.44          | 60.11   | 1,143.57   |
| Much Birch Parish Council                               | 7,000.00              | 386.05          | 18.13   | 1,101.59   |
| Much Cowarne Group Parish Council                       | 3,255.00              | 190.62          | 17.08   | 1,100.54   |
| Much Dewchurch Parish Council                           | 3,000.00              | 258.66          | 11.60   | 1,095.06   |
| Much Marcle Parish Council                              | 4,685.00              | 300.17          | 15.61   | 1,099.07   |
| North Bromyard Group Parish Council                     | 3,500.00              | 307.84          | 11.37   | 1,094.83   |
| Ocle Pychard Parish Council                             | 3,000.00              | 254.20          | 11.80   | 1,095.26   |
| Orcop Parish Council                                    | 3,000.00              | 173.42          | 17.30   | 1,100.76   |
| Orleton Parish Council                                  | 12,540.00             | 353.80          | 35.44   | 1,118.90   |
| Pembridge Parish Council                                | 18,000.00             | 457.27          | 39.36   | 1,122.82   |
| Pencombe Group Parish Council                           | 5,750.00              | 189.71          | 30.31   | 1,113.77   |
| Peterchurch Parish Council                              | 8,000.00              | 416.17          | 19.22   | 1,102.68   |
| Peterstow Parish Council                                | 2,500.00              | 171.50          | 14.58   | 1,098.04   |
| Pipe and Lyde Parish Council                            | 1,200.00              | 140.04          | 8.57  | 1,092.03   |
| Pixley & District Parish Council                        | 3,000.00              | 230.28          | 13.03   | 1,096.49   |
| Putley Parish Council                                   | 4,300.00              | 108.23          | 39.73   | 1,123.19   |

**ANNEX 1 (i)**

| <b>Parish</b>  | <b>Parish Precept</b> | <b>Tax Base</b> | <b>Parish Precept Basic Tax Rate (Band D)</b> | <b>Band D Charge (Parish and Herefordshire Council's Basic Rate - £1,083.46)</b> |
|--|-----------------------|-----------------|---|--|
|  | <b>£</b>              |                 | <b>£</b>                                      | <b>£</b>   |
| Pyons Group Parish Council   | 3,750.00              | 348.06          | 10.77   | 1,094.23   |
| Richard's Castle Parish Council  | 2,500.00              | 120.94          | 20.67   | 1,104.13   |
| Ross-on-Wye Town Council   | 194,665.00            | 3,450.18        | 56.42   | 1,139.88   |
| Ross Rural Parish Council  | 3,592.00              | 438.97          | 8.18  | 1,091.64   |
| Sellack Parish Council   | 1,000.00              | 110.24          | 9.07  | 1,092.53   |
| Shobdon Parish Council   | 7,500.00              | 297.95          | 25.17   | 1,108.63   |
| St. Weonards Parish Council  | 1,400.00              | 141.32          | 9.91  | 1,093.37   |
| Stapleton Group Parish Council   | 5,250.00              | 144.96          | 36.22   | 1,119.68   |
| Staunton-on-Wye and District Group Parish Council  | 2,750.00              | 204.39          | 13.45   | 1,096.91   |
| Stoke Edith Parish Meeting   | -                     | 44.83           | 0.00  | 1,083.46   |
| Stoke Lacy Parish Council  | 3,450.00              | 158.36          | 21.79   | 1,105.25   |
| Stretton Grandison Group Parish Council  | 1,000.00              | 199.28          | 5.02  | 1,088.48   |
| Stretton Sugwas Parish Council   | 3,000.00              | 151.46          | 19.81   | 1,103.27   |
| Sutton Parish Council  | 17,500.00             | 368.02          | 47.55   | 1,131.01   |
| Tarrington Parish Council  | 9,550.00              | 237.20          | 40.26   | 1,123.72   |
| Thornbury Group Parish Council   | 1,600.00              | 178.10          | 8.98  | 1,092.44   |
| Titley and District Group Parish Council   | 3,000.00              | 220.24          | 13.62   | 1,097.08   |
| Upton Bishop Parish Council  | 7,875.00              | 254.22          | 30.98   | 1,114.44   |
| Vowchurch & District Group Parish Council  | 4,500.00              | 312.03          | 14.42   | 1,097.88   |
| Walford Parish Council   | 10,500.00             | 651.20          | 16.12   | 1,099.58   |
| Wellington Parish Council  | 6,750.00              | 408.95          | 16.51   | 1,099.97   |
| Wellington Heath Parish Council  | 4,600.00              | 217.66          | 21.13   | 1,104.59   |
| Welsh Newton & Llanrothal Group Parish Council   | 5,800.00              | 142.02          | 40.84   | 1,124.30   |
| Weobley Parish Council   | 6,675.00              | 499.27          | 13.37   | 1,096.83   |
| Weston Beggard Parish Council  | 600.00                | 83.57           | 7.18  | 1,090.64   |
| Weston-under-Penyard Parish Council  | 4,890.00              | 455.88          | 10.73   | 1,094.19   |
| Whitbourne Parish Council  | 8,000.00              | 316.34          | 25.29   | 1,108.75   |
| Whitchurch & Ganarew Group Parish Council  | 9,000.00              | 511.06          | 17.61   | 1,101.07   |
| Wigmore Group Parish Council   | 10,500.00             | 351.48          | 29.87   | 1,113.33   |
| Withington Group Parish Council  | 13,500.00             | 605.30          | 22.30   | 1,105.76   |
| Woolhope Parish Council  | 5,000.00              | 211.78          | 23.61   | 1,107.07   |
| Wyeside Group Parish Council   | 4,000.00              | 298.72          | 13.39   | 1,096.85   |
| Yarkhill Parish Council  | 3,000.00              | 131.45          | 22.82   | 1,106.28   |
| Yarpole Group Parish Council   | 6,000.00              | 318.29          | 18.85   | 1,102.31   |
| 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. |                       |                 |   |  |
|  |                       |                 |   |  |
|  |                       |                 |   |  |

| <b>Council Tax for each valuation band, by Parish, without the Police &amp; Fire precepts</b> |                        |          |          |          |          |          |          |          |
|---|------------------------|----------|----------|----------|----------|----------|----------|----------|
| <b>PARISH</b>   | <b>VALUATION BANDS</b> |          |          |          |          |          |          |          |
|   | <b>A</b>               | <b>B</b> | <b>C</b> | <b>D</b> | <b>E</b> | <b>F</b> | <b>G</b> | <b>H</b> |
|   | <b>£</b>               | <b>£</b> | <b>£</b> | <b>£</b> | <b>£</b> | <b>£</b> | <b>£</b> | <b>£</b> |
| Abbeystre & Bacton Group Parish Council   | 741.75                 | 865.37   | 989.00   | 1,112.62 | 1,359.87 | 1,607.12 | 1,854.37 | 2,225.24 |
| Aconbury Parish Meeting   | 723.27                 | 843.81   | 964.36   | 1,084.90 | 1,325.99 | 1,567.08 | 1,808.17 | 2,169.80 |
| Acton Beauchamp Group   | 731.89                 | 853.87   | 975.85   | 1,097.83 | 1,341.79 | 1,585.76 | 1,829.72 | 2,195.66 |
| Allensmore Parish Council   | 726.42                 | 847.49   | 968.56   | 1,089.63 | 1,331.77 | 1,573.91 | 1,816.05 | 2,179.26 |
| Almeley Parish Council  | 737.74                 | 860.70   | 983.66   | 1,106.61 | 1,352.52 | 1,598.44 | 1,844.35 | 2,213.22 |
| Ashperton Parish Council  | 739.46                 | 862.69   | 985.94   | 1,109.18 | 1,355.67 | 1,602.15 | 1,848.64 | 2,218.36 |
| Aston Ingham Parish Council   | 728.00                 | 849.33   | 970.67   | 1,092.00 | 1,334.67 | 1,577.34 | 1,820.00 | 2,184.00 |
| Avenbury Parish Council   | 733.58                 | 855.84   | 978.11   | 1,100.37 | 1,344.90 | 1,589.43 | 1,833.95 | 2,200.74 |
| Aymestrey Parish Council  | 731.93                 | 853.91   | 975.91   | 1,097.89 | 1,341.87 | 1,585.84 | 1,829.82 | 2,195.78 |
| Ballingham Bolstone & Hentland Group Parish Council   | 731.79                 | 853.75   | 975.72   | 1,097.68 | 1,341.61 | 1,585.54 | 1,829.47 | 2,195.36 |
| Bartestree & Lugwardine Group Parish Council  | 739.84                 | 863.15   | 986.46   | 1,109.76 | 1,356.37 | 1,602.99 | 1,849.60 | 2,219.52 |
| Belmont Rural Parish Council  | 734.52                 | 856.94   | 979.36   | 1,101.78 | 1,346.62 | 1,591.46 | 1,836.30 | 2,203.56 |
| Birley with Upper Hill Parish Council   | 731.14                 | 852.99   | 974.85   | 1,096.70 | 1,340.41 | 1,584.12 | 1,827.84 | 2,193.40 |
| Bishop's Frome Parish Council   | 750.64                 | 875.75   | 1,000.86 | 1,125.96 | 1,376.17 | 1,626.39 | 1,876.60 | 2,251.92 |
| Bishopstone & District Group Parish Council   | 732.87                 | 855.01   | 977.16   | 1,099.30 | 1,343.59 | 1,587.88 | 1,832.17 | 2,198.60 |
| Bodenham Parish Council   | 730.28                 | 851.99   | 973.71   | 1,095.42 | 1,338.85 | 1,582.28 | 1,825.70 | 2,190.84 |
| Border Group Parish Council   | 735.42                 | 857.99   | 980.56   | 1,103.13 | 1,348.27 | 1,593.41 | 1,838.55 | 2,206.26 |
| Bosbury and Coddington Parish Council   | 729.57                 | 851.16   | 972.76   | 1,094.35 | 1,337.54 | 1,580.73 | 1,823.92 | 2,188.70 |
| Brampton Abbots & Foy Group Parish Council  | 728.49                 | 849.90   | 971.32   | 1,092.73 | 1,335.56 | 1,578.39 | 1,821.22 | 2,185.46 |
| Bredenbury & District Group Parish Council  | 729.28                 | 850.82   | 972.37   | 1,093.91 | 1,337.00 | 1,580.09 | 1,823.19 | 2,187.82 |
| Breinton Parish Council   | 732.14                 | 854.16   | 976.19   | 1,098.21 | 1,342.26 | 1,586.31 | 1,830.35 | 2,196.42 |
| Bridstow Parish Council   | 731.87                 | 853.84   | 975.83   | 1,097.80 | 1,341.76 | 1,585.71 | 1,829.67 | 2,195.60 |
| Brilley Parish Council  | 730.68                 | 852.45   | 974.24   | 1,096.01 | 1,339.57 | 1,583.13 | 1,826.69 | 2,192.02 |
| Brimfield and Little Hereford Group Parish Council  | 731.51                 | 853.42   | 975.35   | 1,097.26 | 1,341.10 | 1,584.93 | 1,828.77 | 2,194.52 |
| Brockhampton Parish Council   | 734.59                 | 857.02   | 979.45   | 1,101.88 | 1,346.74 | 1,591.61 | 1,836.47 | 2,203.76 |
| Brockhampton Group Parish Council   | 742.98                 | 866.81   | 990.64   | 1,114.47 | 1,362.13 | 1,609.79 | 1,857.45 | 2,228.94 |
| Bromyard & Winslow Town Council   | 774.93                 | 904.08   | 1,033.24 | 1,162.39 | 1,420.70 | 1,679.01 | 1,937.32 | 2,324.78 |
| Burghill Parish Council   | 732.34                 | 854.39   | 976.45   | 1,098.50 | 1,342.61 | 1,586.72 | 1,830.84 | 2,197.00 |
| Callow & Haywood Group Parish Council   | 731.72                 | 853.66   | 975.62   | 1,097.57 | 1,341.48 | 1,585.38 | 1,829.29 | 2,195.14 |
| Cleghonger Parish Council   | 731.94                 | 853.92   | 975.92   | 1,097.90 | 1,341.88 | 1,585.86 | 1,829.84 | 2,195.80 |
| Clifford Parish Council   | 737.40                 | 860.30   | 983.20   | 1,106.10 | 1,351.90 | 1,597.70 | 1,843.50 | 2,212.20 |
| Colwall Parish Council (incl. Malvern Hills Conservators)                                     | 769.02                 | 897.18   | 1,025.36 | 1,153.52 | 1,409.86 | 1,666.20 | 1,922.54 | 2,307.04 |
| Cradley Parish Council  | 736.40                 | 859.13   | 981.87   | 1,104.60 | 1,350.07 | 1,595.54 | 1,841.00 | 2,209.20 |
| Credenhill Parish Council   | 740.25                 | 863.62   | 987.00   | 1,110.37 | 1,357.12 | 1,603.87 | 1,850.62 | 2,220.74 |
| Cusop Parish Council  | 740.39                 | 863.78   | 987.19   | 1,110.58 | 1,357.38 | 1,604.17 | 1,850.97 | 2,221.16 |
| Dilwyn Parish Council   | 744.98                 | 869.13   | 993.30   | 1,117.46 | 1,365.79 | 1,614.11 | 1,862.44 | 2,234.92 |
| Dinedor Parish Council  | 754.73                 | 880.51   | 1,006.31 | 1,132.09 | 1,383.67 | 1,635.24 | 1,886.82 | 2,264.18 |
| Dinmore Parish Meeting  | 722.31                 | 842.69   | 963.08   | 1,083.46 | 1,324.23 | 1,565.00 | 1,805.77 | 2,166.92 |
| Dormington & Mordiford Group Parish Council   | 732.97                 | 855.13   | 977.29   | 1,099.45 | 1,343.77 | 1,588.10 | 1,832.42 | 2,198.90 |
| Dorstone Parish Council   | 728.95                 | 850.44   | 971.93   | 1,093.42 | 1,336.40 | 1,579.39 | 1,822.37 | 2,186.84 |
| Eardisland Parish Council   | 753.63                 | 879.23   | 1,004.84 | 1,130.44 | 1,381.65 | 1,632.86 | 1,884.07 | 2,260.88 |
| Eardisley Group Parish Council  | 731.09                 | 852.93   | 974.79   | 1,096.63 | 1,340.33 | 1,584.02 | 1,827.72 | 2,193.26 |
| Eastnor & Donnington Parish Council   | 731.66                 | 853.59   | 975.54   | 1,097.48 | 1,341.37 | 1,585.25 | 1,829.14 | 2,194.96 |
| Eaton Bishop Parish Council   | 736.45                 | 859.19   | 981.93   | 1,104.67 | 1,350.15 | 1,595.64 | 1,841.12 | 2,209.34 |
| Ewyas Harold Group Parish Council   | 747.71                 | 872.32   | 996.95   | 1,121.56 | 1,370.80 | 1,620.03 | 1,869.27 | 2,243.12 |
| Fownhope Parish Council   | 746.84                 | 871.30   | 995.78   | 1,120.25 | 1,369.20 | 1,618.14 | 1,867.09 | 2,240.50 |
| Foxley Parish Council   | 730.06                 | 851.74   | 973.42   | 1,095.09 | 1,338.44 | 1,581.80 | 1,825.15 | 2,190.18 |
| Garway Parish Council   | 736.42                 | 859.16   | 981.90   | 1,104.63 | 1,350.10 | 1,595.58 | 1,841.05 | 2,209.26 |
| Goodrich & Welsh Bicknor Group Parish Council   | 734.25                 | 856.62   | 979.00   | 1,101.37 | 1,346.12 | 1,590.87 | 1,835.62 | 2,202.74 |
| Hampton Bishop Parish Council   | 739.20                 | 862.39   | 985.60   | 1,108.79 | 1,355.19 | 1,601.59 | 1,847.99 | 2,217.58 |
| Hampton Charles Parish Meeting  | 722.31                 | 842.69   | 963.08   | 1,083.46 | 1,324.23 | 1,565.00 | 1,805.77 | 2,166.92 |
| Hatfield and District Group Parish Council  | 730.29                 | 852.00   | 973.72   | 1,095.43 | 1,338.86 | 1,582.29 | 1,825.72 | 2,190.86 |
| Hereford City Council   | 741.42                 | 864.98   | 988.56   | 1,112.12 | 1,359.26 | 1,606.40 | 1,853.54 | 2,224.24 |
| Holme Lacy Parish Council   | 745.20                 | 869.40   | 993.60   | 1,117.80 | 1,366.20 | 1,614.60 | 1,863.00 | 2,235.60 |
| Holmer & Shelwick Parish Council  | 729.42                 | 850.98   | 972.56   | 1,094.12 | 1,337.26 | 1,580.40 | 1,823.54 | 2,188.24 |
| Hope Mansell Parish Council   | 729.62                 | 851.21   | 972.82   | 1,094.42 | 1,337.63 | 1,580.83 | 1,824.04 | 2,188.84 |
| Hope under Dinmore Group Parish Council   | 733.20                 | 855.39   | 977.60   | 1,099.79 | 1,344.19 | 1,588.59 | 1,832.99 | 2,199.58 |
| How Caple, Sollershope & Yatton Group Parish Council  | 736.74                 | 859.53   | 982.32   | 1,105.11 | 1,350.69 | 1,596.27 | 1,841.85 | 2,210.22 |
| Humber, Stoke Prior & Ford Group Parish Council   | 729.57                 | 851.16   | 972.76   | 1,094.35 | 1,337.54 | 1,580.73 | 1,823.92 | 2,188.70 |
| Huntington Parish Council   | 730.00                 | 851.67   | 973.34   | 1,095.00 | 1,338.33 | 1,581.67 | 1,825.00 | 2,190.00 |
| Kentchurch Parish Council   | 746.20                 | 870.57   | 994.94   | 1,119.30 | 1,368.03 | 1,616.77 | 1,865.50 | 2,238.60 |
| Kilpeck Group Parish Council  | 744.46                 | 868.54   | 992.62   | 1,116.69 | 1,364.84 | 1,613.00 | 1,861.15 | 2,233.38 |
| Kimbolton Parish Council  | 735.39                 | 857.95   | 980.52   | 1,103.08 | 1,348.21 | 1,593.34 | 1,838.47 | 2,206.16 |
| Kings Caple Parish Council  | 741.14                 | 864.66   | 988.19   | 1,111.71 | 1,358.76 | 1,605.81 | 1,852.85 | 2,223.42 |
| Kingsland Parish Council  | 728.15                 | 849.50   | 970.87   | 1,092.22 | 1,334.94 | 1,577.65 | 1,820.37 | 2,184.44 |
| Kingstone & Thruxton Group Parish Council   | 731.64                 | 853.58   | 975.52   | 1,097.46 | 1,341.34 | 1,585.22 | 1,829.10 | 2,194.92 |
| Kington Rural and Lower Harpton Group Parish Council  | 727.80                 | 849.09   | 970.40   | 1,091.69 | 1,334.29 | 1,576.89 | 1,819.49 | 2,183.38 |

| PARISH   | VALUATION BANDS |        |          |          |          |          |          |          |
|--|-----------------|--------|----------|----------|----------|----------|----------|----------|
|  | A               | B      | C        | D        | E        | F        | G        | H        |
|  | £               | £      | £        | £        | £        | £        | £        | £        |
| Kington Town Council                                     | 758.17          | 884.53 | 1,010.89 | 1,137.25 | 1,389.97 | 1,642.70 | 1,895.42 | 2,274.50 |
| Kinnersley and District Group Parish Council             | 730.37          | 852.09 | 973.83   | 1,095.55 | 1,339.01 | 1,582.46 | 1,825.92 | 2,191.10 |
| Lea Parish Council                                       | 736.20          | 858.89 | 981.60   | 1,104.29 | 1,349.69 | 1,595.09 | 1,840.49 | 2,208.58 |
| Ledbury Town Council                                     | 764.20          | 891.57 | 1,018.94 | 1,146.30 | 1,401.03 | 1,655.77 | 1,910.50 | 2,292.60 |
| Leintwardine Group Parish Council                        | 738.56          | 861.64 | 984.74   | 1,107.83 | 1,354.02 | 1,600.20 | 1,846.39 | 2,215.66 |
| Leominster Town Council                                  | 750.48          | 875.55 | 1,000.64 | 1,125.71 | 1,375.87 | 1,626.03 | 1,876.19 | 2,251.42 |
| Linton Parish Council                                    | 729.98          | 851.64 | 973.31   | 1,094.97 | 1,338.30 | 1,581.63 | 1,824.95 | 2,189.94 |
| Little Birch Parish Council                              | 737.47          | 860.38 | 983.29   | 1,106.20 | 1,352.02 | 1,597.85 | 1,843.67 | 2,212.40 |
| Little Dewchurch Parish Council                          | 743.51          | 867.42 | 991.35   | 1,115.26 | 1,363.10 | 1,610.93 | 1,858.77 | 2,230.52 |
| Llangarron Parish Council                                | 727.38          | 848.60 | 969.84   | 1,091.06 | 1,333.52 | 1,575.98 | 1,818.44 | 2,182.12 |
| Llanwarne & District Group Parish Council                | 726.01          | 847.01 | 968.01   | 1,089.01 | 1,331.01 | 1,573.02 | 1,815.02 | 2,178.02 |
| Longtown Group Parish Council                            | 731.19          | 853.05 | 974.92   | 1,096.78 | 1,340.51 | 1,584.24 | 1,827.97 | 2,193.56 |
| Lower Bullingham Parish Council                          | 731.38          | 853.27 | 975.17   | 1,097.06 | 1,340.85 | 1,584.64 | 1,828.44 | 2,194.12 |
| Luston Group Parish Council                              | 729.42          | 850.98 | 972.56   | 1,094.12 | 1,337.26 | 1,580.40 | 1,823.54 | 2,188.24 |
| Lyonsall Parish Council                                  | 730.56          | 852.31 | 974.08   | 1,095.83 | 1,339.35 | 1,582.87 | 1,826.39 | 2,191.66 |
| Madley Parish Council                                    | 733.28          | 855.49 | 977.71   | 1,099.92 | 1,344.35 | 1,588.78 | 1,833.20 | 2,199.84 |
| Marden Parish Council                                    | 744.18          | 868.21 | 992.24   | 1,116.27 | 1,364.33 | 1,612.39 | 1,860.45 | 2,232.54 |
| Marstow Parish Council                                   | 734.05          | 856.39 | 978.73   | 1,101.07 | 1,345.75 | 1,590.44 | 1,835.12 | 2,202.14 |
| Mathon Parish Council (incl. Malvern Hills Conservators) | 762.55          | 889.65 | 1,016.74 | 1,143.83 | 1,398.01 | 1,652.20 | 1,906.38 | 2,287.66 |
| Middleton-on-the-Hill and Leysters Group Parish Council  | 732.88          | 855.02 | 977.17   | 1,099.31 | 1,343.60 | 1,587.89 | 1,832.19 | 2,198.62 |
| Monkland and Stretford Parish Council                    | 736.12          | 858.81 | 981.50   | 1,104.18 | 1,349.55 | 1,594.93 | 1,840.30 | 2,208.36 |
| Moreton on Lugg Parish Council                           | 762.38          | 889.44 | 1,016.51 | 1,143.57 | 1,397.70 | 1,651.83 | 1,905.95 | 2,287.14 |
| Much Birch Parish Council                                | 734.40          | 856.79 | 979.20   | 1,101.59 | 1,346.39 | 1,591.19 | 1,835.99 | 2,203.18 |
| Much Cowarne Group Parish Council                        | 733.70          | 855.97 | 978.26   | 1,100.54 | 1,345.11 | 1,589.67 | 1,834.24 | 2,201.08 |
| Much Dewchurch Parish Council                            | 730.04          | 851.71 | 973.39   | 1,095.06 | 1,338.41 | 1,581.76 | 1,825.10 | 2,190.12 |
| Much Marcle Parish Council                               | 732.72          | 854.83 | 976.96   | 1,099.07 | 1,343.31 | 1,587.55 | 1,831.79 | 2,198.14 |
| North Bromyard Group Parish Council                      | 729.89          | 851.53 | 973.19   | 1,094.83 | 1,338.13 | 1,581.42 | 1,824.72 | 2,189.66 |
| Ocle Pychard Parish Council                              | 730.18          | 851.87 | 973.57   | 1,095.26 | 1,338.65 | 1,582.04 | 1,825.44 | 2,190.52 |
| Orcop Parish Council                                     | 733.84          | 856.15 | 978.46   | 1,100.76 | 1,345.37 | 1,589.99 | 1,834.60 | 2,201.52 |
| Orleton Parish Council                                   | 745.94          | 870.25 | 994.58   | 1,118.90 | 1,367.55 | 1,616.19 | 1,864.84 | 2,237.80 |
| Pembridge Parish Council                                 | 748.55          | 873.30 | 998.07   | 1,122.82 | 1,372.34 | 1,621.85 | 1,871.37 | 2,245.64 |
| Pencombe Group Parish Council                            | 742.52          | 866.26 | 990.02   | 1,113.77 | 1,361.28 | 1,608.78 | 1,856.29 | 2,227.54 |
| Peterchurch Parish Council                               | 735.12          | 857.64 | 980.16   | 1,102.68 | 1,347.72 | 1,592.76 | 1,837.80 | 2,205.36 |
| Peterstow Parish Council                                 | 732.03          | 854.03 | 976.04   | 1,098.04 | 1,342.05 | 1,586.06 | 1,830.07 | 2,196.08 |
| Pipe and Lyde Parish Council                             | 728.02          | 849.36 | 970.70   | 1,092.03 | 1,334.70 | 1,577.38 | 1,820.05 | 2,184.06 |
| Pixley & District Parish Council                         | 731.00          | 852.82 | 974.66   | 1,096.49 | 1,340.16 | 1,583.82 | 1,827.49 | 2,192.98 |
| Putley Parish Council                                    | 748.80          | 873.59 | 998.40   | 1,123.19 | 1,372.79 | 1,622.39 | 1,871.99 | 2,246.38 |
| Pyons Group Parish Council                               | 729.49          | 851.07 | 972.65   | 1,094.23 | 1,337.39 | 1,580.56 | 1,823.72 | 2,188.46 |
| Richard's Castle Parish Council                          | 736.09          | 858.77 | 981.45   | 1,104.13 | 1,349.49 | 1,594.86 | 1,840.22 | 2,208.26 |
| Ross-on-Wye Town Council                                 | 759.92          | 886.57 | 1,013.23 | 1,139.88 | 1,393.19 | 1,646.50 | 1,899.80 | 2,279.76 |
| Ross Rural Parish Council                                | 727.76          | 849.05 | 970.35   | 1,091.64 | 1,334.23 | 1,576.82 | 1,819.40 | 2,183.28 |
| Sellack Parish Council                                   | 728.36          | 849.74 | 971.14   | 1,092.53 | 1,335.32 | 1,578.10 | 1,820.89 | 2,185.06 |
| Shobdon Parish Council                                   | 739.09          | 862.27 | 985.45   | 1,108.63 | 1,354.99 | 1,601.36 | 1,847.72 | 2,217.26 |
| St. Weonards Parish Council                              | 728.92          | 850.40 | 971.89   | 1,093.37 | 1,336.34 | 1,579.31 | 1,822.29 | 2,186.74 |
| Stapleton Group Parish Council                           | 746.46          | 870.86 | 995.28   | 1,119.68 | 1,368.50 | 1,617.32 | 1,866.14 | 2,239.36 |
| Staunton-on-Wye and District Group Parish Council        | 731.28          | 853.15 | 975.04   | 1,096.91 | 1,340.67 | 1,584.43 | 1,828.19 | 2,193.82 |
| Stoke Edith Parish Meeting                               | 722.31          | 842.69 | 963.08   | 1,083.46 | 1,324.23 | 1,565.00 | 1,805.77 | 2,166.92 |
| Stoke Lacy Parish Council                                | 736.84          | 859.64 | 982.45   | 1,105.25 | 1,350.86 | 1,596.47 | 1,842.09 | 2,210.50 |
| Stretton Grandison Group Parish Council                  | 725.66          | 846.59 | 967.54   | 1,088.48 | 1,330.37 | 1,572.25 | 1,814.14 | 2,176.96 |
| Stretton Sugwas Parish Council                           | 735.52          | 858.10 | 980.69   | 1,103.27 | 1,348.44 | 1,593.61 | 1,838.79 | 2,206.54 |
| Sutton Parish Council                                    | 754.01          | 879.67 | 1,005.35 | 1,131.01 | 1,382.35 | 1,633.68 | 1,885.02 | 2,262.02 |
| Tarrington Parish Council                                | 749.15          | 874.00 | 998.87   | 1,123.72 | 1,373.44 | 1,623.15 | 1,872.87 | 2,247.44 |
| Thornbury Group Parish Council                           | 728.30          | 849.67 | 971.06   | 1,092.44 | 1,335.21 | 1,577.97 | 1,820.74 | 2,184.88 |
| Titley and District Group Parish Council                 | 731.39          | 853.28 | 975.19   | 1,097.08 | 1,340.88 | 1,584.67 | 1,828.47 | 2,194.16 |
| Upton Bishop Parish Council                              | 742.96          | 866.79 | 990.62   | 1,114.44 | 1,362.09 | 1,609.75 | 1,857.40 | 2,228.88 |
| Vowchurch & District Group Parish Council                | 731.92          | 853.91 | 975.90   | 1,097.88 | 1,341.85 | 1,585.83 | 1,829.80 | 2,195.76 |
| Walford Parish Council                                   | 733.06          | 855.23 | 977.41   | 1,099.58 | 1,343.93 | 1,588.28 | 1,832.64 | 2,199.16 |
| Wellington Parish Council                                | 733.32          | 855.53 | 977.76   | 1,099.97 | 1,344.41 | 1,588.85 | 1,833.29 | 2,199.94 |
| Wellington Heath Parish Council                          | 736.40          | 859.12 | 981.86   | 1,104.59 | 1,350.06 | 1,595.52 | 1,840.99 | 2,209.18 |
| Welsh Newton & Llanrothal Group Parish Council           | 749.54          | 874.45 | 999.38   | 1,124.30 | 1,374.15 | 1,623.99 | 1,873.84 | 2,248.60 |
| Weobley Parish Council                                   | 731.22          | 853.09 | 974.96   | 1,096.83 | 1,340.57 | 1,584.31 | 1,828.05 | 2,193.66 |
| Weston Beggard Parish Council                            | 727.10          | 848.27 | 969.46   | 1,090.64 | 1,333.01 | 1,575.37 | 1,817.74 | 2,181.28 |
| Weston-under-Penyard Parish Council                      | 729.46          | 851.04 | 972.62   | 1,094.19 | 1,337.34 | 1,580.50 | 1,823.65 | 2,188.38 |
| Whitbourne Parish Council                                | 739.17          | 862.36 | 985.56   | 1,108.75 | 1,355.14 | 1,601.53 | 1,847.92 | 2,217.50 |
| Whitchurch & Ganarew Group Parish Council                | 734.05          | 856.39 | 978.73   | 1,101.07 | 1,345.75 | 1,590.44 | 1,835.12 | 2,202.14 |
| Wigmore Group Parish Council                             | 742.22          | 865.92 | 989.63   | 1,113.33 | 1,360.74 | 1,608.15 | 1,855.55 | 2,226.66 |
| Withington Group Parish Council                          | 737.18          | 860.03 | 982.90   | 1,105.76 | 1,351.49 | 1,597.21 | 1,842.94 | 2,211.52 |
| Woolhope Parish Council                                  | 738.05          | 861.05 | 984.07   | 1,107.07 | 1,353.09 | 1,599.10 | 1,845.12 | 2,214.14 |
| Wyeside Group Parish Council                             | 731.24          | 853.10 | 974.98   | 1,096.85 | 1,340.60 | 1,584.34 | 1,828.09 | 2,193.70 |
| Yarkhill Parish Council                                  | 737.52          | 860.44 | 983.36   | 1,106.28 | 1,352.12 | 1,597.96 | 1,843.80 | 2,212.56 |
| Yarpole Group Parish Council                             | 734.88          | 857.35 | 979.84   | 1,102.31 | 1,347.27 | 1,592.23 | 1,837.19 | 2,204.62 |

**ANNEX 1 (ii)**

| PARISH  | VALUATION BANDS |   |   |   |   |   |   |   |
|---|-----------------|---|---|---|---|---|---|---|
|   | A               | B | C | D | E | F | G | H |
|   | £               | £ | £ | £ | £ | £ | £ | £ |
| 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. |                 |   |   |   |   |   |   |   |
|   |                 |   |   |   |   |   |   |   |

**Police Authority precept requirement for each valuation band**

|                                     | VALUATION BANDS |        |        |        |        |        |        |        |
|-------------------------------------|-----------------|--------|--------|--------|--------|--------|--------|--------|
|                                     | A               | B      | C      | D      | E      | F      | G      | H      |
|                                     | £               | £      | £      | £      | £      | £      | £      | £      |
| <b>West Mercia Police Authority</b> | 105.11          | 122.63 | 140.14 | 157.66 | 192.70 | 227.74 | 262.77 | 315.33 |

On 13th February 2007 West Mercia Police Authority set a Budget Requirement of £184,297,000, requiring a precept from Herefordshire Council of £10,836,177 for 2007/2008. The Band D Council Tax Charge for West Mercia Police Authority amounts to £157.66 (an increase of 4.94% over 2006/2007).

That it be noted for the year 2007/2008 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      |
|   | £               | £     | £     | £     | £     | £     | £      | £      |
| <b>Hereford &amp; Worcester Fire and Rescue Authority</b> | 43.34           | 50.56 | 57.79 | 65.01 | 79.46 | 93.90 | 108.35 | 130.02 |

On 15th February 2007 Hereford & Worcester Fire and Rescue Authority set a Budget Requirement of £28,286,000 requiring a precept from Herefordshire Council of £4,468,153.74 for 2007/2008. The Band D Council Tax Charge for Hereford & Worcester Fire and Rescue Authority amounts to £65.01 (an increase of 4.94% over 2006/2007).

That it be noted for the year 2007/2008 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.

| <b>Council Tax for each valuation band, by Parish, including the Police &amp; Fire precepts</b> |                 |          |          |          |          |          |          |          |
|---|-----------------|----------|----------|----------|----------|----------|----------|----------|
| PARISH  | VALUATION BANDS |          |          |          |          |          |          |          |
|   | A               | B        | C        | D        | E        | F        | G        | H        |
|   | £               | £        | £        | £        | £        | £        | £        | £        |
| Abbeystead & Bacton Group Parish Council  | 890.20          | 1,038.56 | 1,186.93 | 1,335.29 | 1,632.03 | 1,928.76 | 2,225.49 | 2,670.59 |
| Aconbury Parish Meeting   | 871.72          | 1,017.00 | 1,162.29 | 1,307.57 | 1,598.15 | 1,888.72 | 2,179.29 | 2,615.15 |
| Acton Beauchamp Group   | 880.34          | 1,027.06 | 1,173.78 | 1,320.50 | 1,613.95 | 1,907.40 | 2,200.84 | 2,641.01 |
| Allensmore Parish Council   | 874.87          | 1,020.68 | 1,166.49 | 1,312.30 | 1,603.93 | 1,895.55 | 2,187.17 | 2,624.61 |
| Almeley Parish Council  | 886.19          | 1,033.89 | 1,181.59 | 1,329.28 | 1,624.68 | 1,920.08 | 2,215.47 | 2,658.57 |
| Ashperton Parish Council  | 887.91          | 1,035.88 | 1,183.87 | 1,331.85 | 1,627.83 | 1,923.79 | 2,219.76 | 2,663.71 |
| Aston Ingham Parish Council   | 876.45          | 1,022.52 | 1,168.60 | 1,314.67 | 1,606.83 | 1,898.98 | 2,191.12 | 2,629.35 |
| Avenbury Parish Council   | 882.03          | 1,029.03 | 1,176.04 | 1,323.04 | 1,617.06 | 1,911.07 | 2,205.07 | 2,646.09 |
| Aymestrey Parish Council  | 880.38          | 1,027.10 | 1,173.84 | 1,320.56 | 1,614.03 | 1,907.48 | 2,200.94 | 2,641.13 |
| Ballingham Bolstone & Hentland Group Parish Council   | 880.24          | 1,026.94 | 1,173.65 | 1,320.35 | 1,613.77 | 1,907.18 | 2,200.59 | 2,640.71 |
| Bartestree & Lugwardine Group Parish Council  | 888.29          | 1,036.34 | 1,184.39 | 1,332.43 | 1,628.53 | 1,924.63 | 2,220.72 | 2,664.87 |
| Belmont Rural Parish Council  | 882.97          | 1,030.13 | 1,172.29 | 1,324.45 | 1,618.78 | 1,913.10 | 2,207.42 | 2,648.91 |
| Birley with Upper Hill Parish Council   | 879.59          | 1,026.18 | 1,172.78 | 1,319.37 | 1,612.57 | 1,905.76 | 2,198.96 | 2,638.75 |
| Bishop's Frome Parish Council   | 899.09          | 1,048.94 | 1,198.79 | 1,348.63 | 1,648.33 | 1,948.03 | 2,247.72 | 2,697.27 |
| Bishopstone & District Group Parish Council   | 881.32          | 1,028.20 | 1,175.09 | 1,321.97 | 1,615.75 | 1,909.52 | 2,203.29 | 2,643.95 |
| Bodenham Parish Council   | 878.73          | 1,025.18 | 1,171.64 | 1,318.09 | 1,611.01 | 1,903.92 | 2,196.82 | 2,636.19 |
| Border Group Parish Council   | 883.87          | 1,031.18 | 1,178.49 | 1,325.80 | 1,620.43 | 1,915.05 | 2,209.67 | 2,651.61 |
| Bosbury and Coddington Parish Council   | 878.02          | 1,024.35 | 1,170.69 | 1,317.02 | 1,609.70 | 1,902.37 | 2,195.04 | 2,634.05 |
| Brampton Abbots & Foy Group Parish Council  | 876.94          | 1,023.09 | 1,169.25 | 1,315.40 | 1,607.72 | 1,900.03 | 2,192.34 | 2,630.81 |
| Bredenbury & District Group Parish Council  | 877.73          | 1,024.01 | 1,170.30 | 1,316.58 | 1,609.16 | 1,901.73 | 2,194.31 | 2,633.17 |
| Breinton Parish Council   | 880.59          | 1,027.35 | 1,174.12 | 1,320.88 | 1,614.42 | 1,907.95 | 2,201.47 | 2,641.77 |
| Bridstow Parish Council   | 880.32          | 1,027.03 | 1,173.76 | 1,320.47 | 1,613.92 | 1,907.35 | 2,200.79 | 2,640.95 |
| Brilley Parish Council  | 879.13          | 1,025.64 | 1,172.17 | 1,318.68 | 1,611.73 | 1,904.77 | 2,197.81 | 2,637.37 |
| Brimfield and Little Hereford Group Parish Council  | 879.96          | 1,026.61 | 1,173.28 | 1,319.93 | 1,613.26 | 1,906.57 | 2,199.89 | 2,639.87 |
| Brockhampton Parish Council   | 883.04          | 1,030.21 | 1,177.38 | 1,324.55 | 1,618.90 | 1,913.25 | 2,207.59 | 2,649.11 |
| Brockhampton Group Parish Council   | 891.43          | 1,040.00 | 1,188.57 | 1,337.14 | 1,634.29 | 1,931.43 | 2,228.57 | 2,674.29 |
| Bromyard & Winslow Town Council   | 923.38          | 1,077.27 | 1,231.17 | 1,385.06 | 1,692.86 | 2,000.65 | 2,308.44 | 2,770.13 |
| Burghill Parish Council   | 880.79          | 1,027.58 | 1,174.38 | 1,321.17 | 1,614.77 | 1,908.36 | 2,201.96 | 2,642.35 |
| Callow & Haywood Group Parish Council   | 880.17          | 1,026.85 | 1,173.55 | 1,320.24 | 1,613.64 | 1,907.02 | 2,200.41 | 2,640.49 |
| Clethonger Parish Council   | 880.39          | 1,027.11 | 1,173.85 | 1,320.57 | 1,614.04 | 1,907.50 | 2,200.96 | 2,641.15 |
| Clifford Parish Council   | 885.85          | 1,033.49 | 1,181.13 | 1,328.77 | 1,624.06 | 1,919.34 | 2,214.62 | 2,657.55 |
| Colwall Parish Council (incl. Malvern Hills Conservators)                                       | 917.47          | 1,070.37 | 1,223.29 | 1,376.19 | 1,682.02 | 1,987.84 | 2,293.66 | 2,752.39 |
| Cradley Parish Council  | 884.85          | 1,032.32 | 1,179.80 | 1,327.27 | 1,622.23 | 1,917.18 | 2,212.12 | 2,654.55 |
| Credenhill Parish Council   | 888.70          | 1,036.81 | 1,184.93 | 1,333.04 | 1,629.28 | 1,925.51 | 2,221.74 | 2,666.09 |
| Cusop Parish Council  | 888.84          | 1,036.97 | 1,185.12 | 1,333.25 | 1,629.54 | 1,925.81 | 2,222.09 | 2,666.51 |
| Dilwyn Parish Council   | 893.43          | 1,042.32 | 1,191.23 | 1,340.13 | 1,637.95 | 1,935.75 | 2,233.56 | 2,680.27 |
| Dinedor Parish Council  | 903.18          | 1,053.70 | 1,204.24 | 1,354.76 | 1,655.83 | 1,956.88 | 2,257.94 | 2,709.53 |
| Dinmore Parish Meeting  | 870.76          | 1,015.88 | 1,161.01 | 1,306.13 | 1,596.39 | 1,886.64 | 2,176.89 | 2,612.27 |
| Dormington & Mordiford Group Parish Council   | 881.42          | 1,028.32 | 1,175.22 | 1,322.12 | 1,615.93 | 1,909.74 | 2,203.54 | 2,644.25 |
| Dorstone Parish Council   | 877.40          | 1,023.63 | 1,169.86 | 1,316.09 | 1,608.56 | 1,901.03 | 2,193.49 | 2,632.19 |
| Eardisland Parish Council   | 902.08          | 1,052.42 | 1,202.77 | 1,353.11 | 1,653.81 | 1,954.50 | 2,255.19 | 2,706.23 |
| Eardisley Group Parish Council  | 879.54          | 1,026.12 | 1,172.72 | 1,319.30 | 1,612.49 | 1,905.66 | 2,198.84 | 2,638.61 |
| Eastnor & Donnington Parish Council   | 880.11          | 1,026.78 | 1,173.47 | 1,320.15 | 1,613.53 | 1,906.89 | 2,200.26 | 2,640.31 |
| Eaton Bishop Parish Council   | 884.90          | 1,032.38 | 1,179.86 | 1,327.34 | 1,622.31 | 1,917.28 | 2,212.24 | 2,654.69 |
| Ewyas Harold Group Parish Council   | 896.16          | 1,045.51 | 1,194.88 | 1,344.23 | 1,642.96 | 1,941.67 | 2,240.39 | 2,688.47 |
| Fownhope Parish Council   | 895.29          | 1,044.49 | 1,193.71 | 1,342.92 | 1,641.36 | 1,939.78 | 2,238.21 | 2,685.85 |
| Foxley Parish Council   | 878.51          | 1,024.93 | 1,171.35 | 1,317.76 | 1,610.60 | 1,903.44 | 2,196.27 | 2,635.53 |
| Garway Parish Council   | 884.87          | 1,032.35 | 1,179.83 | 1,327.30 | 1,622.26 | 1,917.22 | 2,212.17 | 2,654.61 |
| Goodrich & Welsh Bicknor Group Parish Council   | 882.70          | 1,029.81 | 1,176.93 | 1,324.04 | 1,618.28 | 1,912.51 | 2,206.74 | 2,648.09 |
| Hampton Bishop Parish Council   | 887.65          | 1,035.58 | 1,183.53 | 1,331.46 | 1,627.35 | 1,923.23 | 2,219.11 | 2,662.93 |
| Hampton Charles Parish Meeting  | 870.76          | 1,015.88 | 1,161.01 | 1,306.13 | 1,596.39 | 1,886.64 | 2,176.89 | 2,612.27 |
| Hatfield and District Group Parish Council  | 878.74          | 1,025.19 | 1,171.65 | 1,318.10 | 1,611.02 | 1,903.93 | 2,196.84 | 2,636.21 |
| Hereford City Council   | 889.87          | 1,038.17 | 1,186.49 | 1,334.79 | 1,631.42 | 1,928.04 | 2,224.66 | 2,669.59 |
| Holme Lacy Parish Council   | 893.65          | 1,042.59 | 1,191.53 | 1,340.47 | 1,638.36 | 1,936.24 | 2,234.12 | 2,680.95 |
| Holmer & Shelwick Parish Council  | 877.87          | 1,024.17 | 1,170.49 | 1,316.79 | 1,609.42 | 1,902.04 | 2,194.66 | 2,633.59 |
| Hope Mansell Parish Council   | 878.07          | 1,024.40 | 1,170.75 | 1,317.09 | 1,609.79 | 1,902.47 | 2,195.16 | 2,634.19 |
| Hope under Dinmore Group Parish Council   | 881.65          | 1,028.58 | 1,175.53 | 1,322.46 | 1,616.35 | 1,910.23 | 2,204.11 | 2,644.93 |
| How Caple, Sollershope & Yatton Group Parish Council  | 885.19          | 1,032.72 | 1,180.25 | 1,327.78 | 1,622.85 | 1,917.91 | 2,212.97 | 2,655.57 |
| Humber, Stoke Prior & Ford Group Parish Council   | 878.02          | 1,024.35 | 1,170.69 | 1,317.02 | 1,609.70 | 1,902.37 | 2,195.04 | 2,634.05 |

| PARISH   | VALUATION BANDS |          |          |          |          |          |          |          |
|--|-----------------|----------|----------|----------|----------|----------|----------|----------|
|  | A               | B        | C        | D        | E        | F        | G        | H        |
|  | £               | £        | £        | £        | £        | £        | £        | £        |
| Huntington Parish Council                                | 878.45          | 1,024.86 | 1,171.27 | 1,317.67 | 1,610.49 | 1,903.31 | 2,196.12 | 2,635.35 |
| Kentchurch Parish Council                                | 894.65          | 1,043.76 | 1,192.87 | 1,341.97 | 1,640.19 | 1,938.41 | 2,236.62 | 2,683.95 |
| Kilpeck Group Parish Council                             | 892.91          | 1,041.73 | 1,190.55 | 1,339.36 | 1,637.00 | 1,934.64 | 2,232.27 | 2,678.73 |
| Kimbolton Parish Council                                 | 883.84          | 1,031.14 | 1,178.45 | 1,325.75 | 1,620.37 | 1,914.98 | 2,209.59 | 2,651.51 |
| Kings Cople Parish Council                               | 889.59          | 1,037.85 | 1,186.12 | 1,334.38 | 1,630.92 | 1,927.45 | 2,223.97 | 2,668.77 |
| Kingsland Parish Council                                 | 876.60          | 1,022.69 | 1,168.80 | 1,314.89 | 1,607.10 | 1,899.29 | 2,191.49 | 2,629.79 |
| Kingstone & Thrupton Group Parish Council                | 880.09          | 1,026.77 | 1,173.45 | 1,320.13 | 1,613.50 | 1,906.86 | 2,200.22 | 2,640.27 |
| Kington Rural and Lower Harpton Group Parish Council     | 876.25          | 1,022.28 | 1,168.33 | 1,314.36 | 1,606.45 | 1,898.53 | 2,190.61 | 2,628.73 |
| Kington Town Council                                     | 906.62          | 1,057.72 | 1,208.82 | 1,359.92 | 1,662.13 | 1,964.34 | 2,266.54 | 2,719.85 |
| Kimmersley and District Group Parish Council             | 878.82          | 1,025.28 | 1,171.76 | 1,318.22 | 1,611.17 | 1,904.10 | 2,197.04 | 2,636.45 |
| Lea Parish Council                                       | 884.65          | 1,032.08 | 1,179.53 | 1,326.96 | 1,621.85 | 1,916.73 | 2,211.61 | 2,653.93 |
| Ledbury Town Council                                     | 912.65          | 1,064.76 | 1,216.87 | 1,368.97 | 1,673.19 | 1,977.41 | 2,281.62 | 2,737.95 |
| Leintwardine Group Parish Council                        | 887.01          | 1,034.83 | 1,182.67 | 1,330.50 | 1,626.18 | 1,921.84 | 2,217.51 | 2,661.01 |
| Leominster Town Council                                  | 898.93          | 1,048.74 | 1,198.57 | 1,348.38 | 1,648.03 | 1,947.67 | 2,247.31 | 2,696.77 |
| Linton Parish Council                                    | 878.43          | 1,024.83 | 1,171.24 | 1,317.64 | 1,610.46 | 1,903.27 | 2,196.07 | 2,635.29 |
| Little Birch Parish Council                              | 885.92          | 1,033.57 | 1,181.22 | 1,328.87 | 1,624.18 | 1,919.49 | 2,214.79 | 2,657.75 |
| Little Dewchurch Parish Council                          | 891.96          | 1,040.61 | 1,189.28 | 1,337.93 | 1,635.26 | 1,932.57 | 2,229.89 | 2,675.87 |
| Llangarron Parish Council                                | 875.83          | 1,021.79 | 1,167.77 | 1,313.73 | 1,605.68 | 1,897.62 | 2,189.56 | 2,627.47 |
| Llanwarne & District Group Parish Council                | 874.46          | 1,020.20 | 1,165.94 | 1,311.68 | 1,603.17 | 1,894.66 | 2,186.14 | 2,623.37 |
| Longtown Group Parish Council                            | 879.64          | 1,026.24 | 1,172.85 | 1,319.45 | 1,612.67 | 1,905.88 | 2,199.09 | 2,638.91 |
| Lower Bullingham Parish Council                          | 879.83          | 1,026.46 | 1,173.10 | 1,319.73 | 1,613.01 | 1,906.28 | 2,199.56 | 2,639.47 |
| Luston Group Parish Council                              | 877.87          | 1,024.17 | 1,170.49 | 1,316.79 | 1,609.42 | 1,902.04 | 2,194.66 | 2,633.59 |
| Lyonshall Parish Council                                 | 879.01          | 1,025.50 | 1,172.01 | 1,318.50 | 1,611.51 | 1,904.51 | 2,197.51 | 2,637.01 |
| Madley Parish Council                                    | 881.73          | 1,028.68 | 1,175.64 | 1,322.59 | 1,616.51 | 1,910.42 | 2,204.32 | 2,645.19 |
| Marden Parish Council                                    | 892.63          | 1,041.40 | 1,190.17 | 1,338.94 | 1,636.49 | 1,934.03 | 2,231.57 | 2,677.89 |
| Marstow Parish Council                                   | 882.50          | 1,029.58 | 1,176.66 | 1,323.74 | 1,617.91 | 1,912.08 | 2,206.24 | 2,647.49 |
| Mathon Parish Council (incl. Malvern Hills Conservators) | 911.00          | 1,062.84 | 1,214.67 | 1,366.50 | 1,670.17 | 1,973.84 | 2,277.50 | 2,733.01 |
| Middleton-on-the-Hill and Leysters Group Parish Council  | 881.33          | 1,028.21 | 1,175.10 | 1,321.98 | 1,615.76 | 1,909.53 | 2,203.31 | 2,643.97 |
| Monkland and Stretford Parish Council                    | 884.57          | 1,032.00 | 1,179.43 | 1,326.85 | 1,621.71 | 1,916.57 | 2,211.42 | 2,653.71 |
| Moreton on Lugg Parish Council                           | 910.83          | 1,062.63 | 1,214.44 | 1,366.24 | 1,669.86 | 1,973.47 | 2,277.07 | 2,732.49 |
| Much Birch Parish Council                                | 882.85          | 1,029.98 | 1,177.13 | 1,324.26 | 1,618.55 | 1,912.83 | 2,207.11 | 2,648.53 |
| Much Cowarne Group Parish Council                        | 882.15          | 1,029.16 | 1,176.19 | 1,323.21 | 1,617.27 | 1,911.31 | 2,205.36 | 2,646.43 |
| Much Dewchurch Parish Council                            | 878.49          | 1,024.90 | 1,171.32 | 1,317.73 | 1,610.57 | 1,903.40 | 2,196.22 | 2,635.47 |
| Much Marcle Parish Council                               | 881.17          | 1,028.02 | 1,174.89 | 1,321.74 | 1,615.47 | 1,909.19 | 2,202.91 | 2,643.49 |
| North Bromyard Group Parish Council                      | 878.34          | 1,024.72 | 1,171.12 | 1,317.50 | 1,610.29 | 1,903.06 | 2,195.84 | 2,635.01 |
| Ocle Pychard Parish Council                              | 878.63          | 1,025.06 | 1,171.50 | 1,317.93 | 1,610.81 | 1,903.68 | 2,196.56 | 2,635.87 |
| Orcop Parish Council                                     | 882.29          | 1,029.34 | 1,176.39 | 1,323.43 | 1,617.53 | 1,911.63 | 2,205.72 | 2,646.87 |
| Orleton Parish Council                                   | 894.39          | 1,043.44 | 1,192.51 | 1,341.57 | 1,639.71 | 1,937.83 | 2,235.96 | 2,683.15 |
| Pembridge Parish Council                                 | 897.00          | 1,046.49 | 1,196.00 | 1,345.49 | 1,644.50 | 1,943.49 | 2,242.49 | 2,690.99 |
| Pencombe Group Parish Council                            | 890.97          | 1,039.45 | 1,187.95 | 1,336.44 | 1,633.44 | 1,930.42 | 2,227.41 | 2,672.89 |
| Peterchurch Parish Council                               | 883.57          | 1,030.83 | 1,178.09 | 1,325.35 | 1,619.88 | 1,914.40 | 2,208.92 | 2,650.71 |
| Peterstow Parish Council                                 | 880.48          | 1,027.22 | 1,173.97 | 1,320.71 | 1,614.21 | 1,907.70 | 2,201.19 | 2,641.43 |
| Pipe and Lyde Parish Council                             | 876.47          | 1,022.55 | 1,168.63 | 1,314.70 | 1,606.86 | 1,899.02 | 2,191.17 | 2,629.41 |
| Pixley & District Parish Council                         | 879.45          | 1,026.01 | 1,172.59 | 1,319.16 | 1,612.32 | 1,905.46 | 2,198.61 | 2,638.33 |
| Putley Parish Council                                    | 897.25          | 1,046.78 | 1,196.33 | 1,345.86 | 1,644.95 | 1,944.03 | 2,243.11 | 2,691.73 |
| Pyons Group Parish Council                               | 877.94          | 1,024.26 | 1,170.58 | 1,316.90 | 1,609.55 | 1,902.20 | 2,194.84 | 2,633.81 |
| Richard's Castle Parish Council                          | 884.54          | 1,031.96 | 1,179.38 | 1,326.80 | 1,621.65 | 1,916.50 | 2,211.34 | 2,653.61 |
| Ross-on-Wye Town Council                                 | 908.37          | 1,059.76 | 1,211.16 | 1,362.55 | 1,665.35 | 1,968.14 | 2,270.92 | 2,725.11 |
| Ross Rural Parish Council                                | 876.21          | 1,022.24 | 1,168.28 | 1,314.31 | 1,606.39 | 1,898.46 | 2,190.52 | 2,628.63 |
| Sellack Parish Council                                   | 876.81          | 1,022.93 | 1,169.07 | 1,315.20 | 1,607.48 | 1,899.74 | 2,192.01 | 2,630.41 |
| Shobdon Parish Council                                   | 887.54          | 1,035.46 | 1,183.38 | 1,331.30 | 1,627.15 | 1,923.00 | 2,218.84 | 2,662.61 |
| St. Weonards Parish Council                              | 877.37          | 1,023.59 | 1,169.82 | 1,316.04 | 1,608.50 | 1,900.95 | 2,193.41 | 2,632.09 |
| Stapleton Group Parish Council                           | 894.91          | 1,044.05 | 1,193.21 | 1,342.35 | 1,640.66 | 1,938.96 | 2,237.26 | 2,684.71 |
| Staunton-on-Wye and District Group Parish Council        | 879.73          | 1,026.34 | 1,172.97 | 1,319.58 | 1,612.83 | 1,906.07 | 2,199.31 | 2,639.17 |
| Stoke Edith Parish Meeting                               | 870.76          | 1,015.88 | 1,161.01 | 1,306.13 | 1,596.39 | 1,886.64 | 2,176.89 | 2,612.27 |
| Stoke Lacy Parish Council                                | 885.29          | 1,032.83 | 1,180.38 | 1,327.92 | 1,623.02 | 1,918.11 | 2,213.21 | 2,655.85 |
| Stretton Grandison Group Parish Council                  | 874.11          | 1,019.78 | 1,165.47 | 1,311.15 | 1,602.53 | 1,893.89 | 2,185.26 | 2,622.31 |
| Stretton Sugwas Parish Council                           | 883.97          | 1,031.29 | 1,178.62 | 1,325.94 | 1,620.60 | 1,915.25 | 2,209.91 | 2,651.89 |
| Sutton Parish Council                                    | 902.46          | 1,052.86 | 1,203.28 | 1,353.68 | 1,654.51 | 1,955.32 | 2,256.14 | 2,707.37 |
| Tarrington Parish Council                                | 897.60          | 1,047.19 | 1,196.80 | 1,346.39 | 1,645.60 | 1,944.79 | 2,243.99 | 2,692.79 |
| Thornbury Group Parish Council                           | 876.75          | 1,022.86 | 1,168.99 | 1,315.11 | 1,607.37 | 1,899.61 | 2,191.86 | 2,630.23 |
| Titley and District Group Parish Council                 | 879.84          | 1,026.47 | 1,173.12 | 1,319.75 | 1,613.04 | 1,906.31 | 2,199.59 | 2,639.51 |
| Upton Bishop Parish Council                              | 891.41          | 1,039.98 | 1,188.55 | 1,337.11 | 1,634.25 | 1,931.39 | 2,228.52 | 2,674.23 |

## ANNEX 1 (v)

| PARISH  | VALUATION BANDS |          |          |          |          |          |          |          |
|---|-----------------|----------|----------|----------|----------|----------|----------|----------|
|   | A               | B        | C        | D        | E        | F        | G        | H        |
|   | £               | £        | £        | £        | £        | £        | £        | £        |
| Vowchurch & District Group Parish Council   | 880.37          | 1,027.10 | 1,173.83 | 1,320.55 | 1,614.01 | 1,907.47 | 2,200.92 | 2,641.11 |
| Walford Parish Council  | 881.51          | 1,028.42 | 1,175.34 | 1,322.25 | 1,616.09 | 1,909.92 | 2,203.76 | 2,644.51 |
| Wellington Parish Council   | 881.77          | 1,028.72 | 1,175.69 | 1,322.64 | 1,616.57 | 1,910.49 | 2,204.41 | 2,645.29 |
| Wellington Heath Parish Council   | 884.85          | 1,032.31 | 1,179.79 | 1,327.26 | 1,622.22 | 1,917.16 | 2,212.11 | 2,654.53 |
| Welsh Newton & Llanrothal Group Parish Council  | 897.99          | 1,047.64 | 1,197.31 | 1,346.97 | 1,646.31 | 1,945.63 | 2,244.96 | 2,693.95 |
| Weobley Parish Council  | 879.67          | 1,026.28 | 1,172.89 | 1,319.50 | 1,612.73 | 1,905.95 | 2,199.17 | 2,639.01 |
| Weston Beggard Parish Council   | 875.55          | 1,021.46 | 1,167.39 | 1,313.31 | 1,605.17 | 1,897.01 | 2,188.86 | 2,626.63 |
| Weston-under-Penyard Parish Council   | 877.91          | 1,024.23 | 1,170.55 | 1,316.86 | 1,609.50 | 1,902.14 | 2,194.77 | 2,633.73 |
| Whitbourne Parish Council   | 887.62          | 1,035.55 | 1,183.49 | 1,331.42 | 1,627.30 | 1,923.17 | 2,219.04 | 2,662.85 |
| Whitchurch & Ganarew Group Parish Council   | 882.50          | 1,029.58 | 1,176.66 | 1,323.74 | 1,617.91 | 1,912.08 | 2,206.24 | 2,647.49 |
| Wigmore Group Parish Council  | 890.67          | 1,039.11 | 1,187.56 | 1,336.00 | 1,632.90 | 1,929.79 | 2,226.67 | 2,672.01 |
| Withington Group Parish Council   | 885.63          | 1,033.22 | 1,180.83 | 1,328.43 | 1,623.65 | 1,918.85 | 2,214.06 | 2,656.87 |
| Woolhope Parish Council   | 886.50          | 1,034.24 | 1,182.00 | 1,329.74 | 1,625.25 | 1,920.74 | 2,216.24 | 2,659.49 |
| Wyeside Group Parish Council  | 879.69          | 1,026.29 | 1,172.91 | 1,319.52 | 1,612.76 | 1,905.98 | 2,199.21 | 2,639.05 |
| Yarkhill Parish Council   | 885.97          | 1,033.63 | 1,181.29 | 1,328.95 | 1,624.28 | 1,919.60 | 2,214.92 | 2,657.91 |
| Yarpole Group Parish Council  | 883.33          | 1,030.54 | 1,177.77 | 1,324.98 | 1,619.43 | 1,913.87 | 2,208.31 | 2,649.97 |
| 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 2007/2008 for each of the categories of dwellings shown above. |                 |          |          |          |          |          |          |          |
|   |                 |          |          |          |          |          |          |          |

## **REPORT OF THE MEETING OF WEST MERCIA POLICE AUTHORITY HELD ON 13 FEBRUARY 2007**

### ***Chief Constable***

1. The Authority has placed on record its appreciation of Mrs Margaret Wood who served as Assistant Chief Constable (Specialist Operations) from October 1998 to January 2007. The Authority also congratulated Mrs Wood on her appointment as ACPO (Association of Chief Police Officers) Terrorism Programme Director. The post of Assistant Chief Constable (Specialist Operations) has been advertised and interviews will take place in March 2007. Chief Superintendent Howard Topping has been appointed Acting Assistant Chief Constable in the interim.

### ***Budget 2007/2008***

2. The Police Authority has set a net budget of £184.3 million for the financial year 2007/2008. Of this total £116.0 million will be received from central government grants, with the remainder from local Council Taxpayers.

3. The Council Tax for a Band D property will be £157.66, an increase of 2p per day. The increase of 4.94% is within Government guidelines.

4. In making its decision the Police Authority took into consideration its consultation with the public of West Mercia. This included feedback received from:

- Research via the West Mercia Crime Survey posted to 51,400 residents
- 18 Police Community Consultative Groups, which are public meetings held across West Mercia
- The consultation leaflet "Your police service 2007 and beyond" was posted to over 2,000 stakeholders seeking views
- A special Consultation Evening was held where the public and businesses were able to respond to outlined proposals including the budget for 2007/2008

5. West Mercia Constabulary continues to be one of the best performing forces in England and Wales, yet it receives one of the lowest government grants. The Police Authority in listening to the views of the public intends to ensure that resources are focused on tackling crime, protecting the public, promoting community safety and improving public satisfaction and confidence.

6. 2008 will see a record number of police officers in post in West Mercia and more community support officers and police staff than ever before. The overall aim will therefore be to ensure that West Mercia remains a safe place to live in, work in and visit."

## **Capital Programme**

7. The Police Authority has agreed its three year Capital Programme and developments include:

- *Accommodation for Community Support Officers at Bridgnorth and Bromyard Police Stations*
- *The development of proposals for the strategic expansion of Police Headquarters at Hindlip Hall, Worcester, the Defford Estate and for Market Drayton to become the hub for North Shropshire, allowing the stations at Wem and Whitchurch to downsize and develop partnership options.*
- *Improvements under the Disability Discrimination Act to ensure compliance for public access to West Mercia's buildings.*
- *The Authority has also agreed to the purchase of buildings in Shrewsbury for a combined Call Management Centre for the northern area of the force and the re-location of the Shrewsbury Major Incident Room with Major Incident Unit co-located, Criminal Justice Unit and Police Authority offices.*

### **Three Year Strategic Plan and Annual Joint Policing Plan**

8. 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 2007 – 2010. The Joint Policing Plan for 2007/08 is incorporated within the plan and gives particular emphasis to the planned outcomes and priorities for the forthcoming year.

9. A summary of what will be delivered under the 'Four Better Outcomes' during 2007/2008 is attached as an appendix.

## **Performance**

10. The Authority regularly monitors the force's performance and has extended this to specifically include updates on Building Protective Services and Protecting Vulnerable people.

11. In terms of data available on crime in West Mercia the Authority is encouraged to note that recorded crime has fallen consistently in the following key areas over the past three years:

- Total crime has been reduced by 20%, with 21,546 fewer victims.
- Domestic burglary has been reduced by 37% with 2,187 fewer victims.
- Violent crime has been reduced by 27% with 6,258 fewer victims
- Vehicle crime has been reduced by 20% with 2,382 fewer victims.

12. All of the above has been achieved as a result of the hard work, dedication and commitment of all of the police officers, police staff and volunteers who work for the West Mercia Constabulary.

13. The Authority was also pleased to note that the Auditors had awarded the top rating in relation to the PURE (Police Use of Resources Evaluation) for Value for Money. The Audit Commission will be using West Mercia as an example of good practice in its published report.

### ***Protection for Officers under Threat***

14. The Police Authority has agreed a policy for the protection of officers and their families who experience threats or harassment arising from their police duty. The instances of significant threats are rare in West Mercia but the policy will enable the Chief Constable to incur costs of up to £10,000 where the degree of threat so warrants. Any requirements above that figure will remain subject to prior approval by the Police Authority.

### ***Police Property Act 1897***

15. During 2005/2006 approval was given to retain for police purpose the use of a Blackor Jumpstart Air Compressor, which had been seized.

### ***Anniversaries***

16. The Herefordshire Police Choir recently celebrated its 50<sup>th</sup> Anniversary with a commemorative service at Hereford Cathedral. The Special Constabulary has also just celebrated its 175<sup>th</sup> Anniversary.

17. The 1 October 2007 is the 40<sup>th</sup> Anniversary of the establishment of West Mercia Constabulary and Police Authority and a programme of events is being arranged for September and October 2007.

Signed on behalf of the  
West Mercia Police Authority

P 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.*

*Further information on the West Mercia Police Authority can also be found on the Internet at [www.westmerciapoliceauthority.gov.uk](http://www.westmerciapoliceauthority.gov.uk).*

*Questions on the functions of the Police Authority*

*The Authority has nominated the following members to answer questions on the discharge of the functions of the Police Authority at meetings of the relevant councils:*

*Herefordshire Council                      Mr B Hunt  
Shropshire County Council Mr M Kenny  
Telford and Wrekin Council              Mr J Hicks  
Worcestershire County Council      Mr E Sheldon*

*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 on 13 February 2007.*



## **WEST MERCIA CONSTABULARY THREE YEAR STRATEGIC PLAN AND ANNUAL JOINT POLICING PLAN**

*Summary of what will be delivered under the 'Four Better Outcomes' during 2007/08.*

### **Tackling Crime**

Working with partners, we aim to reduce crime levels, increase detections and increase the number of offenders brought to justice. We will increase the enforcement of penalties, aim to reduce drug use, especially among young people, and to reduce the fear of crime in our communities.

### **Priority goals and initiatives**

- Use an intelligence led approach to tackle and reduce crime and review our prevention, enforcement and reassurance priorities.
- Improve our performance at every stage of the crime investigation process to ensure that we provide the best available evidence in every case.
- Within the structure of West Mercia's Local Criminal Justice Board, work with our criminal justice partners to deliver nationally agreed targets for bringing offenders to justice.
- Work in partnership with the Crown Prosecution Service to achieve successful outcomes for all victims and witnesses.

### **In 2007/08 we intend to:**

- Increase our successes in tackling crime and further reduce crime levels with particular emphasis on violent crime, drug-related crime and alcohol-related crime and disorder.
- Work with our partners in the Prolific and Other Priority Offender schemes to focus on and deal with persistent offenders who are responsible for a large proportion of our crime.
- Take action against those selling alcohol to children and people who are drunk through the targeted use of test purchase and licence reviews.
- Improve the frontline investigation skills of all officers and staff through the introduction of the Professionalising the Investigation Process programme (PIP).
- Maintain our position as one of the highest performing forces in relation to the proportion of offences which are detected and for which a sanction is applied through the criminal justice system.
- Seek opportunities to identify speedy outcomes for victims of crime and, where appropriate, consider the effective use of non-court sanctions.
- Ensure the quality and accuracy of information with initial emphasis on intelligence and crime.

- Undertake work to meet the requirements of the Management of Police Information (MoPI) national policies to enhance the quality, reliability and security of information.

### **Promoting Community Safety**

We will work to understand the issues affecting communities, ensuring that we can be relied upon to protect vulnerable people and to deal with quality of life issues such as anti-social behaviour and minor criminality.

### **Priority goals and initiatives**

- Establish fully staffed Local Policing Teams to provide dedicated and accountable resources to local communities.
- Further develop community engagement to enable individuals, communities and partners to work with us and take a greater role and responsibility in problem solving.
- Be accessible to our communities in order to build confidence and encourage public support in preventing crime and anti-social behaviour and bringing offenders to justice.
- Ensure the tactics and powers to tackle anti-social behaviour are used widely and wisely, in response to community needs.
- Enhance the provision of services to protect vulnerable people including taking a positive approach towards dealing with domestic violence, child abuse, hate crime and missing persons.

### **In 2007/08 we intend to:**

- Focus on tackling local issues to reduce people's concerns about anti-social behaviour and disorder and other identified problems.
- Increase the number of Community Support Officers (CSO) to at least 270 to improve visibility and ensure that every community has a designated CSO.
- Implement the Partners And Communities Together (PACT) approach throughout the force area and develop new methods to help identify and address local issues of concern.
- Work with our partners and communities to reduce the impact of drug and alcohol misuse.
- Provide enhanced levels of high quality public information concerning policing including a local policing summary, leaflets, posters, business cards and imaginative use of the Internet.
- Undertake focussed communications and enforcement campaigns to increase public awareness of issues including domestic violence, alcohol-related crime and anti-social behaviour.
- Undertake joint problem solving training with partners to improve community engagement and resolve issues.

- Establish protocols with partners to enable the sharing of relevant information within a properly managed process.
- Help and support people suffering domestic violence by taking an active lead within Multi Agency Risk Assessment Conferences (MARAC), and by delivering nationally designed domestic violence training to front line staff and partners.
- Participate in local Safeguarding Children Boards to improve safeguarding and welfare arrangements for young people.

### **Improving Satisfaction and Confidence**

We are determined to deliver an overall service that is fair, equitable, sensitive to individual needs and generates high levels of public satisfaction. We will ensure that, as a consequence, communities believe that their police are doing a good job and public confidence increases.

### **Priority goals and Initiatives**

- Build on the core standards set out in the National Quality of Service Commitment<sup>1</sup> and continue to improve our service delivery.
- Focus on the service we provide to victims of crime, including keeping them informed of developments in their case, and monitor compliance with the Victims Code.
- In conjunction with West Mercia Police Authority, develop community engagement activities focussed on building trust and confidence.
- Maintain a programme of work to ensure the effective, efficient and secure management of police information.
- Act upon lessons learned from complaints and misconduct matters in a positive way.
- Respond effectively to the planned national changes in professional standards and discipline procedures.

### **In 2007/08 we intend to:**

- Implement enhanced Customer Relationship Management processes to support call takers and other direct service delivery roles.
- Deliver a new Communications Centre in the North of the Force area that will provide enhanced facilities and help us to improve our service to telephone callers.
- Further implement the “Speaks Quality” training and awareness programme to improve customer focussed behaviours and support the application of our Customer Service principles (CARE).
- Develop our force Internet site to improve communications with the public.

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<sup>1</sup> The National Quality of Service Commitment sets out customer service standards for all police forces. They describe the level of service expected whenever the public have contact with the police.

- Implement telephone based satisfaction surveys for victims of crime to enhance the quality of information received and support continuous improvement in service delivery.
- Maintain focus on the satisfaction levels of victims of crime and trends in public complaints and related issues through regular review by the force and the Police Authority.
- Undertake work to deliver the requirements of the National IMPACT programme to improve access to and sharing of police information.
- Identify key learning points from both national and local complaints and misconduct incidents and ensure that lessons are effectively fed back into operational policing.
- Prepare West Mercia Constabulary to implement the principles of the Taylor Review of police disciplinary procedures, in anticipation of new national arrangements in 2008.

### **Protecting the Public**

We will respond quickly and effectively to all serious and major incidents. We will enhance our counter terrorism capability and improve our use of intelligence to support operations against serious and organised criminality. We will contribute towards reducing the number of people killed or seriously injured in road traffic collisions.

### **Priority goals and Initiatives**

- Engage in the full range of counter terrorism policing activities and support regional and national counter-terrorist operations.
- Increase our capability and capacity to deliver protective services to the public.
- Engage with other forces to explore new opportunities for joint working.
- Support the implementation of our Roads Policing Strategy by aiming to deny criminals the use of our roads.
- Work with partner agencies and other forces to combat serious and organised crime.
- Enhance our approach to the protection of vulnerable people, including improving our arrangements for the management of sex offenders and other offenders who pose a risk to the public.
- Continue to work towards achieving or exceeding the Government's 2010 target to reduce the number of people killed or seriously injured on our roads.

### **In 2007/08 we intend to**

- Complete the £2.9 million investment programme commenced by West Mercia Police Authority in 2006/07 to enhance our capability and capacity to deliver protective services.

- Further develop our capacity to target drug dealers to reduce the availability and supply of illegal drugs in our communities.
- Increase our capability to tackle cross border crime through increasing the size of our Serious and Organised Crime Unit and the expansion of our surveillance capacity.
- Invest in high quality facilities and equipment to provide the best possible operating environment for our specialist staff dealing with major investigations and serious and organised criminality.
- Ensure our information is properly protected by managing and using it in line with national guidelines
- Use dedicated resources to monitor and tackle the illegal activities of extremists.
  - Enhance our capability in dealing with critical incidents and meet national Chemical, Biological, Radiological and Nuclear (CBRN) requirements.
  - Strengthen border security through port checks at airfields within the force area and regularly examine iconic and vulnerable sites.
  - Evaluate our resilience by carrying out counter terrorism and critical incident training and exercising.
- Through increased investment, enhance our capability and capacity in managing sex offenders and potentially dangerous offenders.
- Under the Multi Agency Public Protection Arrangements (MAPPA), exchange appropriate information with partner agencies about dangerous offenders and manage the risk they pose.
  - Work with our partners to reduce road casualties by providing specialist roads policing and by implementing targeted enforcement and education campaigns.



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

Meeting Held on 15 February 2007

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1. During the period 1 April 2006 to 31 December 2006 the Service attended a total of 7,727 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](http://www.hwfire.org.uk)).
2. The Constituent Authorities were advised in the last report to them that the level of operational activity experienced in the second quarter of the year was higher than at any time since 2003/04. The majority of this additional activity was caused by the unusually hot summer and periods of flash flooding. It is pleasing to report decreases in the third quarter in all types of incidents when compared to the second quarter. The total number of incidents is also 3% lower than in the third quarter last year.
3. The Authority has, however, noted the continuing nuisance caused by the number of false automatic fire alarms. This potentially diverts the Service from attending real incidents putting the community at risk and draining resources. The Authority is to discuss this issue in further detail at its next meeting.

## BUDGET 2007/08

4. The Authority has set its 2007/08 budget, the net Budget Requirement being £28.286 million, an increase of 4.5%. The effect on the precept is to give a Band D Tax rate of £65.01 representing a 4.94% increase on 2006/07. (This is an increase of £3.06 a year.)
5. The Authority continues to receive the lowest government grant per citizen of any Fire and Rescue Authority. It receives only 75% of the average for precepting Fire and Rescue Authorities.
6. Work is in hand to be ready to assess the potential impact of the Government's review of public spending which may have very serious and adverse consequences for the service the Authority can deliver.

## INTEGRATED RISK MANAGEMENT PLAN

7. 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.
8. The Authority has received a further progress report on progress against the IRMP (3) action plan 2006/07.

## **Regional Fire Control**

9. The Constituent Authorities were informed in the last report to them of the action being taken to establish a Local Authority Company to run the new Regional Control Centre for the West Midlands, located in Wolverhampton. The Company was formed by the required date but the Board has yet to meet. The Centre itself is now under construction. The Authority is to be kept informed of developments.

## **People Strategy 2006-09**

10. The Authority has approved a People Strategy providing a three-year framework to support the Service's aims and objectives by providing the right people in the right place at the right time with the right skills across the Service. The Strategy has been developed in line with national and regional Strategies. Its objectives are: to ensure the Service creates and maintains a workforce committed to and able to achieve the Service's mission; to support employee improvement processes to enable staff to undertake diverse and changing roles; and to select and retain a diverse workforce in terms of the staff group's composition to reflect the Community the Service serves.

## **Recruitment**

11. The Authority has been informed of the Service's recent recruitment campaign for Wholetime Firefighters. It has welcomed the steps taken to make the process as open and transparent as possible and to attract a wide range of applicants, with particular efforts made to encourage applications from groups currently under-represented in the workforce.
12. It has been informed that new national criteria are due to come into force which may have adverse implications on the future recruitment of Retained Firefighters, who play an essential role in delivering the service in the rural area the Authority serves. The Authority will consider an assessment of the implications at a future meeting.

## **Regulatory Reform (Fire Safety Order) 2006/Technical Fire Safety**

13. As previously reported, the Regulatory Reform (Fire Safety) Order 2006 which came into force in October 2006 represented a major change in the enforcement of Fire Safety Matters, introducing a system of self compliance based on a Fire Risk Assessment. The Authority has been assured that where safety issues are identified the Service has the power to act. One Prohibition Notice was served in the third quarter of the year. Five Prohibition Notices served under the Fire Precautions Act are still in effect. These have been regularly monitored to ensure adherence to the conditions of the Notices
14. The Fire Safety Trainer carried out a number of seminars to assist Commerce and Industry with the transition to the new Fire Safety Order at various venues throughout the Service area. Additionally, courses were provided at the Service Training and Development Centre to cover the managing of Fire Risk Assessments.
15. The "Community Fire Risk Management Information System" has now been installed and is in use by all the Fire Safety Districts. Work is continuing to expand the management potential of the system and the more efficient use of resources.

## **Arson and Fire Investigation**

16. The Authority has received reports on a number of incidents. In conjunction with the other Fire and Rescue Services of the West Midlands region, a package called "Keep Your School in Business" has been developed. The information includes fire risk



assessments, arson prevention, business continuity advice and the schools education programme. The information is available in a folder form and via a dedicated website.

## **Community Fire Safety**

### **Juvenile Fire Setters Prevention Programme**

17. Since the recent training programme, the first fifteen Advisors have been seeing young fire setters who have been identified either by the two Counties Youth Offending Teams or self presenting, as part of two person intervention teams. This is under the direction of the Juvenile Fire Setters Coordinator. To date some seventy such interventions have taken place since the Coordinator took up post in January 2006. Early indications are that an extremely low number of reoccurrence has been reported to this department from such interventions.
18. Payment for training and intervention by the advisors has been provided via the Community Safety Single Grant from the Department for Communities and Local Government. This links in with the Government "Respect" agenda to combat anti-social behaviour and remove the blight of arson.

### **Education Activity**

19. Given the ever increasing number of fatal and serious injuries on the roads involving young people in the two Counties a new, exciting, stimulating and thought provoking programme of work aimed at reaching Year 10 pupils (age 14-15) is being introduced into all High Schools. The pack, which involves community based scenarios, includes visual aids, DVDs and challenging questions in many topics, including road traffic collisions.
20. This new programme of work 'builds on' previous fire safety education children have acquired at Year 2, 5 and 8. This focused on deliberate fires, hoax calls and accidental house fires.
21. The pack is to be delivered by the teachers themselves and full training is being offered on all elements of the programme to ensure ease of delivery within the classroom. Once established within all the High Schools the Education Officer will monitor the usage and explore its effectiveness through evaluation.
22. In response to recent road safety school evaluations and the creation of a road safety strategy group the road safety initiative, Dying to Drive will be delivered again in both Counties during 2007.
23. To improve the initiative further, pre and post road safety education in schools is to be incorporated to provide stronger links with the Citizenship curriculum while preparing children with key skills to help guide them away from peer pressure.
24. The interactive Qwizdom facility is being utilised as part of this evaluation programme. To date, early results indicate that retention of knowledge is proving to be excellent.
25. Firefighters across the two Counties have been receiving training on the 'new' Year 5 fire safety resources, to support their teaching in schools, Early results indicate that the delivery of fire safety in schools is of a high quality and the information provided is also in the main being retained by the children. Evaluation assessments will continue.
26. The Education Officer is attending training in child protection in the near future to ensure that best practice is disseminated down to the Firefighters together with child

protection awareness training packages which are being compiled at present.

### Equality and Diversity

27. A newly appointed Equality and Diversity Officer started in her new role on 8 January 2007.
28. Progress is continuing on the Generic Equalities Scheme. This key document will incorporate all good practice and legislative implications of equality and diversity on the Authority. A review is currently underway to update specific policies in relation to equality and diversity in line with the new requirements under the Generic Equalities Scheme.
29. Progress is also continuing against the objectives outlined in the Equality and Diversity Strategy.

### Community Events

30. Fire Station Community Events offer the opportunity for Members and local communities to meet their Firefighters, many of whom are Retained Firefighters who live and work within these same communities. This broader range of community events allow the Service to present both Fire Safety information by demonstrations and other visual displays, and other operational information relating to the service the Service provides and to join up with other partners and engage with the local communities. The events vary from Station to Station and each commits considerable time and effort to making public access fun and informative.
31. Events confirmed to date are as follows. Further dates will be announced on the Service's website [www.hwfire.org.uk](http://www.hwfire.org.uk)

| Station             | Dates   | Times      |
|---------------------|---|------------|
| Bewdley             | Saturday 16 June 2007   | <b>TBA</b> |
| Redditch            | Saturday 2 June 2007  | <b>TBA</b> |
| Bromsgrove          | Saturday 8 September 2007   | <b>TBA</b> |
| Evesham             | Community Safety Day –<br>Saturday 28 July 2007                       | <b>TBA</b> |
| Kidderminster       | Sunday 9 June 2007  | <b>TBA</b> |
| Stourport on Severn | Saturday 25 August 2007   | <b>TBA</b> |
| Malvern             | Three Counties Show –<br>Friday 15/Saturday 16/Sunday<br>17 June 2007 | <b>TBA</b> |

**PAUL HAYDEN**  
**CHIEF FIRE OFFICER/CHIEF EXECUTIVE**  
**HEREFORD & WORCESTER FIRE AND RESCUE AUTHORITY**  
**FEBRUARY 2007**

## **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](http://www.hwfire.org.uk)).

## **BACKGROUND PAPERS**

Agenda papers of the meeting of the Fire and Rescue Authority held on 15 February 2007

