Chief Executive's Office

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E-mail: npringle@herefordshire.gov.uk

14th February, 2007

Dear Councillor,

To:

MEETING OF CABINET THURSDAY, 22ND FEBRUARY, 2007 AT 2.00 P.M. THE COUNCIL CHAMBER, BROCKINGTON, 35 HAFOD ROAD, HEREFORD

AGENDA (07/03)

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. **DECLARATIONS OF INTEREST**

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

3. DRAFT REVENUE BUDGET AND CAPITAL PROGRAMME 2007/08

To receive the Corporate Management Board's (CMB's) suggested revenue budget and capital programme fro 2007/08. (Pages 1 - 120)

PROPOSED CORPORATE PLAN 2007/10 AND ANNUAL OPERATING PLAN 2007/08 4.

To agree the proposed Corporate Plan 2007/10 and the Annual Operating Plan 2007/08 to be commended for Council approval. (Pages 121 - 228)

EVERY DISABLED CHILD MATTERS 5.

To note the work being undertaken in Herefordshire to ensure that disabled children and young people are not marginalised in implementing the Every Child Matters agenda. (Pages 229 - 242)



6. PROGRESS ON IMPROVEMENT - CHILDREN AND YOUNG PEOPLE'S SERVICES

To continue the routine reporting on the improvement in outcomes and performance management. (Pages 243 - 266)

7. INTEGRATED PERFORMANCE REPORT

To report performance to the end of **January 2007** against the Annual Operating Plan 2006-07, together with performance against revenue and capital budgets and corporate risks, and remedial action to address areas of under-performance. The report also covers the progress being made against the Council's Overall Improvement Programme. (Report to follow)

8. LOCAL GOVERNMENT PENSION SCHEME - RESPONSE TO STATUTORY CONSULTATION

To endorse the proposed response to the statutory consultation being undertaken by the Department of Communities and Local Government (DCLG) in respect of the proposed changes to the Local Government Pension Scheme (LGPS). (Pages 267 - 274)

9. WEST MIDLANDS REGIONAL SPATIAL STRATEGY (RSS) PHASE 2 REVISION

To respond to the West Midlands Regional Spatial Strategy - Phase Two Revisions Spatial Options. (Pages 275 - 300)

10. PLANNING OBLIGATIONS SUPPLEMENTARY PLANNING DOCUMENT

To receive and agree a draft Supplementary Planning Document (SPD) setting out the Council's policy and use of planning obligations for consultation purposes. (Pages 301 - 408)

11. SMOKEFREE HEREFORDSHIRE

To note the changes made by the Health Act 2006 that will mean that from 1 July 2007 virtually all enclosed public places and workplaces in England will become smokefree; and to approve the activities of the Council and its partners in the Smokefree Herefordshire Partnership in ensuring compliance by businesses and the population of Herefordshire. (Pages 409 - 414)

Yours sincerely,

Copies to: Chairman of the Council

Chairman of Strategic Monitoring Committee Vice-Chairman of Strategic Monitoring Committee

Chairmen of Scrutiny Committees

Group Leaders Directors

Head of Legal and Democratic Services

New Trope

N.M. PRINGLE CHIEF EXECUTIVE

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COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL

BROCKINGTON, 35 HAFOD ROAD, HEREFORD.

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DRAFT REVENUE BUDGET & CAPITAL PROGRAMME 2007/08 PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

22ND FEBRUARY, 2007

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

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 dead 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 2007/08and 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 18th 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 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:

	Base Budget	Base Budget	
	2006/07	2007/08	
	£000	£000	
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	
Sub Total Directorate Budgets	105,432	107,636	
Plus:			
Financing Transactions	8,530	10,242	
Social Care Contingency	1,302	1,302	
Central Services	3,021	3,191	
Total Base Budget	118,285	122,371	

- 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 26th 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 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.

- 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	
Funded by:		
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 form 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.

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 everincreasing 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)

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

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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.

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;

- 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.

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.

- 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.

- 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.

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

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 placeshapers;
 - 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;

- Climate Change Bill measures to limit carbon emissions to meet the Government's target of reducing CO₂ 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;
 - o 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.

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;

- 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;

- **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.

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 gown 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

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:
 - o demographic and socio-economic change;
 - o globalisation;
 - o climate and environmental change;
 - o global uncertainty; and
 - o 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

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:
 - o children's services;
 - waste management and street cleansing;
 - o anti-social behaviour:
 - housing:
 - o pensions; and
 - o 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

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 prebudget report for 2007.

- 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.

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.

- 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;
 - o ensure an equal and inclusive society;
 - build on achievements of partnerships working and ensure continual improvement; and
 - o protect and improve Herefordshire's distinctive environment.

- Outcomes covering the 4 themes which are:
 - o economic development and enterprise;
 - healthier communities and older people;
 - o 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.

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 invear 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

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 arrangement 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.

- 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.

- 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.

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.

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	Specific	Total	
	Fund	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

- 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 ¹	Actual use of General Fund balances ²	Improvement in financial performance ³
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.

- 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 18th 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:

	December 2006 Net over (+) or under (-) spend	November 2006 Net over (+) or under (-) spend
	0003	2000
Adult & Community Services	+1,039	+1,424
Children & Young People's	+214	+214
Customer & Corporate Services	+1	+1
Environment	-459	+25
Resources	+19	+19
Gross projected outturn	+814	+1,683
Less:		
Local Authority Business Growth Incentive Scheme Grant (LABGI)	-1,000	-
Social Care Contingency	-1,302	-1,302
Financing Transactions surplus	-1,000	-750
Net projected outturn	-2,488	-369

- 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 18th 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

- 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 egateway 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 outturn	` ,	
	capital budget		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)	

- 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 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

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.

- 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.

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;

- 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

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

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

- **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
General Fund balance on 1 st April 2006		14,525
Less items in paragraph 7.3.4 – managing		
the General Fund balance and Specific		
Reserves		
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	
Sub Total		-4,965
Less items in paragraph 7.3.8 – managing		
a balanced budget		
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	
Sub Total		-910
Less other items		
Carry forward budgets from 2005/06	3,720	-3,720
Sub Total		
General Fund Balance on 31 st March 2007		4,930

- 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 in 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.

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:

DIRECTORATE BASE BUDGETS	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000
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	7,688	7,782	7,872	7,970
Services				
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
Sub-Total	110,827	113,803	114,911	115,847
Total financing adjustments and net additional pressures	11,544	12,892	16,309	20,158
Total budget	122,371	126,695	131,220	136,005

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

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

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

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 coordinated 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

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 (MTFRM)

- 7.4.1 The MTFRM 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 Councils 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

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 65th birthday should have their pension benefits reduced will not be

removed until 31st March 2008 (previous expectation was that it would be removed on 1st 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)

<u> </u>					
	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	

- 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 overconservative. The £1.5m set aside is intended only for smoothing timing differences over financial year-end. This cash will be released

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.

- 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.

- 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

the revenue account to absorb the financial implications arising form 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 14th 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.

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	Funded by:				
	Budget	Direct Revenue Financing	Supported Capital Expenditure	Prudential Borrowing	Capital Receipts Reserve	Grants & Other
	£000	£000	0003	£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
Total	44,083	31	13,152	9,693	7,585	13,622

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

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

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:

2006/07 Summary	£000\$
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

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.

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.

- 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 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.

- 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 prerequisites, providing the financial ground rules within which medium-term service plans can be developed.

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 16th October 2006 so its comments were available to Cabinet when it approved the MTFMS on 26th 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

- 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 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 MTFRM 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

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.

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.

Appendix A Financial Resource Model	2007/2008 Budget £'000	2008/2009 Budget £'000	2009/2010 : Budget £'000	2010/2011 Budget £'000
Base Budget	118,285	122,371	126,695	131,220
Inflation	618	635	608	661
	118,903	123,006	127,303	131,881
Other Items				
 Waste management - PFI Contract (net of £2m reserve)* *additional £850k required in 2011/12 to restore net budget 	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
MTFMS changes per para 7.3.8				
- 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)
MTFMS changes per para 7.4.2				
- 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
Capital Financing Costs				
- 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
Funding Sources				
- 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
Emerging Pressures				
- Cover for Herefordshire Connects Savings	5,800	(5,800)	0	Λ
- Reduced level of Council Tax Income			0	0
- Customer Services Division	0 500	0	(500)	0
- Corporate Capacity	400	0	(500)	0
Co.porato Capacity	400	U	U	U
Capacity to achieve desired Tax increase	6,524	2,431	4,698	3,786

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

APPENDIX B

MEDIUM-TERM CAPITAL PLAN

	2006/07 Budget £'000	2007/08 Budget £'000	2008/09 Budget £'000	2009/10 Budget £'000
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
	44,083	66,838	38,580	19,567
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
	44,083	66,838	38,580	19,567

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

APPENDIX C

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 31st January 2007 is as follows:

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

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.

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

<u>Note:</u> 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
(1). Budget Setting Indicators				
	£'000	£'000	£'000	£'000
Capital Expenditure	44,083	66,838	38,580	19,567
Ratio of financing costs to net revenue stream				
Net Revenue Stream Financing Costs Ratio of financing costs to net revenue stream	118,285 8,875 7.50%	122,371 9,571 7.82%	126,695 11,138 8.79%	131,220 11,468 8.74%

		2007/08	2008/09	2009/10
Incremental effect of Prudential Borrowing		£ p	£ p	£ p
Existing Prudential Borrowing allocations		28.61	77.09	78.25
New Prudential Borrowing bids		0.47	1.83	1.97
Total		29.08	78.92	80.22
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) Net Band D Impact		(10.17) 18.91	(21.74) 57.18	(8.15) 72.07
·				
Capital Financing Requirement (as at 31/3)	£'000	£'000	£'000	£'000
Total	128,810	158,562	154,373	147,248
PRUDENTIAL INDICATOR				
(2). Treasury Management Prudential Indicators	2006/07	2007/08	2008/09	2009/10
Authorised Limit for External Debt	£'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
Total	150,000	169,000	206,000	209,000
Operational Boundary	£'000	£'000	£'000	£'000
				152,500
Borrowing Other Long Term Liabilities	108,500 1,500	130,500 1,500	157,500 1,500	1,500
Total	110,000	129,000	159,000	154,000
i otal	110,000	129,000	139,000	134,000
Upper Limit for Fixed Interest Rate Exposure	£ or %	£ or %	£ or %	£ or %
Net principal re fixed rate borrowing / investments	100%	100%	100%	100%
Upper Limit for Variable Interest Rate Exposure	£ or %	£ or %	£ or %	£ or %
Net principal re variable rate borrowing / investments	50%	50%	50%	50%
Maturity Structure of new fixed rate borrowing during 2007/08	Upper Limit	Lower Limit		
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%		
Upper Limit for total principal sums invested for over 364 days	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000
	10,000	10,000	10,000	10,000

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.

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
Base Rate	5.50	5.50	5.25	5.00	5.00
10 Year PWLB	5.00	5.00	4.75	4.75	4.50
25 Year PWLB	4.50	4.50	4.50	4.50	4.50
50 Year PWLB	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.

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

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

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 preagreed 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.

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.

	Forecast Outturn	Estimated	Estimated	Estimated
	2006/07	2007/08	2008/09	2009/10
Capital Programme Area: -	£'000	£'000	£'000	£'000
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	3,742	20,406	1,500	-
Resources	3,133	774	2,800	-
Adult and Community Services	13,865	12,128	5,165	2,485
	44,083	66,838	38,580	19,567
By funding				
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
	44,083	66,838	38,580	19,567

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 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'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
Total	150,000	169,000	206,000	209,000

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
Total	110,000	129,000	159,000	154,000

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

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

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
Total	29.08	78.92	80.22
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)
Net Band D Impact	18.91	57.18	72.07

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
Upper Limit for Fixed Interest Rate Exposure				
Net principal re fixed rate borrowing / investments	100%	100%	100%	100%
Upper Limit for Variable Interest Rate Exposure				
•	50%	E00/	50%	50%
Net principal re variable rate borrowing / investments	50%	50%	50%	50%
Maturity Structure of new fixed rate borrowing during 2006/07	Upper Limit	Lower Limit		
Under 12 Months	50%	0%		
12 months and within 24 months	50%	0%		
24 months and within 5 years	100%	0%		
5 years and within 10 years	100%	0%		
10 years and above	100%	0%		
Upper Limit for total principal sums invested for over 364 days	2006/07	2007/08	2008/09	2009/10
515. 55. aa,5	£'000	£'000	£'000	£'000
(per maturity date)	10,000	10,000	10,000	10,000

SPECIFIED INVESTMENTS

All investments listed below must be sterling-denominated

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

maximum life of 9 months) which are issued by banks, corporations and other issuers] Custodial arrangement required prior to purchase	Short-term (or equivalent)	guidelines and parameters agreed with them
Gilt Funds and other Bond Funds***. [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.]	Yes Minimum rating "AA-"	External fund manager only subject to the guidelines and parameters agreed with them (NB: In the selection of a fund the manager will ensure that the fund is not a body corporate by virtue of its set up structure).

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

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

NON-SPECIFIED INVESTMENTS

All investments listed below must be sterling-denominated

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

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

Investment	Security /	Circumstance	Max % of	Maximum
Investment	Minimum	of use	overall	maturity of
	credit rating	0. 400	investments	
UK government gilts with maturities in excess of 1 year Custodial arrangement required prior to purchase	Govt backed	(1) Buy and hold to maturity: inhouse after consultation with Treasury Management advisor (2) For trading: by external	20%	10 years (but also including the 10 year benchmark gilt)
		fund manager only subject to the guidelines and parameters agreed with them		
Sovereign issues ex UK	AAA	(1) Buy and	20%	10 years
govt gilts: any maturity		hold to maturity in-		
Custodial arrangement		house after		
required prior to purchase		consultation		
		from Treasury Management		
		advisor		
		(2) For trading:	50%	
		by external fund manager		
		only subject to		
		the guidelines		
		& parameters		
		agreed with them		
Forward deposits with	Yes-varied	External Fund	50%	5 years
credit rated banks and	Minimum	Manager In-house after	200/	
building societies for periods > 1 year (i.e.	rating "AA-"	consultation	20%	
negotiated deal period	Long-term	with Treasury		
plus period of deposit)	and "F1" Short-term	Management advisor		
	(or			
	equivalent) Support 1,2			
	or equivalent			
Deposits with unrated	Not rated in	In-house	20%	1 year
deposit takers (banks and building societies)	their own right, but			
but with unconditional	parent must			
financial guarantee from	be rated.			
HMG or credit-rated	Minimum			
parent institution: any maturity	rating for parent "AA-"			
atomy	Long-term			

and "F1" Short-term (or equivalent) Support 1,2	
or equivalent	

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

HEREFORDSHIRE COUNCIL TREASURY MANAGEMENT POLICY STATEMENT

Statement of Purpose

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

Definition of Treasury Management

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

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

Policy Objectives

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

Delegation & Reporting

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

APPENDIX D

								APPENDIA	<u> </u>	
Stage One					Stage Two					
		Assessment of Risk (Assume NO						Assessment of Residual Risk (With		
		controls in place) using risk matrix		matrix			control measures implemented)			
Identified	Risk Reference Number	Impact (Severity)	Likelihood (Probability)	Priority Rating	Risk Controls Measures	Responsible Directors	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. The MTFS highlights both the	NP	4	3	High	
					investment required for Herefordshire					

Stage One					Stage Two					
		Assessment of Risk (Assume NO					Assessment of Residual Risk (With control measures implemented)			
	Risk	controls in place) using risk matrix		matrix			CONTROLL	neasures imple	Residual	
	Reference	Impact	Likelihood	Priority		Responsible	Impact	Likelihood	Priority	
Identified	Number	(Severity)	(Probability)	Rating	Risk Controls Measures	Directors	(Severity)	(Probability)	Rating	
		(covering)	(11050551119)	riding	Connects and the expected savings both in the short and long term. A key risk will continue to be the timing and identification of savings flowing from the programme whilst minimising the risk of service cuts needing to be made to balance the budget.	2.100.010	(Severing)	(11050551119)	ridang	
Failure to maintain CPA "3 star" rating and move from improving adequately to improving strongly.	CR4	4	3	High	Capacity created at a senior level and adherence to the Overall Improvement Plan agreed in March. Board to monitor progress set up under Director of Corporate & Customer Services. It requires effective implementation of the corporate planning and performance frameworks, including the full integration of financial planning.	ALL/NP	3	3	Medium	
					Use of Resources Improvement Plan being implemented included VfM self assessment in August.	SR				
					Considerable work has taken place in embedding a strong performance management framework including structured meetings between Chief Executive and Directors. Improvement Manager posts have been approved for all Directorates and, where necessary, posts will be advertised in early September.	NP/JJ				
Business continuity management	CR5	3	4	High	Substantial capital investment made in ICT network and disaster recovery	ALL/NP	3	3	Medium	

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Stage One					Stage Two				
			t of Risk (Assur					Assessment of Residual Risk (With	
	D: 1	controls in p	lace) using risk	k matrix			control r	neasures imple	
Identified	Risk Reference	Impact	Likelihood	Priority	Pick Controls Massures	Responsible	Impact	Likelihood	Residual Priority
Identified	Number	(Severity)	(Probability)	Rating	Risk Controls Measures 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.	Directors	(Severity)	(Probability)	Rating
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

Stage One					Stage Two				
			t of Risk (Assur					ent of Residual	
		controls in p	olace) using risk	matrix			control r	neasures imple	mented)
Identified	Risk Reference Number	Impact (Severity)	Likelihood (Probability)	Priority Rating	Risk Controls Measures	Responsible Directors	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.		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,	y
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 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	ALL/DJ	2	2	Medium
		4	4	High	Investor in People standard. Focused recruitment activity to support identified shortages e.g.				

Stage One					Stage Two				
			t of Risk (Assur					ent of Residual	
		controls in		matrix			control r	neasures imple	
late matting at	Risk Reference	Impact	Likelihood	Priority	Diele Controle Managemen	Responsible	Impact	Likelihood	Residual Priority
Identified	Number	(Severity)	(Probability)	Rating	Risk Controls Measures Social Work (Childrens), plus	Directors	(Severity)	(Probability)	Rating
					development of a workforce plan, and				
					work to implement national data sets.				
					Work to set an establishment for the				
					Council has begun.				
					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				
					Pride in Herefordshire approach to be				
					implemented.				
					Implement software to review new				
					pay structure to ensure that it is				
					equality proofed. Long term development plan				
Approach to Diversity: Risk of					produced. EIA action plans to be				
not achieving level and not	CR12	3	2	Medium	incorporated into Service Plans and	JJ	3	2	Medium
improving Standard					monitored through the performance				
					management process.				
					Issues concerning the acquisition of the property following a meeting with				
					Scottish & Newcastle where Council				
Successful implementation of	CR13	4	4	High	were notified of a property review of	SR	3	2	Medium
Accommodation Strategy.					all production sites. Initial moves				
					within property to continue.				
1	l	1	1						ļ

Stage One					Stage Two				
			t of Risk (Assur place) using risk					ent of Residual neasures imple	,
Identified	Risk Reference Number	Impact (Severity)	Likelihood (Probability)	Priority Rating	Risk Controls Measures	Responsible Directors	Impact (Severity)	Likelihood (Probability)	Residual Priority Rating
				, and the second	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

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Stage One					Stage Two				
-			ssessment of Risk (Assume NO ontrols in place) using risk matrix		-		Assessment of Residual Risk (With control measures implemented)		
Identified	Risk Reference Number	Impact (Severity)	Likelihood (Probability)	Priority Rating	Risk Controls Measures	Responsible Directors	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:

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	5/07	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	
TOTAL	124.693	6.4	129.540	3.9	

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 know 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.

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.

Edgar Street Grid Project

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

APPENDIX F

COMMUNICATION PLAN

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

Managers	The council is entering its most challenging period and good financial governance, systems and practice is vital. Sound financial management is a non-negotiable for every manager, in every part of the council. The new financial culture is for everyone to strive to understand and support the council in facing up to new budgetary pressures.	July 2006 Leadership Forum – the financial non-negotiable to be presented and discussed by managers (as part of the eight non-negotiables) August 2006 Senior Management Team – presentation on the new medium term financial strategy and workshop to determine how to engage managers effectively September 2006 Intranet – financial guidance for managers to be produced and structured – promoted through First Press Online October 2006 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
Employees	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. Service improvement aspirations have to be realistic	August 2006 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 September 2006 First Press – more detailed overview of financial challenges facing local government and the pressures on Herefordshire and how the strategy will address them Subsequent communications – the key messages about good financial management to be reinforced

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

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.

Expenditu	re Require	d	Expected Income/Benefits			
2007/08 2008/09 2009/10 £000 £000 £000			2007/08 £000	2008/09 £000	2009/10 £000	
135	100	50	Cashable 0 Non cash	Cashable 200 Non cash	Cashable 200 Non cash	
			682	426	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 and 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.

Expenditu	re Required	k	Expected Income/Benefits			
2007/08	2008/9	2009/10	2007/08	2008/09	2009/10	
£000	£000	£000	£000	£000	£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.

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	2008/09	2009/10 2007/08 2008/09 2009/			2009/10
£000	£000	£000	£000	£000	£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.

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

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

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:

Expenditure Required		Expected Income/Benefits			
2007/08	07/08 2008/09 2009/10		2007/08	2008/09	2009/10
£000	£000	£000	£000	£000	£0003
18	20	20	Cashable	Cashable	Cashable
			0	0	0
			Non cash	Non cash	Non cash
			15	10	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	2007/08 2008/09 2009/10		2007/08	2008/09	2009/10
£000	£000	£000	£000	£000	£000
100	0	0	Cashable	Cashable	Cashable
			0	0	0
			Non cash	Non cash	Non cash
			0	1,190	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 £000	2008/09 £000			2009/10 £000	
300	300	0	Cashable 0 Non cash 408	Cashable 375 Non cash 408	Cashable 185 Non cash 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.

Expenditure Required		Expected Income/Benefits			
2007/08	2008/09	2009/10 2007/08 2008/09 2009/			2009/10
£000	£000	£000	£000	£000	£000
228	0	0	Cashable	Cashable	Cashable
			0	117.5	59
			Non cash	Non cash	Non cash
			187	277	0



PROPOSED CORPORATE PLAN 2007-10 AND ANNUAL OPERATING PLAN 2007-08

PORTFOLIO RESPONSIBILITY: CORPORATE AND CUSTOMER SERVICES AND HUMAN RESOURCES

CABINET

22ND FEBRUARY 2007

Wards Affected

County-wide.

Purpose

To seek Cabinet's agreement to the proposed Corporate Plan 2007-10 and the Annual Operating Plan 2007-08 to be commended for Council approval

Key Decision

This is not a Key Decision.

Recommendation

THAT, subject to detailed final changes, the Corporate Plan 2007-10 and the Annual Operating Plan 2007-08 should be commended for Council approval at its meeting on 9 March 2007, alongside its approval of the Budget.

Reasons

Cabinet has agreed that, as part of the Performance Improvement Cycle, the Council should have a rolling three-year Corporate Plan. It has further agreed that there should be an Annual Operating Plan to give effect to the first year of the Corporate Plan and to serve as the basis for in-year integrated performance reporting.

Considerations

- Cabinet has already considered earlier drafts of both the Corporate Plan (CP) 2007-10 and the Annual Operating Plan (AOP) 2007-08. They have now been substantially completed, taking account of subsequent changes to the Medium-Term Financial Management Strategy (MTFMS) and the development of the Budget proposals.
- 2. The latest draft of the CP is at Appendix 1. The latest draft of the AOP is at Appendix 2.
- 3. Some targets have yet to be included. The gaps are indicated on the draft plans. 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

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

4. Cabinet is asked to consider, in particular, the re-presentation of the Council's priorities (page 19 of the CP, repeated on page 7 of the AOP) to highlight its top priorities, as agreed last October in the context of its consideration of three-year strategic investment proposals. There are no substantive changes to the priorities.

Risk Management

The plans are a principal means by which the Council ensures that its priorities are clear and can be carried into effect. In particular, they are developed so as to be affordable within the agreed MTFMS and to ensure close alignment between the Council's priorities and the allocation of resources. Section 6 of the CP (pages 20 to 23) identify the strategic risks facing the Council and how it intends to mitigate them.

Alternative Options

There are no alternative options.

Consultees

There has been extensive discussion with managers across the Council in the production of the plans. The elements that relate to the contributions of partners, including the Local Area Agreement, have been developed with the Partnership Support Team, who have been responsible for the liaison with partner organisations.

Appendices

Appendix 1 – the proposed Corporate Plan 2007-10

Appendix 2 – the proposed Annual Operating Plan 2007-08

Background Papers

The Medium-Term Financial Management Strategy

The Budget proposals for 2007-08

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

DRAFT for approval by Cabinet	Appendix 1
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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 Services 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. It 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 Plan¹ 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:
 - 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

¹ Outturns and future targets for Best Value Performance Indicators will be reported by 30th June 2007, as an electronic link to the copy of this Plan on our website (www.herefordshire.gov.uk).

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

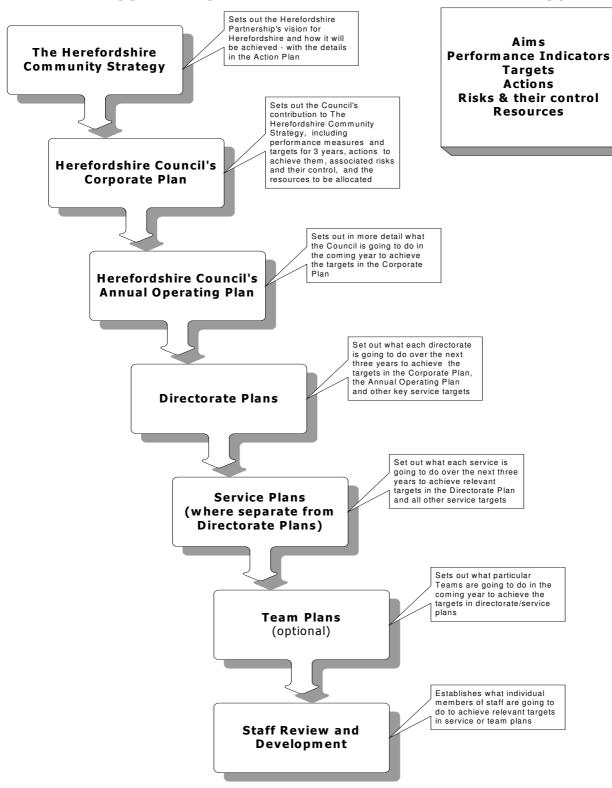
• community leadership and working in partnership with all sectors

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

DRAFT for approval by Cabinet

Appendix 1



2.0 Setting the Scene

- 2.1 Herefordshire's population is about 178,800. The county is sparsely populated, with the fourth lowest county population density in England. Just below a third of the population lives in Hereford City, about a fifth in the market towns and almost half in rural areas.
- 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 192nd 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 and an initial follow-up survey of the members of the *Herefordshire Voice* citizen's panel to find out the underlying reasons for key areas of dissatisfaction.
- 2.14 Taking these results together, the following issues emerge:
 - perceived ease of access to most key local services has stayed at similar levels since 2003-04, but the public wants better information and access
 - although 80% of respondents are satisfied with their local community as a place to live, most quality of life aspects are perceived to have deteriorated; this is particularly marked in respect of traffic congestion, wages and the local cost of living
 - by contrast, anti-social behaviour is seen as less of a problem than in 2003-04, although the public wants further reductions in both anti-social behaviour and crime
 - satisfaction with public transport information and local bus services has decreased
 - satisfaction with local recycling facilities has increased since 2003-04 but satisfaction with the kerbside recycling collection has decreased
 - a safeguarded and pleasant environment is important to people, with particular importance attached to flood prevention
 - satisfaction with sports and leisure facilities, parks and open spaces has remained steady, while satisfaction with other cultural and recreational services has decreased

- considerable importance is attached to affordable housing and support to live independently
- this is also the case in respect of business diversification, enterprise, improved skills and training opportunities
- well over half of respondents feel they are kept well-informed by the Council, an increase compared with 2003-04; even so, people want more say in local issues and decision-making
- about half of respondents are satisfied with the way the Council runs things overall (a similar proportion to 2003-04), compared with under a quarter who are dissatisfied

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 farreaching, 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 are 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:

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Adult social care – at least 3*
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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 by 2007 to be improving well and, by 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 The independent Audit Commission gives the Council a **Comprehensive Performance Assessment score of 3** (out of a possible 4) and adjudged us in 2006 to be **improving adequately** (fuller details are given below)
- 4.3 The Council's *Transformation Programme* is together 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 229 in August, 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 the remaining actions as part of a 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 between 2004-05 and 2005-06. **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 Highlights of performance against the Council's priorities in 2005-06 and 2006-07

Maximise the health, safety, economic wellbeing, achievements and contribution of every child	 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&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&B for six weeks or longer. Prevention work is having a positive impact: homelessness applications and acceptances are down to record lows. 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.
Improve the achievement of pupils	 48.3% of pupils achieved five or more A*-C GCSE passes, a 2.9% increase on the 2005 results. 92.9% of pupils gained at least five A*-G GCSE passes, a 1.5% improvement on 2005. 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 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.
Enable vulnerable adults to live independently	 The number of older people helped to live at home per 1,000-population aged 65 or more rose from 60 to 82.9. The success of the Signposting Scheme continues: 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. Per 1,000 population aged 18-64, 4.8 with physical disabilities were helped to live at home in 2005-06 compared with 2.4 in 2004-05; 3.7 with mental health problems, compared with 1.3; and 2.5 with learning difficulties compared to 2.2

	- 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%.
	- 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.
Protect the environment, by recycling waste	- 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.
and reducing carbon emissions	- 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
	- The action plan developed to tackle the previous year's fall in the speed with which planning applications were determined has had an immediate impact: major applications determined within 13 weeks improved from 46% in 2005-06to 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%.
Improve transport and the safety of roads	- 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.
Sustain vibrant and prosperous communities, providing more efficient, effective	- 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 last year.
and customer- focused services and clean streets	- The cleanliness of streets continues 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.
	- Following development of the Museum and Learning Resource Centre, satisfaction levels are at over 90%.
	- The first phase of the major enhancement project to revitalise Hereford City Centre is well-advanced
	- 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
	- 80% of adults resident in Herefordshire are satisfied with their local community as a place to live.
Promote diversity and community harmony and strive for equal opportunities	 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 Developed in partnership with West Mercia Police and

	Appendix 1
	Herefordshire Primary Care Trust, a migrant workers' web-site has been launched, the first of its kind in the UK - buildings open to the public meeting Disability Discrimination Act requirements increased by 14% to 45.9%.
Develop its community leadership role	 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. Following its election, the <i>Herefordshire Youth Council</i> is now fully established and met for the first time in March 2006
Secure significant efficiency savings	- The Council made total efficiency savings of £3.2 million in 2005- 06, of which over £2.5 million were cash-releasing.
Ensure that its essential assets are in the right condition for the long-term costeffective delivery	 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. Options for future accommodation are under review following the decision of the owners of the Plough Lane site to suspend
of services	discussions on its purchase by the Council.
Understand the needs and preferences of service users and Council Tax-payers	 Annual satisfaction surveys were introduced in autumn 2005. Overall satisfaction levels with the Council were broadly similar to those achieved in 2003. 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
Recruit, retain and motivate high quality staff	 Sickness levels fell slightly to 8.72 days per full-time equivalent employee as at November, compared to 10.5 days in 2005-06. Turnover in 2005-06 remained low at 7.73%, compared with the 16.55% average in comparator authorities. The new Central Recruitment Team has reduced the average time taken to recruit to 39 days, compared with the previous 72.
Embed corporate planning, performance management and project management systems	 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. 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

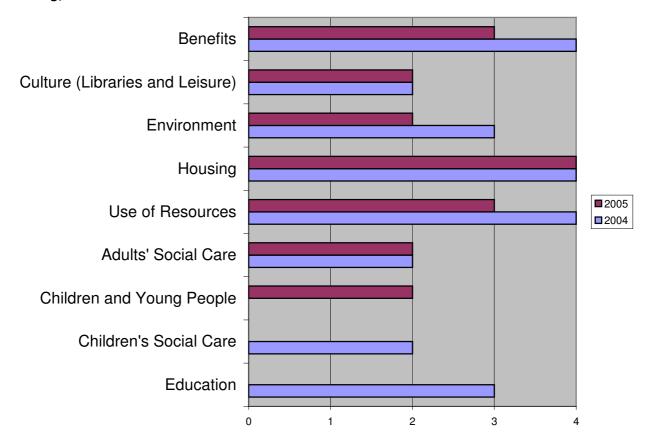
4.7 Comprehensive Performance Assessment (CPA)

Note – The 2006-07 CPA assessment is officially published on Feb 22 2007. This section will be updated at that time.

The Audit Commission introduced revised and significantly more demanding CPA arrangements in 2005: *CPA – The Harder Test.* Under these arrangements, the Council was judged overall to have maintained its services at the same level as in the previous year, notwithstanding the lower scores under this tougher regime awarded to Benefits, Environment and Use of Resources.

The previously separate scores for Education and Children's Social Care have been replaced with an overall score of 2 for Children and Young People, with education services seen as good but social care judged to be inadequate, substantially owing to concerns about the Council's arrangements for safeguarding vulnerable children.

Housing, Culture and Adult Social Care have maintained their service scores.



- 4.8 **Commission for Social Care Inspection (CSCI) -** CSCI assessed the Council as providing a 0 star service, serving some adults well, with uncertain capacity for improvement; and not serving children well, with poor capacity for improvement.
- 4.9 **Audit and Inspection Letter** the Council's overall financial position was judged by its external auditors to be sound, although it faces the challenge of delivering substantial future efficiency savings. Systems of internal control were found to be adequate, with room for improvement by further developing risk management, the assurance framework and the role of the Audit Committee. They judged the Council's achievements and management arrangements for improving value for money to be good.

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

- 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

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.
- 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:
 - 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
 - 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
 - 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 18
- 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 1 3.

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 (HCS 24)

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 2006-07 to 40%** in 2008-09 the proportion of babies born in the South Wye area who are breastfeeding at six weeks (HCS 21b)
- **Increase from 25% in 2006-07 to 30% in 2008-09** the proportion of babies born to teenage mothers in the county who are breastfeeding at six weeks (HCS 21a)
- **Increase from 82% in 2006-07 to 85% in 2008-09** the percentage of all babies in the county breastfeeding at six weeks (HCS 20)
- Increase the percentage of children walking or cycling to school [this is a new indicator target yet to be agreed]
- Improve the health of young people by;
 - Reducing the percentage of young people who smoke*
 - Increase the percentage of young people participating in sport or other physical activities*
 - Increase the percentage of young people eating five portions of fruit and vegetables a day*
 - Reducing the percentage of young people who are obese*
 - Reduce the rate of alcohol consumption*
 - Reduce the rate of drug use*
- *Note; Targets for these indicators will be set following the publication of the Teenage Lifestyles survey at the end of February 2007.
- Continue 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 (HCS23)

STAY SAFE

- We aim to increase children in need referrals to 280 **
- We aim to complete 68% of initial assessments of children in need within 7 working days of referral**
- We aim to complete 66% of core assessments of children in need within 35 working days **

- We aim to reduce the percentage of children on the child protection register that are reregistrations to 15% **
- ** Note; targets for these indicators will be set at the end of February 2007.
- 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
- By working closely with schools, requiring the recording of incidents and action to deal with bullying, we aim to reduce from x to y the percentage of 11-15 year-olds who say they have been bullied in the last twelve months [Target to be set following the publication of the Teenage Lifestyles survey at the end of February 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 [Note; target to 2010 to be set] (HCS 66)
- 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 (HCS 31) [Note; target to be agreed]
- 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 [Note: target to be agreed] (HCS 34)
 - in primary schools maintained by the Council, from 4.9% to 4% of half-day sessions [Note: target to be agreed] (HCS 33)
 - the number of children looked after by the Council continuously for at least 12 months, who missed at least 25 days of schooling during the previous school year, to fall from 14 to no more than 7 [Note: target to be agreed] (HCS 35a)
- We aim to reduce by 2008/09 the conception rate of under 18s by 40% from a baseline of 37.2 per 1000
- We aim to increase from the adult public's perceptions of improvement in:
 - activities for teenagers
 - facilities for young children

[Note; Baselines and targets to be established following the Survey of adults' views which will report at the end of February 07]

POSITIVE CONTRIBUTION

- Working with them, we aim to ensure that 100% of schools have a functioning school council
- By encouraging Duke of Edinburgh Awards and other initiatives we aim to **increase the number of 11-15 year-olds volunteering** (HCS 37) [Target will be set following the publication of the Teenage Lifestyles survey at the end of February 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 from 19% to 30% the percentage of young people who feel that they can influence decisions affecting important local services (HCS 38)

ECONOMIC WELL BEING

- Working with schools and the Learning and Skills Council (LSC), we aim to reduce to less than 4.8% of 16-18 year-olds those not in education, employment or training target at odds with AOP (HCS40)
- 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 17th year who are engaged in education, training or employment at the age of 19 (HCS 41).
- 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 5A* G grades at GCSE, or the equivalent
- 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**

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. The children's trust 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 (HCS 29)
- 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**

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Appendix 1

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 increase the number of schools with an approved school travel plan [target to be set]

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

Through 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 from 82.9 to 100 in 2009-10 helped to live at home per 1,000 population (HCS 16) [Note; target under

- consideration in the light of the additional resources allocated to reshape older peoples social care and support services]
- reduce from 34,691 to 31,222 by 2008-09 the number of emergency unscheduled acute hospital bed-days in NHS hospitals occupied by a person aged 75 or more
- Increase the satisfaction of people over 65 using home care services provided through Herefordshire Social Care or directly purchasing services using direct payments (measured as a reduction of at least 10% in the gap between the proportion satisfied in 2006 and 100%, and the gap in 2009) [Note; target to be set February 2007] (HCS 17)
- 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 to achieve them**
- 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 (HCS 18a)
 - 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 (HCS 18c)
 - Increase the number of people in receipt Attendance Allowance from 6,470 in 2006-07 to 6,934 in 2009-10 (HCS 18b)
- 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 (HCS 74c)
- 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 (HCS 74a) [Note; target under consideration in the light of the additional resources allocated to reshape support services for people with learning difficulties]
- 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 (HCS 74b)
- Working with partners, we will continue work to establish the future needs of 18-65 year-olds with mental heath problems or physical disabilities; and to have a clear understanding of the services and support programmes that will be needed to meet them cost-effectively

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- By implementing with our partners our *Homelessness Strategy Action Plan* and developing 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 (HCS 14)**

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 follow;

- 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 an integrated library as part of the scheme.
- We aim for the Rotherwas access road to be mostly completed by March 2008, with a view to its opening 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 a **final handover of the** completed Learning & Resource Centre and Work Skill Centre by December 2007.
- We also 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 10,697 in 2009-10 (HCS 3)

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Through these measures, we aim to reduce the gap in average wage levels, measured as a ratio, between Herefordshire and the rest of the West Midlands and nationally from 0.87:1 in 2005 to 0.89:1 in 2009-10

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

- By implementing with our partners our *Homelessness Strategy Action Plan* and developing 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 (HCS 14)**
- 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 43% in 2009-10 (HCS 61)
 - 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 (HCS 70)

- 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 25% in 2009-10. (HCS 62)
- 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 (HCS 54)
 - reduce from 3% in 2005-06 to 1% the proportion of relevant land and highways from which unacceptable levels of graffiti are visible (new indicator)
 - reduce from 2% to 1% the proportion of land and highways from which unacceptable levels of fly-posting are visible (new indicator)
 - maintain our current grade of 1 (very effective) in 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' (new indicator)
 - increase the percentage of people satisfied with the cleanliness standard in their area* (new indicator)

*for this indicator there will be a three-year target 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 (new indicator target to be set)

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:

- o reduce the number of violent crimes by 11% against the 2003 figure
- reduce the number of criminal damage incidents by 20% against the 2003 figure
- o For there to have been a **fall of at least 5% against the 2003 baseline** figures the proportion of people who think that the following things are a problem:
 - speeding traffic
 - vandalism, graffiti and other deliberate damage to property or vehicles
 - people using drugs
 - people dealing drugs
 - people being drunk or rowdy in public places

- We aim to maintain the proportions of survey respondents who find it easy to access the following key local services**;
 - o a library (HCS 59c)
 - o a sports or leisure centre (HCS 59d)
 - o a cultural or recreational facility HCS 59e)
 - o a local shop (new indicator)
 - o a post office (new indicator)
 - o a shop selling fruit and vegetables (new indicator)
 - o a green space (new indicator)

- 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 (HCS 65a)
 - parks, open spaces, play areas and other recreational facilities at least once a month; from 41% in 2005 to 48% in 2010 (HCS 65e)
 - o libraries at least once a month; from 32% in 2005 to 36% in 2010 (HCS 65b)
 - museums or galleries at least once every six months; from 19% in 2005 to 22% in 2010 (HCS65c)
 - theatres or concert halls at least once every six months; from 32% in 2005 to 37% in 2010 (HCS 65d)
- 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 (new indicator)
 - activities for teenagers (HCS 60a)
 - affordable decent housing (HCS 60b)
 - **clean streets** (new indicator)
 - community activities (new indicator)
 - **cultural facilities** (new indicator)
 - education provision (new indictor)
 - facilities for young children (new indicator)
 - **health services** (new indicator)
 - **job prospects**(HCS 60c)
 - parks and open spaces(new indicator)
 - public transport (new indicator)
 - race relations (new indicator)
 - road and pavement repairs (new indicator)
 - shopping facilities (new indicator)
 - **sports and leisure facilities** (new indicator)
 - the level of crime(HCS 60d)
 - **the level of pollution** (new indicator)
 - the level of traffic congestion(HCS 60e)
 - wage levels and the local cost of living (HCS 60f)
 - Public rights of way (new indicator)

^{**}Note; Access to services indicators - These indicators are measures annually through a satisfaction survey.

* 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 \pm 3%. This means that in order to be reasonably sure that there has been an improvement in performance there needs to be an improvement in perception of 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 2010. (HCS 64)
 - Increase in the percentage of people who feel that people in their area treat them with respect and consideration*.
 - Increase in the percentage of people who feel informed about what is being done to tackle anti-social behaviour in the local area*.
 - 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*.

- 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. (HCS 79)

^{*} Targets for these indicators to be set by end of February

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.

- 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 (HCS 67)
- 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. (HCS 55) [Target to be set]
- We aim to increase the numbers for key species (HCS 57) [Target to be set]
- 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)
 - reduce from 78.2% to 65% the proportion of household waste that is landfilled (HCS 56b)
 - increase the proportion of household waste recycled from 17.46% in 2005-06 to [target for 2010?] (new indicator)

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- 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** (HCS 58) [Target to be set]
- 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. We aim to reduce energy consumption by at least 4.4% against the 2006 baseline. We will also have an affordable Warmth Strategy completed by June 2007.

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 (HCS 52)
- reduce the number of people slightly injured in roads traffic collisions \((new indicator))\) [Target to be set]
- 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. (HCS 6) reduce the number of people slightly injured in roads traffic collisions \((new indicator)) [Target to be set]

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** [Three year target to be set] (HCS 7a & 7b)
- increase from 3,248,935 to 4,032,000 (24%) the number of passenger bus journeys a year $({\rm HC}\ 76)$
- **We will measure people's perceptions of traffic congestion** (HCS 60e) Three year target to be set. 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 and increase by 18% the number of cycling trips in a year compared with 2003-04 (HCS 72)

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.

We will ensure that all Directorates and Human Resources have Equality Impact Action plans that are realistic and achievable 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 [Note target to be reviewed end February 2007]
- 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 [Note target to be reviewed end February 2007]
- Increase from 0.39% in 2005-06 to 3.75% in 2009-10 the percentage of employees declaring a disability [Note target to be reviewed end February 2007]
- 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, 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.

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 to: (2004-5 data as baseline, unless otherwise specified)

- Reduce violent crimes in Herefordshire by 11% against the 2003-04 baseline (HCS 45)
- Reduce the incidence of criminal damage in Herefordshire by 20% against the 2003-04 baseline (HCS 42b)
- **Decrease by 5%** the proportion of people who think that the following are a problem:
 - speeding traffic
 - vandalism, graffiti and other deliberate damage to property or vehicles
 - people using drugs
 - people dealing drugs
 - people being drunk or rowdy in public places (HCS43)
 - Reduce all recorded crime by 15% (HCS 42c)

- Reduce the number of young people aged under 25 who are victims of crime in Herefordshire by 6% (HCS 25)
- Reduce re-offending by young people in Herefordshire by a further 2.5% by 2008 (measured in calendar years against the 2006 baseline) (HCS 36)
- Reduce by 15% the proportion of prolific and other priority offenders (PPOs) who re-offend. (HCS 48)
- Reduce British Crime Survey comparator crimes by 15%, using 03/04 baseline. (HCS 42a)
- Record no more than 600 domestic burglaries per year in Herefordshire (HCS 49a)
- Record no more than 1,086 vehicle crimes per year in Herefordshire (HSC 49b)
- Increase the number of Class A drug supply offences brought to justice in Herefordshire by 25% (HCS 50)
- Increase the numbers of drug users in treatment to 720 (HCS 46)
- Reduce the offending behaviour of individuals engaged in the Drugs Intervention Programme (HCS 47). Targets to be agreed once baseline data has been established.
- Increase the number of calls to the Herefordshire Women's Aid helpline by 10% (HCS51a)
- Increase the number of domestic violence incidents reported to the police in Herefordshire by 10% (HCS 51b)
- Increase the number of arrests for domestic violence by 10% in Herefordshire (HCS 51c)
- Increase the number of sanction detections in Herefordshire for domestic violence incidents by 5% (HCS51d)
- Increase in the percentage of people who feel informed about what is being done to tackle anti-social behaviour in the local area* (HCS?)
- 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* (HCS?)
- Reduce the fear of crime in Herefordshire. (HCS 44) Target a 4% reduction over three years, against the 2006 baseline, of adults reporting being worried about crime or anti social behaviour

 these are new indicators. Baselines and targets will be set by end of February 2007

Reduce the fear of crime in Herefordshire. (HCS 44) **Target – a 4% reduction** over three years, against the 2006 baseline, of adults reporting being worried about crimes or anti social behaviours

Through the implementation of the new public health agenda "Choosing Health", The Council, working with the Primary Care Trust (PCT), aim to:

- Reduce the mortality rate from cancer for people under 75 from 96 in 2006 to 90 in 2008-09 – (HCS 8)
- Reduce the mortality rate from circulatory diseases for people under
 75 from 79 in 2006 to 74 in 2008-09 (HCS 9)
- Reduce the number of deaths per annum from chronic diseases from 595 (based on an three year running average from 2004 to 2006) to 585 (based on an three year running average from 2006 to 2008) (HCS 10)
- Reduce the mortality rate from accidents. Baseline data to be set and target to be agreed (HCS 53)
- 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 18% (based on an three year running average from 2006 to 2008) – (HCS 11)
- Increase the number of adults who quit smoking from 1,100 a year in 2006-07 to 1,300 a year in 2008-09. (HCS 12a)
- Reduce the percentage of adults who consume more than the recommended intake of alcohol per week from the 2006-07 target figure of 17% (HCS 12b)
- Reduce the percentage of adults eating fewer than five portions of fruit and vegetables on a typical day from the 200607 target figure of 34% (HCS 12c)
- Increase the percentage of adults undertaking thirty minutes or more of moderate physical activity at least three days per week from 22% in 2006-07 to 25% in 2009-10 (HCS 12d)

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 (HCS 4c)
- a Level 2 qualification in engineering and manufacturing to 57 (HCS 4b)

- a Level 3 qualification, excluding manufacturing and engineering, from 825 to 878 (HSC 4e)
- a Level 3 qualification in manufacturing and engineering from 26 to 44 (HSC4d)
- a Skills for life qualification through Train to Gain –target for 2007-08 is for 31 qualifications, target for 2008-09 is 51, HCS PI
- Increase the percentage of the working age population qualified to at least Level 3 or level 4 – HCS 4a (Note; Target to be set)

To maintain high-levels of public confidence in open government and local democracy, **the Council will**:

- be overseen by its independently chaired Standards Committee and through the work of this 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, uphold its financial and audit duties to ensure good financial management and governance
- ensure it is accessible and responsive and to avoid findings of maladministration against the Council being issued by the Local Government Ombudsman
- ensure that all members have the opportunity to receive a full induction on their responsibilities of being a Councillor, Cabinet Member, Committee Member and Scrutiny in accordance with the Council's induction programme
- o ensure that all Council and Committee minutes, as well as Cabinet decision notices, are published on the Council website within two working days of being approved. Agendas for meetings are made available on our website at least five working days before meetings.
- 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

- We will **implement the** *Herefordshire Connects* **programme** (for further details see paragraphs 3.15 and 3.16 on pages 11 and 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

- 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
- 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).

Understanding the needs and preferences of service users and Council Taxpayers, and 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.

- 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 29 % to 90% the proportion of those making complaints who are satisfied with how their complaint has been handled (HCS 68)
- 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 (HCS 61)**
- 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. (HCS 64)
- 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 increase from 19% to 28% the percentage of young people who feel that they can influence decisions affecting important local services. (HCS 38)
- Working with partners, and in consultation with service users and their representatives, we intend before the end of 2007 to establish the future needs of 18-64 year olds with mental health or physical disabilities; and to have a clear understanding of the services and support programmes that will be needed to meet them cost effectively.

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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. (HCS 79)

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
- 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.

- **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
- 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
- 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.

- Performance targets will be set as part of developing a revised workforce strategy for 2007-10.
- In particular, we will deepen and extend our programmes to **ensure that all managers are well-equipped to plan their services and manage performance effectively to deliver the Council's priorities.** 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 individual Staff Review and Development (SRD) discussions with staff. In 2007-08 we will raise the completion rate for SRDs from 94% to 100%. We will ensure that they are completed to a satisfactory and consistent standard.
- 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 9 days per FTE in 2007-08, aiming for top quartile performance (currently 8.4 days per FTE) in 2009-10.
- 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%, and to aim for minimum acceptable levels of turnover(HCS 77)
- 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 produce100 team briefs by April 2007 and 150 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 to help managers to make the most effective and appropriate use of internal and external communications channels. The toolkit will be complied by April 2007.

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 assessed the Council in late 2005 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 an annual 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 ICTbased 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 (HCS 68) and ensure that none of our individual performance indicators is qualified (HCS 81)
- 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 (HCS 82)

PRINCE 2 project management will continue to be used in respect of all aspects of the *Transformation Programme* and for other major projects.

Appendix 1 – Revenue budgets 2007-10 by source

Net Revenue Budget Estimates as per MTFRM are funded by:

	2007/082008/092009/10			
	£'000	£'000	£'000	
Formula Grant	47,648	47,649	47,649	
Council Tax	74,467	78,746	83,271	
Council Tax Surplus	256	300	300	

NET REVENUE BUDGET FUNDING 122,371 126,695 131,220

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.

Appendix 2 – Strategic revenue budgets 2007-10 by service/corporate area

	2007/082008/092009/10		
	£'000	£'000	£'000
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
Total Corporate Area budgets	120,595	125,345	127,038
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
NET REVENUE BUDGET	122,371	126,695	131,220

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 (Government's assessment of the Council's need to spend which forms the basis of Central Government support through the Revenue Support Grant and Redistributed Business Rates) and are subject to change following further announcements from Central Government.

Appendix 3 - Proposed capital programme 2007 - 10

Medium term Capital Plan as per MTFRM at January 2007

	2007/08 £'000	2008/09 £'000	2009/10 £'000
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
<u>-</u>	66,838	38,580	19,567
Funded by: Capital Receipts Reserve Grants and Contributions	5,569 22,879	8,529 25,221	2,585 15,442
Supported Capital Expenditure (Revenue) Revenue Contribution Prudential Borrowing – Existing	9,964 170	1,500 -	1,500 -
allocations Prudential Borrowing – New bids	26,498 1,758	3,240 90	- 40
-	66,838	38,580	19,567

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

The Herefordshire Community Strategy

Appendix 4

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.

Local Area Agreement (LAA)

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 *The Herefordshire Community Strategy*.

Local Public Service Agreement (LPSA)

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.

As from 2006-07, it has been subsumed within the LAA (see above).

Comprehensive Performance Assessment (CPA)

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

Corporate Management Board (CMB)

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

The Senior Management Team (SMT)

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

Local Transport Plan (LTP)

A long-term strategy to develop an integrated and sustainable transport system for Herefordshire

Joined-Up Programme (JUP)

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

Academic years and Financial years

References to academic years as shown thus; γ' – for example 2007/08

References to financial years are shown thus; '-' for example 2007-08

HEREFORDSHIRE COUNCIL

OPERATING PLAN 2007 – 08

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

The future success of the Council depends on how we deal with the unprecedented challenges and opportunities the next twelve months will bring.

We have shown over the past year what we are capable of. Within a matter of months the weaknesses highlighted by Inspectors through the JAR were promptly addressed and we have now secured our arrangements for safeguarding children to a position where they have moved from a rating of inadequate to good. We took decisive action to reduce dramatically the numbers of families placed in bed and breakfast. And we again secured a three star rating for our use of resources, reflecting our responsible approach to the management of resources in terms of value for money and the stewardship of public money more generally.

Even so, our pace of overall improvement is still rated only adequate and is not meeting the Council's ambitious aspirations.

The foundations for success are being laid. Faced with a probable cash freeze for the foreseeable future on the already very low level of Government grant we receive but with huge challenges, particularly to meet the care needs of an ageing population and to ensure that Herefordshire has the infrastructure it needs for a successful economy, we are about to begin to deliver the radical *Herefordshire Connects* programme. Over the coming years, this will yield cash savings of at least £11.5 million a year to invest in the Council's priorities, at the same time as bringing major improvements in front-line services to our customers.

We have also made sure that we understand the future social care needs of older people and adults with learning disabilities, and what patterns of more efficient and effective services are needed to meet them. We are putting in place the detailed plans to deliver these. We will be rolling out this approach over the coming year for adults with mental health problems and those with physical disabilities.

And we are analysing in detail our strengths and weaknesses across the Council so that we take carefully targeted action to raise performance levels across the board, without spending more money.

Central to this drive for improvement has been our vigorous response to the expectations set out in the Government's recent Local Government White Paper Strong and Prosperous Communities, demonstrating our determination to maintain our contribution to the Partnership. We agree with the Government that raising the quality of life for all across our communities depends on really effective partnerships across the public, private and voluntary and community sectors.

That's why we have developed with the Herefordshire Primary Care Trust our nationally ground-breaking proposal for a Public Service Trust. This will combine the executive staff of the Council and the commissioning arm of the PCT to deliver efficiency savings and investment in improved front-line services. Our ambition by April 2008 is to have in place the closest possible integration of our planning and performance management arrangements with our partners more generally.

Success lies within our grasp.

Neil Pringle Chief Executive

Introduction

This Plan set our what the Council intends to do between 1 April 2007 and 31 March 2008. The crucial issues are:

- raising our performance significantly across a range of national performance indicators so that we are judged to be improving well, instead of only adequately
- to the same end, striving to reach the harder standard for the Use of Resources Assessment, with the aim of reaching the highest level (4) during the period of the Corporate Plan 2009-10
- delivering the first phase of our comprehensive Transformation Programme, particularly through Herefordshire Connects, so that we both improve customer services and can make the multi-million pounds of efficiency savings needed to deliver the Council's priorities
- establishing a strong, effective and efficient Public Service Trust that unites, in one organisation, the executive functions of the Council and the commissioning arm of the Herefordshire Primary Care Trust
- further improving our now good performance in safeguarding children and young people; in particular ensuring that all assessments of children in need are carried out promptly
- implementing, with our partners, the first phase in the radical improvement of preventative and social care services to maximise the independence, well-being and choice of older people and adults with learning disabilities
- making good progress with our key infrastructure projects for a successful economy: Rotherwas Futures and The Edgar Street Grid
- securing a consistently high standard of planning and performance management across the Council to drive continuous improvement in services
- putting in place, with our partner organisations in The Herefordshire Partnership, the arrangements needed to capitalise fully on the opportunities provided by the Local Government White Paper, Strong and prosperous communities
- continuing to strengthen the scrutiny function's contribution to the continuous improvement in services

The Council's Corporate Plan 2007-10 describes the demographic, social and economic characteristics of Herefordshire; it identifies the main challenges facing the county and the Council; and it shows what the Council can do to respond to those challenges. On the basis of that analysis and the results of public consultation, it sets out the Council's objectives, priorities and targets for the next three years.

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

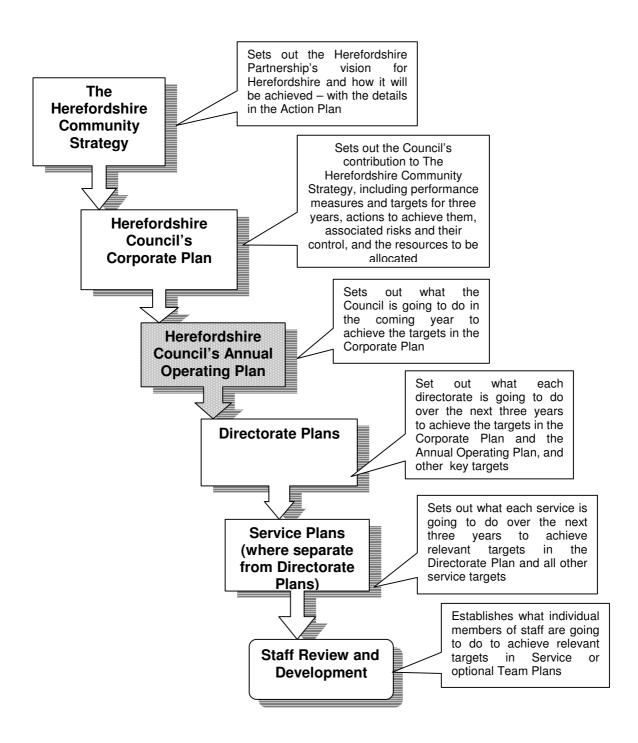
DRAFT for approval by Cabinet

Appendix 2

The actions, targets and milestones described in this Operating Plan flow directly from the Corporate Plan and the ambitions we share with our partners, which are embodied in the *Herefordshire Community Strategy 2006 – 2020* and the associated *Local Area Agreement* with the Government. In turn, all the Council's plans for individual directorates, departments and services in 2007-08 will give effect to this overall Operating Plan.

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

The Corporate Planning Process



Aims
Performance indicators
Targets
Actions
Risks & their control
Resources

As set out in the Corporate Plan 2007-10, the Council's **top priorities** 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 to enable vulnerable adults to live independently and, in particular, to enable many more older people to continue to live in their own homes
- to 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.

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*

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

The rest of the Plan shows, for each of these priorities, what the Council aims to achieve in 2007-08, and the key actions it intends to take to do so. Many of the actions contribute to more than one of the priorities. Where they are of particular significance to more than one priority they are repeated, but mostly they are described in relation to the priority to which they contribute most.

Challenges and responses: the action plan for 2007-08

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 increase the number of schools accredited as Healthy Schools from 81 to 91 (HCS 24)

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 2006-07 to 40% in 2007-08 the proportion of babies born in the South Wye area who are breastfeeding at six weeks (HCS 21b)

Increase from 25% in 2006-07 to 30% in 2007-08 the proportion of babies born to teenage mothers in the county who are breastfeeding at six weeks (HCS 21a)

Increase from 82% in 2006-07 to 85% in 2007-08 the percentage of all babies in the county breastfeeding at six weeks (HCS 20)

- Increase the percentage of children walking or cycling to school [this is a new indicator target yet to be agreed]
- Improve the health of young people by;
 - Reducing the percentage of young people who smoke*
 - Increase the percentage of young people participating in sport or other physical activities*
 - Increase the percentage of young people eating five portions of fruit and vegetables a day*
 - Reducing the percentage of young people who are obese*
 - Reduce the rate of alcohol consumption*
 - Reduce the rate of drug use*
- *Note; Targets for these indicators will be set following the publication of the Teenage Lifestyles survey at the end of February 2007.

- Continue 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 (HCS23)

STAY SAFE

- We aim to increase children in need referrals to 280 **
- We aim to complete *68%* of initial assessments of children in need within 7 working days of referral**
- We aim to complete 66% of core assessments of children in need within 35 working days **
- We aim to reduce the percentage of children on the child protection register that are re-registrations to 15% **

** Note; targets for these indicators will be set at the end of February 2007.

- By working closely with schools, requiring the recording of incidents and action to deal with bullying, we aim to reduce from x to y the percentage of 11-15 year-olds who say they have been bullied in the last twelve months (HCS 28) Target to be set following the publication of the Teenage Lifestyles survey at the end of February 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 (HCS 66)
- We will work with schools to raise to even higher levels performance in the top GCSE grades, in particular increasing from 48.3% in 2006 to 52% by 2007 the proportion of pupils in schools maintained by the Council achieving 5 A* C GCSEs, or the equivalent, including English and Maths (HCS 31)
- 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 secondary schools maintained by the Council, from 7.4% to 6% of half-day sessions (HCS 34)
 - in primary schools maintained by the Council, from 4.9% to 4% of half-day sessions (HCS 33)
 - the number of children looked after by the Council continuously for at least 12 months, who missed at least 25 days of schooling during the previous school year, to fall from 14 to no more than 7 (HCS 35a)

- We aim to reduce the conception rate of under 18s by 24% from a baseline of 37.2 per 1000
- We aim to increase the adult public's perceptions of improvement in:
- activities for teenagers
- facilities for young children

[Note; Baselines and targets to be established following the Survey of adults' views which will report at the end of February 07]

POSITIVE CONTRIBUTION

- Working with them, we aim to ensure that 100% of schools have a functioning school council
- By encouraging Duke of Edinburgh Awards and other initiatives we aim to increase the number of 11-15 year-olds volunteering (HCS 37) *Note; Target will be set following the publication of the Teenage Lifestyles survey at the end of February 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 from 19% to 28% the percentage of young people who feel that they can influence decisions affecting important local services (HCS 38)

ECONOMIC WELL-BEING

- Working with schools and the Learning and Skills Council (LSC), we aim to reduce to less than 4.9% of 16-18 year-olds those not in education, employment or training (HCS40)
- We aim to increase from 12 to 46 the number of young people who had been looked after by the Council in their 17th year who are engaged in education, training or employment at the age of 19 (HCS 41)
- 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 95% the proportion of pupils in schools maintained by the Council achieving 5 or more 5A* G grades at GCSE, or the equivalent (HCS 30)
- 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 use of bed and breakfast accommodation for households with children (HCS 13)

SERVICE MANAGEMENT

- Building on the work of the *Children and Young People's Partnership Board*, we will **establish by March 2008 Children's trust arrangements** with all the relevant local partners, linked 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 5% (from about 250 to around 265) the number of families receiving support (HCS 29)
- 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 **increase by 30 (to 82%)** the number of schools with an approved school travel plan

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 challenge

The principal challenges for the year are to:

- implement major 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) implementing, with our partners, the first phase of our programmes of radical improvement in preventative and social care services to maximise the independence, well-being and independence of older people and adults with learning disabilities
 - (iii) establishing the future needs of 18-65 year-olds with mental heath problems or physical disabilities and developing programmes to meet them efficiently and effectively so as to maximise their independence, well-being and choice
 - (iv) in respect of all, maximising independence, well-being and choice
- continue to tackle homelessness successfully

The Council's response

Through 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.
- Increase the number of people of 65 or over from 82.9 to 88 in 2007-08 helped to live at home per 1,000 population (HCS 16) [Note; target under consideration in the light of the additional resources allocated to reshape older peoples social care and support services]
- reduce from 34,691 to 32,996 the number of emergency unscheduled acute hospital bed-days in NHS hospitals occupied by a person aged 75 or more
- increase the satisfaction of people over 65 using home care services provided through Herefordshire Social Care or directly purchasing services using direct payments ([Note; target to be set February 2007]
- By working with our partners, and through extensive consultation with older people and other interests, we intend to have in place by October 2007 a comprehensive Older People's Strategy, with clear targets and actions to achieve them
- 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 8,138 in 2007-08 (HCS 18a)
 - increase the number of people aged 60 or over in receipt of Council Tax benefit from 7,751 in 2006-07 to 8,061 in 2007-08 (HCS 18c)
 - increase the number of people in receipt Attendance
 Allowance from 6,470 in 2006-07to 6,702 in 2007-08 (HCS 18b)
- 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 5.1 (HCS 74c)
- Working with partners to begin the 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 [Note; target under consideration in the light of the additional resources allocated to reshape support services for people with learning difficulties]

- 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 4.4 (HCS 74b)
- Working with partners, and in consultation with service users and their representatives, we intend before the end of 2007 to establish the future needs of 18-65 year-olds with mental heath problems or physical disabilities; and to have a clear understanding of the services and support programmes that will be needed to meet them costeffectively
- By implementing with our partners our *Homelessness Strategy Action Plan* and developing more affordable housing, we aim to **decrease from 416** to **160** the number of people accepted as homeless during a year in respect of whom the Council has a full statutory duty (HCS 14)

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
- 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 follow;

- 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 an integrated library as part of the scheme.
- We aim for the Rotherwas access road to be mostly completed by March 2008, with a view to its opening 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 a **final** handover of the completed Learning & Resource Centre and Work Skill Centre by December 2007.
- We also 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 9,900 in 2007-08 (HCS 3)

Through these and other measures, we aim to reduce the gap in average wage levels between Herefordshire and the rest of the West Midlands from 0.87:1 in 2005 to 0.88:1 in 2008. $(HCS\ 1)$

Sustain thriving communities, including by securing more efficient, effective and customer-focused services, clean streets, tackling homelessness and effective emergency planning

The challenges

We must continue 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* and developing more affordable housing, we aim to **decrease from 416 to 160** the number of people accepted as homeless during the year in respect of whom the Council has a full statutory duty (HCS 14)

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% in 2007-08 (HCS 61)
- 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 25% in 2007-08 (HCS 70)

 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 2007-08. (HCS 62)

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 17% the proportion of relevant land and highways that fall below an acceptable level (HCS 54)
- reduce from 3% in 2005-06 to 2% the proportion of relevant land and highways from which unacceptable levels of graffiti are visible (new indicator)
- maintain at 2% the proportion of land and highways from which unacceptable levels of fly-posting are visible (new indicator)
- maintain our current grade of 1 (very effective) in the yearon-year reduction in the total number of incidents and increase in total number of enforcement actions taken to deal with 'fly-tipping' (new indicator target to be se)
- increase the percentage of people satisfied with the cleanliness standard in their area* (new indicator target to be se)
 *for this indicator there will be a three-year target in the Corporate Plan.
 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 (new indicator)

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**:

- for the number of violent crimes to have fallen by 11% against the 2003 figure (HCS 45)

- for the number of criminal damage incidents to have fallen by 20% against the 2003 figure (HCS 42b)
- for there to have been a fall of least 5%, compared with the 2003 figure, in the proportion of people who think that the following things are a problem: (HCS 43)
- o speeding traffic
- o vandalism, graffiti and other deliberate damage to property or vehicles
- o people using drugs
- o people dealing drugs
- people being drunk or rowdy in public places

We aim to maintain the proportions of survey respondents who find it easy to access the following key local services;

- a library (HCS 59c)
- a sports or leisure centre (HCS 59d)
- a cultural or recreational facility (HCS 59e)
- a local shop (new indicator)
- a post office (new indicator)
- a shop selling fruit and vegetables(new indicator)
- a green space (new indicator)

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 once a month from **25% in 2005 to 29% in 2007** (HCS 65a)
- parks, open spaces, play areas and other recreational facilities at least once a month **from 41% in 2005 to 47% in 2007** (HCS 65e)
- libraries at least once a month from 32% in 2005 to 33% in 2007 (HCS 65b)
- museums or galleries at least once every six months **from 19% in 2005 to 20% in 2007** (HCS 65c)
- theatres or concert halls at least once every six months **from 32% in 2005 to 35% in 2007** (HCS 65d)

We also aim to increase the adult public's perceptions of improvement in the quality of life* in terms of each of the following:

- access to nature (new indicator)
- activities for teenagers(HCS 60a)
- affordable decent housing(HCS 60b)
- **clean streets** (new indicator)
- **community activities** (new indicator)
- **cultural facilities** (new indicator)

- **education provision** (new indictor)
- facilities for young children (new indicator)
- **health services** (new indicator)
- **job prospects**(HCS 60c)
- parks and open spaces(new indicator)
- public transport (new indicator)
- race relations (new indicator)
- road and pavement repairs (new indicator)
- **shopping facilities** (new indicator)
- **sports and leisure facilities** (new indicator)
- the level of crime(HCS 60d)
- **the level of pollution**(new indicator)
- the level of traffic congestion(HCS 60e)
- wage levels and the local cost of living(HCS 60f)
- **Public rights of way** (new indicator)

*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 \pm 3%. This means that in order to be reasonably sure that there has been an improvement in performance there needs to be an improvement in perception of 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 2007. $(HCS\ 64)$

- Increase in the percentage of people who feel that people in their area treat them with respect and consideration*.
- Increase in the percentage of people who feel informed about what is being done to tackle anti-social behaviour in the local area*.
- 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*.

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. (HCS 79)

^{*} Targets for these indicators to be set by end of February

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 year 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 to **increase the proportion of Council-owned or managed land, without a nature conservation designation, that is managed for biodiversity**. (HCS 67) [Target to be set]
- We aim to increase the proportion of land designated as a Site of Special Scientific Interest within the local authority area that is in favourable condition. (HCS 55) [Target to be set]

We aim to increase the numbers for key species (HCS 57) [Target to be set]

- 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 from 521.7 kilograms in 2005-06 to 515 kilograms (HCS 56a)
 - reduce from 78.2 % to 75.4% the proportion of household waste that is landfilled (HCS 56b)
 - increase the proportion of household waste recycled from 17.46% in 2005-06 to 18% (new indicator)

DRAFT for approval by Cabinet

Appendix 2

- 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** (HCS 58) [Target to be set]
- 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. We aim to reduce energy consumption by at least 1.5% a year against the 2006 baseline. We will also have an affordable Warmth Strategy completedbyJune2007.

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

The challenge

Over the coming year 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 the number of people killed or seriously injured in road traffic collisions (HCS 52) [Target to be set]
- reduce the number of people slightly injured in roads traffic collisions \((new indicator) [Target to be set]\)
- 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. (HCS 6) reduce the number of people slightly injured in roads traffic collisions \(new indicator\) [Target to be set]

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(HCS 7a & 7b)
- increase from 3,248,935 in 2005-06 to 3,948,000 the number of passenger bus journeys a year (HC 76)
- **We will measure people's perceptions of traffic congestion** (HCS 60e) Three year target to be set. 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

Appendix 2

cycle parking facilities by 5% every two years and **increase by 18% the number of cycling trips in a year compared with 2003-04** (HCS 72)

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

The challenge

Over the coming year we must:

- accelerate our progress against the *Local Authority Equality Standard*
- meet existing and new statutory requirements to promote equality and eliminate unfair and unlawful discrimination in respect of race, disability, sex, 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 **complete by March 2008 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 3 of the** *Local Authority Equality Standard*. (HCS 80)

We will ensure that all Directorates and Human Resources have Equality Impact Action plans that are realistic and achievable which are monitored and reported against every six months.

We will keep up-to-date our statutory *Race Equality Scheme*, which will be reviewed by April 2008, and our *Disability Equality Scheme*

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 19 above), setting targets and actions accordingly

By reviewing the effectiveness of our recruitment and selection activities, and changing them where — necessary, we aim to:

- increase from 0.89% in 2005-06 to 1.2% the percentage of employees from black and ethnic minority backgrounds [Note – target to be reviewed end February 2007]
- increase from 1.89% in 2005-06 to 3% the percentage of employees from black and ethnic minority backgrounds who are amongst the top 5% of wage earners [Note target to be reviewed end February 2007]
- increase from 0.39% in 2005-06 to 1.5% the percentage of employees declaring a disability [Note – target to be reviewed end February 2007]

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 leadership, working with partners to deliver the Herefordshire Community Strategy, including the Local Area Agreement

The challenge

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 these unprecedented opportunities 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, together with key partner's, 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.

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: (2004-5 data as baseline, unless otherwise specified)

- Reduce violent crimes in Herefordshire by 11% against the 2003-04 baseline (HCS 45)
- Reduce the incidence of criminal damage in Herefordshire by **20%** against the **2003-04** baseline (HCS 42b)
- **Decrease by 5%** the proportion of people who think that the following are a problem:
 - speeding traffic
 - vandalism, graffiti and other deliberate damage to property or vehicles
 - people using drugs
 - people dealing drugs
 - people being drunk or rowdy in public places (HCS43)

- -Reduce all recorded crime by 15% (HCS 42c)
- -Reduce the number of young people aged under 25 who are victims of crime in Herefordshire by 6% (HCS 25)
- -Reduce re-offending by young people in Herefordshire by a further 2.5% by 2008 (measured in calendar years against the 2006 baseline) (HCS 36)
- -Reduce by 15% the proportion of prolific and other priority offenders (PPOs) who re-offend. (HCS 48)
- Reduce British Crime Survey comparator crimes by 15%, using 03/04 baseline. (HCS 42a)
- Record no more than 600 domestic burglaries per year in Herefordshire (HCS 49a)
- Record no more than 1,086 vehicle crimes per year in Herefordshire (HSC 49b)
- Increase the number of Class A drug supply offences brought to justice in Herefordshire by 25% (HCS 50)
- Increase the numbers of drug users in treatment to 720 (HCS 46)
- Reduce the offending behaviour of individuals engaged in the Drugs Intervention Programme (HCS 47). Targets to be agreed once baseline data has been established.
- Increase the number of calls to the Herefordshire Women's Aid helpline by 10% (HCS51a)
- Increase the number of domestic violence incidents reported to the police in Herefordshire by 10% (HCS 51b)
- Increase the number of arrests for domestic violence by **10%** in Herefordshire (HCS 51c)
- Increase the number of sanction detections in Herefordshire for domestic violence incidents by 5% (HCS51d)
- Increase in the percentage of people who feel informed about what is being done to tackle anti-social behaviour in the local area* (HCS?)

 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* (HCS?)

*these are new indicators. Baselines and targets will be set by end of February 2007

Reduce the fear of crime in Herefordshire. (HCS 44) Target
 a 4% reduction over three years, measured annually,
 against the 2006 baseline, of adults reporting being worried about crime or anti social behaviour

Through the implementation of the new public health agenda "Choosing Health", The Council, working with the Primary Care Trust (PCT), aim to:

- Reduce the mortality rate from cancer for people under 75 from 96 in 2006 to 93 in 2007 (HCS 8)
- Reduce the mortality rate from circulatory diseases for people under 75 from 79 in 2006 to 77 in 2007 – (HCS 9)
- 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) (HCS 10 and LAA PI)
- Reduce the mortality rate from accidents. Baseline data to be set and target to be agreed (HCS 53)
- 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) – (HCS 11)
- Increase the number of adults who quit smoking from 1,100 a year in 2006 to 1,200 a year in 2007. (HCS 12a)
- Reduce the percentage of adults who consume more than the recommended intake of alcohol per week from the 2006-07 target figure of 17% (HCS 12b)
- Reduce the percentage of adults eating fewer than five portions of fruit and vegetables on a typical day from the 200607 target figure of 34% (HCS 12c)
- Increase 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% (HCS 12d)

Through the implementation of the Herefordshire and Worcestershire Learning and Skills Council (LSC) Local Strategic Plan, The Council, working with the LSC, aim 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 (HCS 4c)
- a Level 2 qualification in engineering and manufacturing to 57 (HCS 4b)
- a Level 3 qualification, excluding manufacturing and engineering, from 825 to 878 (HSC 4e)
- a Level 3 qualification in manufacturing and engineering from 26 to 44 (HSC4d)
- a Skills for life qualification through Train to Gain target for 2007-08 is for 31 qualifications – HCS PI
- Increase the percentage of the working age population qualified to at least Level 3 or level 4 – HCS 4a [Note; Target to be set]

To maintain high-levels of public confidence in open government and local democracy, **the Council will**:

- be overseen by its independently chaired Standards Committee and through the work of this 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, uphold its financial and audit duties to ensure good financial management and governance
- ensure it is accessible and responsive and to avoid findings of maladministration against the Council being issued by the Local Government Ombudsman
- ensure that all members have the opportunity to receive a full induction on their responsibilities of being a Councillor, Cabinet Member, Committee Member and Scrutiny in accordance with the Council's induction programme
- ensure that all Council and Committee minutes, as well as Cabinet decision notices, are published on the Council website within two

working days of being approved. Agendas for meetings are made available on our website at least five working days before meetings.

 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

Part Two: Organisational improvement

Streamline its processes, assets and structures, and **secure significant efficiency savings, particularly by delivering** the *Herefordshire Connects* programme.

The challenge

Over the next year we must:

- make the first tranche of recurrent and cumulative cash-releasing savings under the *Herefordshire Connects* programme
- 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**. The key milestones and staged targets for 2007-08 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 for 2007-08 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 2007-08 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 challenge

The Council must ensure that:

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

The Council's response

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 completion of our *Accommodation Strategy*, we will **raise the proportion of the gross internal floor space in ODPM categories A and B** [target to be agreed]

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 (HCS79)

We will embed risk management across all aspects of the Council's work and take all other measures necessary to **maintain our** *Use of Resources* score at 3. (new indicator)

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

The challenge

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

The Council's response

Through our network of local *Info Shops,* the 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 2007-08 will be determined as part of the *Herefordshire Connects* programme.

In particular, we will:

- answer at least 95% of all telephone calls
- answer 80% of all telephone calls within 15 seconds

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 29 % to 50% the proportion of those making complaints who are satisfied with how their complaint has been handled** (HCS 68)

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 40% in 2007 (HCS 61)**

Through these means and the service improvements described elsewhere in this Plan, and also by enabling more communities to draw up town and parish plans, building community and voluntary sector capacity and enabling more opportunities for people in communities to come together, we aim to increase from 80% to 87% the proportion of adults satisfied with their community as a place to live. (HCS 64)

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 increase from 19% to 28% the percentage of young people who feel that they can influence decisions affecting important local services. (HCS 38)**

Working with partners, and in consultation with service users and their representatives, we intend before the end of 2007 to establish the future needs of 18-65 year-olds with mental heath problems or physical disabilities; and to 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**. (HCS 79)

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

The challenge

The Council has loyal and dedicated employees, 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 employees 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 these, developing key skills in respect of effective planning and performance management to drive continuous improvement in standards of services across the Council
- completing and rolling-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 employee turnover
- even more effective two-way communications between employees 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 **monthly reviews, beginning in April 2007, by the Pay and Workforce Strategy Board**

- 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

We will **continue our comprehensive programme of employee 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.

In particular, we will deepen and extend our programmes to **ensure that all managers are well-equipped to plan their services and manage performance effectively to deliver the Council's priorities.** Success will be measured by evaluating the impact of the revised management development provision.

We will raise completion rates of SRDs from 94% to 95%, and require directors and heads of service to have in place auditable systems to ensure that all SRDs are completed to a satisfactory and consistent standard. We aim for an assessment that the systems employed are satisfactory when they are audited in

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 9 days per FTE in 2007-08. (HCS 71)

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 employee turnover at no more than 9%. and to aim for minimum acceptable levels of turnover (HCS 77)

we will pay special attention to the recruitment and retention of employees to ensure effective service delivery, with priority given to the Children's and Adult's social care workforce, through the development of workforce plans by April 2007. 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 aim to:

- maintain a robust and measurable team briefing system that provides positive and effective dialogue between managers and their teams, achieving 150 team briefs by Sept 2007.
- establish an employee news package that is guaranteed to reach everyone across the council - achieving high scores for readability, relevance and credibility, aiming for a 70 per cent score in Nov 2007 benchmarking
- 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

 creating a communications tool kit to help managers to make the most effective and appropriate use of internal and external communications channels. The toolkit will be complied by April 2007. Embedding corporate planning, performance management and project management systems so as to continue to drive up service standards and efficiency

The challenge

The Audit Commission assessed the Council in late 2005 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 2007and the new arrangements operating from April 2008
- ensure that members are integrated into the Council's performance management arrangements, measured by an annual 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 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, so as 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 in the Corporate Plan) 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 (HCS 68) and ensure that none of our individual performance indicators is qualified (HCS 81)
- 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 (HCS 82)
- PRINCE 2 project management will continue to be used in respect of all aspects of the *Transformation Programme* and for other major projects

Appendix 1- Revenue Expenditure in 2007-08 is funded by

Net Revenue Budget Estimates as per MTFRM are funded by:

	2007/08
	£'000
Formula Grant	47,648
Council Tax	74,467
Council Tax Surplus	256

NET REVENUE BUDGET FUNDING

122,371

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 aditional government grants, fees, charges and other income not funded through the Council Tax and Formula Grant mechanism.

Appendix 2 – Revenue budget in 2007-08 by programme area

Net Revenue Budget Estimates as per MTFRM at January 2007

(excluding Central Support Recharges)	2007/08 £'000
Adult and Community Services	44,710
Children's Services (excluding DSG)	22,694
Corporate and Customer Services	7,688
Environment	25,021
Resources	6,122
Central Services & Human Resources	4,592
Capital Financing Costs (net of Investment Income)	9,768
Total Corporate Area budgets	120,595
Social Care Contingency Herefordshire Connect - Revenue Costs	1,302
Herefordshire Connect - Revenue Savings LPSA2 Reward Grant	(5,800)
Capacity to achieve potential CT increase	6,274
NET REVENUE BUDGET	122,371

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 (Government's assessment of the Council's need to spend which forms the basis of Central Government support through the Revenue Support Grant and Redistributed Business Rates) and are subject to change following further announcements from Central Government.

Appendix 3 - Proposed capital programme 2007 - 08

Capital Plan as per MTFRM at January 2007

-	2007/08
	£'000
Children and Young Peoples Services	14,324
Environment Services	19,206
Corporate and Customer Services	20,406
Resources	774
Adult and Community Services	12,128
	66,838
Funded by:	
Capital Receipts Reserve	5,569
Grants and Contributions	22,879
Supported Capital Expenditure (Revenue)	9,964
Revenue Contribution	170
Prudential Borrowing – Existing allocations	26,498
Prudential Borrowing – New bids	1,758
	66,838

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 3

The Herefordshire Community Strategy

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.

Local Area Agreement (LAA)

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 next three years of *The Herefordshire Community Strategy*.

Local Public Service Agreement (LPSA)

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.

It has been subsumed within the LAA (see above).

Comprehensive Performance Assessment (CPA)

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

Corporate Management Board (CMB)

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

The Senior Management Team (SMT)

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

Local Transport Plan (LTP)

A long-term strategy to develop an integrated and sustainable transport system for Herefordshire

Academic years and Financial years

References to academic years as shown thus; '/' – for example 2007/08

References to financial years are shown thus; '-' for example 2007-08



EVERY DISABLED CHILD MATTERS

PORTFOLIO RESPONSIBILITY: CHILDREN AND YOUNG PEOPLE

CABINET

22ND FEBRUARY, 2007

Wards Affected

County-wide

Purpose

To note the work being undertaken in Herefordshire to ensure that disabled children and young people are not marginalised in implementing the Every Child Matters agenda.

Key Decision

This is not a key decision.

Recommendation

THAT the work in this area be noted and consideration be given to accepting the Charter as a best practice standard for the service to adopt.

Reasons

This is a very important area of development and one which is under much scrutiny nationally. It is important therefore that Cabinet Members are aware of the work being undertaken in Herefordshire to ensure that disabled children and young people have a high profile on the Every Child Matters agenda.

Considerations

- 1. In October 2006 a group of five charitable organisations produced a report called 'Every Disabled Child Matters Off the Radar' (Appendix 1).
- 2. The first page of the report sets out a charter for every local authority which it hopes local authorities will have in place by January 2008.
- 3. The final page of the report (Page 8) has a list of recommendations for statutory bodies to respond to.
- 4. Whether the charter is adopted, or the recommendations are agreed nationally is still to be debated. However, Herefordshire can choose to adopt the Charter as an example of good practice as set out in the recommendation above. Not withstanding this decision, Herefordshire Children and Young People's Directorate is fully committed to the principle of ensuring that the needs of its disabled children and

young people are met and that they have a voice in influencing decisions that will affect their care, education and well being.

- 5. The report sets out how most local authority Children and Young People's Plans do not explicitly make provision for their disabled children. The Herefordshire Children and Young People's Plan 2006 2008 (available in the Members' Room) makes many references to provision for LDD (Learning Difficulties and Disabilities) which was the terminology in use when the plan was written. Terminology has moved on and when the plan is revised in 2007/08 LDD will be replaced or indeed widened to include all disabled children not just those with a learning disability.
- 6. The needs of this vulnerable group are highlighted in the Children and Young People's Delivery Plan under each of the five outcome headings (Stay Safe, Be Healthy, Enjoy and Achieve, Making a Positive Contribution and Economic Well-Being). Additionally, on page 41 of the plan a complete section of work is devoted to vulnerable children and young people (LDD and Looked After Children LAC).
- 7. The plan sets out the jointly agreed priorities for the work to be undertaken in 2006 2008 by the local authority and its partner agencies but it does not cover all of the extensive work that is taking place authority wide. The Children and Young People's Partnership Board will review its priorities for 2008 and the concerns raised in the report 'Off the Radar' will be taken into consideration.
- 8. The Children and Young People's Delivery Plan (2006 2008) (available in the members room) sets out how the local authority and its partners are addressing the agreed priorities for this period. This includes a number of work streams around disabled children and young people.
- 9. The HM Treasury and DfES report 'Policy review of Children and Young People a discussion paper' January 2007 can be found on (www.hm-treasury.gov.uk under 'recent publications'). On page 57 onwards it reviews the services available to disabled children and their families. Chapter 5 'better outcomes for disabled children' states that
 - 'disabled children are less likely to achieve as much in a range of areas compared to their non-disabled peers. Improving outcomes of disabled children and increasing their involvement and inclusion in society will reduce social inequality. Communities will benefit from the contribution that disabled children can make harnessing their latent talent and fostering intolerance and understanding of diversity'.
- 10. Herefordshire Council and the Children and Young People's Partnership Board has harnessed the energy and views of young people by developing school councils, the Youth Council and the Shadow Children and Young People's Partnership Board, it has been mindful of its responsibility to ensure that disabled children and young people are fully represented. There are young people with disabilities on both the Shadow Children and Young People's Partnership Board and the Youth Council and their places will be protected during re-election.
- 11. Every Disabled Child Matters refers to a duty placed on local authorities by the Disability Discrimination Act, (DDA) 2005, to develop and publish a Disability Equality Scheme (DES) by December 2006. This scheme was formally adopted by Cabinet. A copy of Herefordshire's DES is available on the intranet and was completed within the expected timeframe. The policy was very widely consulted upon and included views from children and young people. The scheme covers disabled people of all

ages and has a comprehensive action plan attached. The opening statement of the scheme states

'Equality of opportunity for disabled people is not just about meeting a legal obligation; it is about fairness and good sense and morality to challenge discrimination. The purpose of the DES is to make a commitment to take the needs of disabled people into account in everything we do'.

- 12. The scheme then sets out how the council, along with its partners, should do this through its provision of services so that the equality culture is firmly embedded. Equality and diversity training is widely available in the council.
- 13. The Children and Young People's Directorate are currently finalising the first draft of their disability strategy for children and young people. This document is multiagency and is drawn from extensive legislation and experience in this field. Some consultation has already taken place, for example Phillipa Russell, Disability Rights Commissioner was commissioned in the Autumn to consult with parents and carers of disabled children in Herefordshire. This was undertaken to inform Herefordshire's support for families strategy but contains much information that can usefully be used in its disability strategy.
- 14. The draft disability strategy will be scrutinised by Government Office for the West Midlands in March and will then go to a full, multi-agency consultation in April for completion by Summer 2007. The strategy should demonstrate progress around the following areas:
 - Transition planning
 - Care pathways
 - Short breaks performance and progress on new commissioned services
 - Communication and Consultation
 - Strategy for service development for 2007/2008, which will form part of the support for families' strategy.
- 15. Herefordshire has a disability team based at the Kite Centre. The team comprises social workers, transition workers, family support workers and clerical staff who work predominantly with children and families with very complex needs. The team is managed by the Joint Service Manager for Children with Disabilities and III Children. The post is funded through the PCT management structure but is jointly managed by the Primary Care Trust and the Children and Young People's Directorate.
- 16. The Special Educational Needs Team based at Blackfriars comprises of a Manager, Caseworkers, Database Officer, Advisory Teachers, a Monitoring Team and Service Support. They work very closely with schools and partner agencies to identify and meet the needs of children with a wide range of disabilities from low level to severe and complex.
- 17. These two teams work closely together and this arrangement has been strengthened by including the disability team within Integrated Services and Inclusion.
- 18. Further work is being developed in the disabilities team around transition arrangements for disabled children and young people. This has been an area of

weakness in the past. Recruitment of a lead transition worker and a transition worker has increased the capacity of the team to improve an area which is highlighted, quite rightly so, in Every Disabled Child Matters as being under developed nationally.

- 19. Every school in Herefordshire has a disability access plan indeed they are required to do so under the DDA and support was given by the local authority to help schools address issues around access not just in terms of building modification to ensure physical access, but also around curriculum access.
- 20. In addition, Herefordshire has four special schools (One for Educational and Behavioural Difficulties (EBD), three Severe Learning Difficulties/Profound and Multiple Learning Difficulties (SL/MLD) who take the inclusion of their students into mainstream activities, where appropriate, very seriously. Herefordshire has an inclusion strategy and additional funding has been made available to the special schools to facilitate inclusion.

Risk Management

The main risks to fulfilling the Council's objectives under Every Child Matters – particularly with regard to disabled children and young people are around;

- Recruitment and retention of suitably qualified staff to work in the area of supporting these young people and their families. This is a particularly stressful area of work.
- Capacity to deliver the objectives when financial resources are retracting.
- The inability of partner agencies to support the priorities determined in the Children and Young People's Plan.

Alternative Options

There are no alternatives.

Consultees

Peter Lane, Lead officer working on Herefordshire's disability strategy. Carol Trachonitus, Equality and Diversity Manager

Appendix

'Every Disabled Child Matters - Off the Radar'.

Background Papers

None identified.





Off the Radar

how local authority plans fail disabled children







special educational consortium

Off the Radar

how local authority plans fail disabled children

Summary

- Very few of the new Children and Young People's Plans include any plans for disabled children even though most local authorities identify disabled children as a priority group
- Local authorities have not taken into account major changes in the numbers of disabled children in their area and their increasing needs for services
- Most local authorities have not involved either disabled children or their parents in the development of the strategic plan
- There is some planning for education but virtually none for housing or transport, both of which are of vital importance for disabled children and their families
- Most of the actions for disabled children in Children and Young People's Plans are vague, for example, develop integrated and responsive services '
- There is no evidence of work underway in local authorities to develop a Disability Equality Scheme which has to be published by December 06

Introduction

This paper reports on an analysis carried out by Mencap of the extent to which local authorities have included plans for disabled children in their Children and Young People Plans (CYPPs). It also examines the extent to which local authorities have integrated the CYPP process with the new duty to produce a Disability Equality Scheme. The paper highlights examples of good practice in local authority strategic planning to improve the life chances of disabled children and young people.

Background

The Children Act 2004 placed a new duty on local authorities to produce and publish an over-arching strategic plan for all children in their area by April 06. As well as the local authority services, the CYPP should cover services delivered by local partners, including health and the voluntary sector. The non-statutory guidance issued by the DfES¹ states that all local partners should be involved in developing the CYPP which should be based on the five Every Child Matters outcomes. Regulations require local authorities to consult children, young people and parents. The guidance is quite specific on disability and states that it may be necessary to arrange special events in order to consult with disabled young people.

The Disability Discrimination Act 2005 placed a new duty on local authorities to develop and publish by December 06 a Disability Equality Scheme (DES) detailing how the local authority plans to meet the new Disability Equality Duty (DED). The new duty requires public authorities (for example local authorities) to eliminate unlawful discrimination and disability-related harassment and also promote equality of opportunity and encourage the participation of disabled people in public life. The Disability Equality scheme needs to specify how disabled children (and adults) have been involved in developing the scheme.

Off the radar

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¹ Department for Education and Skills. 2005. Every Child Matters: Change for Children - Guidance on the Children and Young People's Plan. London: DfES.

Clearly the CYPP process provides local authorities with an opportunity to include disabled young people in the development of both the CYPP and the DES and in fact the DfES guidance suggests that this joining up would be advantageous.

Methodology

A representative sample of 20 local authorities was developed to ensure coverage of all government regions and type of authority as well as ensuring an urban/rural mix and a proportion of local authorities with a high BME population. The local authorities included in this study are:

Region	Local Authority			
NE	Metropolitan			
	Unitary			
NW	Metropolitan			
	Unitary			
Yorks & Humber	Metropolitan			
	Metropolitan			
W. Mids Shire				
	Metropolitan			
E. Mids	Shire			
Eastern	Shire			
	Unitary			
London	London Borough			
	London Borough			
SE	Shire			
	Unitary			
SW	Shire			
	Unitary			

The CYPPs for these 20 local authorities have been analysed for:

- The extent to which disabled children and young people or their parents were involved in the development of the CYPP
- What specific and measurable actions for disabled children or young people are included in the CYPP
- How the CYPP interfaces with the local authority Disability Equality Scheme

Analysis

Despite the requirement to publish the CYPP and place it on the local authority website by the 1st April 06, by 1st July three of the sample of twenty local authorities had failed to publish their CYPP. Repeated phone calls to these local authorities revealed confusion about the responsibility to produce the CYPP and a lack of urgency to complete the process. In many other cases appendices and action plans that are referred to in the CYPP are neither published nor available.



This content analysis of the CYPPs only reports on actions and plans in published CYPPs and may not therefore highlight either high quality services or good practice of involving disabled children in service planning and evaluation.

Examples of specific and measurable actions for disabled children are included in boxes in each section.

Involving children and young people with a learning disability

There is limited evidence that local authorities have involved this group of children in developing the CYPP with only 6 out of 20 local authorities mentioning this type of involvement. Even when local authorities have 'gone the extra mile' the CYPP does not specify the age range or ethnicity of the disabled young people involved in the production of the CYPP or the consultation methods used. A typical comment in the CYPPs is 'we included as many people as possible, including children who are disabled'.

'I don't like being left out', a pan-region partnership initiative by social services, education, health and the voluntary sector. A needs analysis was carried out in 2004 and a five-year improvement plan is underway. 'The improvements are based on the active involvement of young people and parents in strategic and individual planning'.

Involving the parents and carers of children with a learning disability

Although the Regulations require local authorities to consult parents only 5 out of 20 CYPPs report any level of consultation with the parents of disabled children. The current vogue for developing a range of methods to facilitate the participation of children can mean that less effort is put into engaging with parents. Certainly in relation to the parents of disabled children there is little evidence of creative engagement.

Over 270 parents of disabled children provided feedback through questionnaires and face to face meetings as part of the Best Value Review. The Parents and Carers Sounding Board met to feed back further views. One of the main themes to emerge was the need for more respite support.

Needs analysis

The DfES guidance includes a strong expectation that the CYPP will be based on a robust analysis of local needs. In relation to disabled children there is very little reporting of this having taken place in any of the local authorities sampled. More typically, local authorities report on provision, for example 'we have 13 special schools' without indicating whether the demand for places in these schools is increasing or decreasing. Only 5 of the 20 CYPPs included any level of analysis of the size and characteristics of their population of disabled children.

Despite the recent introduction of PLASC to collect SEN data at a school level, only a minority of local authorities report on the number of children with SEN and even fewer report on emerging trends in the SEN population.



In contrast to the high level of reporting on teenage pregnancy rates almost none of the CYPPs report on live birth data or on the number of low birth weight babies despite the requirement to involve health in the CYPP process.

National epidemiological studies confirm the changing population of disabled children with more profoundly disabled children surviving and requiring high levels of local authority and health services throughout their childhood. In areas with a high BME population there is not only an increasing birth rate but also a high rate of childhood disability, particularly learning disability.

From this representative sample of local authorities it is clear that there are serious gaps in the data local authorities have in order to be in a position to plan effective services for children with a leaning disability and their families. There is no real evidence from these CYPPs that local authorities are taking cognisance of the changing population of disabled children in their area and the implications of these changes for local service delivery.

One local authority reports on the 'increasing number of babies in their area surviving with complex needs and requiring technological support' but does not report on actual data or clarify the extent of this trend. This CYPP does report that '155 children and young people are known to paediatric therapy services' and that there are 240 care packages provided by the children with disabilities social care team. This CYPP also states that the number of children attending special schools is rising.

Early years, childcare, and extended schools

With a 10 year national childcare strategy it might have been expected that the CYPPs would include some specific and measurable planned actions to develop childcare services for disabled children. Although several CYPPs anticipate the new duties included in the Childcare Act 2006 by stating that they would 'ensure sufficient provision', only one of them includes any actions to achieve this objective.

Plans for early years services are slightly stronger, for example 'all SENCOs in early years settings to have successfully completed Advanced Core Training'. Only 2 out of 20 refer to disabled children in their plans for extended schools.

One CYPP includes a clear timeline for delivery sufficient childcare 'with a particular focus on the needs of disabled children' so that a baseline is established, a target number of places is agreed and new childcare places developed in target areas.

Education

Education is a stronger area for the CYPPs sampled with 13 out of 20 CYPPs including actions for SEN/disabled children. There is reporting of work underway on a range of issues: building new special schools, reducing the reliance on statements and raising achievement.

In terms of future plans there was a substantial focus in the CYPPs on reducing the number of exclusions of children with SEN but with very little detail of the strategies to be deployed. Another area of focus was that of reducing the numbers of children educated out of authority but in the absence of a robust needs analysis this target



appeared to relate to the need to reduce costs rather than improve the outcomes for disabled children.

'The performance of pupils with SEN will be tracked to ensure that they achieve to their maximum potential'. The CYPP also states that participation in school councils at special schools has increased. Disabled children and young people are to 'have improved access to schools delivered through the Building Schools for the Future programme'. 100% of statements will be completed on time.

Social care

With the development of children's services directorates in most local authority's plans for social care are not always separated out in the CYPPs. In many cases disabled children are identified as a priority group, but only 1 in 13 disabled children currently receive a social care service².

In this sample of 20 local authorities only 12 of the CYPPs include plans for services for disabled children and the planned actions are mostly far from specific, for example, 'develop integrated and responsive services'.

There is an Integrated Children with Disabilities Project Board and a Specialist Services Business Plan. KPIs have been agreed (but not reported in the CYPP) for the % of disabled children who receive a service, the % uptake of direct payments and the % of disabled children who receive respite care.

Health and public health

For disabled children and young people there is some evidence of joint planning with health at a strategic level with 7 out of 20 CYPPs reporting measurable actions. Several areas plan to develop CAMHS for children and young people with a learning disability.

There is a however a general lack of health-based data even though some plans refer to the increasing numbers of children with complex health needs. Several CYPPs are candid about local provision; for example, 'children with disabilities do not have access to a co-ordinated range of appropriately responsive health services'.

One CYPP has been written to link with priorities in the PCT Local Delivery Plans with disabled children as a local priority for improving life chances. One of the key objectives is to reduce health inequalities. One measure of progress is to be an increase in the number of services offered through pooled budgets.

Transition and youth services

The government's green paper, Youth Matters, was launched while local authorities were developing their CYPPs. Despite the coverage of disabled young people in this green paper there is very little focus on youth services for disabled young

Off the radar



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² Commission for Social Care Inspection. 2005. *Social Services Performance Assessment Framework Indicators (Pg89-90).* London: CSCI/ONS

people in CYPPs. Only 5 out 20 of the CYPPs even refer to disabled young people in their plans for youth services. Typically local authorities refer to plans to 'develop a transition policy' or mention existing partnership arrangements without specifying clear actions designed to improve the life chances of disabled young people.

The Cool Kids group aims to support disabled young people to take part in decision making and there is a target to 'improve the evidence that children and young people have communicated their views in the SEN review process'. There is also a target that by March 07, 84% of all relevant young people have a multi-agency pathway plan.

Lifelong Learning

Local authorities have to report on plans for young people with learning difficulties up to 25 and indeed 8 out of 20 of the CYPPs report on lifelong learning for this group. Many of the CYPPs report on NEETs (young people not in education, employment) with several referring to the high numbers of disabled young people in this NEET group. The widely stated objective to reduce the number of NEETs in their area is not matched by specific and measurable actions.

A smaller number of local authorities refer to their plans to review their post 16 provision and for colleges to develop 'inclusive provision'.

In one CYPP priority to 'achieve economic well-being', children and young people with learning difficulties and/or disabilities are identified as a priority group. The target is an increase in the number of young people with disabilities in employment through improving the support for students in work experience.

Housing, planning and regeneration

Given the vital importance of appropriate housing for families with a disabled child, especially those with a profound and multiple learning disability it is of concern that plans for these children do not feature in CYPPs. Overall in the CYPPs housing gets very little coverage and only 1 out 20 has any housing actions for disabled children or young people. None of the CYPPs in this sample refer to the recent changes to the Disabled Facilities Grant.

One CYPP has as a key action, in relation to children and young people living in safe and suitable homes, 'the improved provision for disabled young people who want to live independently'.

Advice and guidance

The Youth Matters green paper published in July 2005 has a substantial focus on information, advice and guidance and it might have been expected to see this reflected in CYPPs. In relation to disabled young people only 3 out of 20 plans refer to advice and guidance.

There are also very few references to the Parent Partnership or mediation services that have been developed in virtually all areas for the parents of children with SEN.



Some CYPPs state that specialist advice and guidance will be developed for parents of disabled children and one local authority has an ambitious target to ensure that it has 'all relevant information in an accessible format'.

One local authority reports on a Parent's Forum for all parents of disabled children and that both parents and children were surveyed as part of the CYPP process. A target included in the CYPP is 'that all parents in the area with a disabled child receive regular information'.

Traffic and transport

Transport is a vital component in supporting disabled children to access their local community but it receives scant attention in these CYPPs. There is not a single example of a planned action in relation to traffic or transport to enable disabled children to improve their life chances.

Links between the CYPP and the Disability Equality Scheme

As local authorities are required to publish their Disability Equality Scheme (DES) by December 06 it is surprising that none of the CYPPs refer to the local process for developing a scheme. The opportunity for involving disabled children and young people in both the CYPP and the DES appears to have been lost with the attendant risk of parallel and costly consultation having to take place to meet the DDA 2005 requirements for involving disabled children.

None of the 20 local authorities refer to the actions they are taking to meet the new Disability Equality Duty in their CYPP.

One CYPP states that they 'will eliminate unlawful discrimination as required under the Disability Discrimination Act 2005'.

Conclusions

Although some local authorities link their CYPP with their Accessibility Plan or their SEN Policy there is virtually no evidence of linkage with work in progress on the Disability Equality Scheme.

Despite the fact that most local authorities identify disabled young people as a priority group, in their CYPP there is a real paucity of specific and measurable action planned for this group of young people. There is evidence of more planning for education for the wider group of SEN/disabled children. Housing and transport are the areas with the least evidence of planning to meet the needs of disabled children and their families.

There is very limited evidence that local authorities have conducted a robust needs analysis or fully involved parents or disabled young people in the development of the CYPP.

There are clear indications that local authorities are struggling in their CYPP to relate their plans for disabled children to the five Every Child Matters outcomes. Many CYPPs simply re-state the outcome, for example, 'ECM Outcome: Make a



Positive Contribution; we will ensure that disabled young people make a positive contribution'.

Even allowing for the fact that CYPPs are strategic plans and not detailed action plans there are very few specific plans for disabled children that are capable of being measured and monitored. The overall lack of measurable actions for disabled children will make it difficult to evaluate the delivery of the CYPP by parents, disabled young people, local partners, or Ofsted.

Recommendations

- Ofsted to monitor the delivery of CYPPs through the Joint Area Review process, with a specific focus on disabled children
- The DfES to issue guidance to local authorities clarifying the importance of including disabled children and their parents within the CYPP planning process
- The DfES to issue guidance to local authorities and their partners to promote better practice in collating sound data as a basis for local strategic planning for disabled children and young people
- The DfES issue examples of good practice in using the Every Child Matters outcomes to plan service improvements for disabled children and their parents
- This report be made available to local authorities through the Every Child Matters website
- The ADSS Disabled Child Network considers this report and proposes ways of improving CYPPs for disabled children and their families

October 2006





PROGRESS ON IMPROVEMENT CHILDREN AND YOUNG PEOPLE'S SERVICES

PORTFOLIO RESPONSIBILITY: CHILDREN & YOUNG PEOPLE

CABINET

22ND FEBRUARY, 2007

Wards Affected

Countywide.

Purpose

To continue the routine reporting on the improvement in outcomes and performance management.

Key Decision

This is not a Key Decision.

Recommendation

THAT progress and remedial work in relation to particular aspects of project management be noted.

Reasons

To update Cabinet on progress as at February 2007.

Considerations

- 1. The November 2006 report to Cabinet outlined a change in the action plan arrangements. The new approach was endorsed by GOWM and the updated plan is attached at Appendix 1.
- 2. The December 2006 Government Office for the West Midlands (GOWM) Improvement Board for Herefordshire endorsed the achievements for 2006. These are attached as Appendix 2 and will inform the second report to the Minister along with the positive but separate outcomes for 2005-06.

On two key indicators Herefordshire has achieved excellent results.

Education qualifications of children looked after – Herefordshire, is TOP nationally.

Stability of placements of children looked after, Herefordshire, is <u>2nd</u> nationally. On several others the Council is in the top group :-

- Education, employment and training for care leavers 6th nationally.
- Children looked after in foster placements or placed for adoption 21st nationally.

Further information on the subject of this report is available from Sue Fiennes, Director of Children's Services on 01432 260039

- Reviews of child protection cases 18th nationally.
- Adoptions of children looked after 20th nationally.
- Timing of core assessments GOOD.
- 3. A summary of the current position on improvement 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:
- 4. The exceptions highlighted were Disability Strategy and Workforce Strategy. The concerns both from the Council and GOWM perspectives were the pace of the projects and the standard of the strategy reports presented.
- 5. Additional capacity has been secured to ensure comprehensive reports are available for the March GOWM Board.
- 6. The test is now to demonstrate that in these two areas, project management approaches are sustainable into the future. GOWM are holding a review with the respective project teams prior to the March 2007 GOWM Improvement Board.
- 7. There will be an independent evaluation by the Institute of Public Care of the progress on performance management reporting to the March 2007 GOWM Board. An Interim Performance & Improvement Manager is now in place and the recruitment process is underway for the substantive post. The team is being built currently from existing resources and the action plans are on track.
- 8. The social work staffing position is that 45.3 are filled. Of these 5 are agency staff. This means the agreed target for March (50) is on track.
- 9. The third and currently final report to the Minister will be presented after the March Improvement Board. It remains the ambition to ensure sufficient progress against the agreed success criteria to satisfy GOWM and Department for Education and Skills so that routine performance assessment and improvement activity can be reestablished.

Alternative Options

No alternative options proposed.

Risk Management

The risk log is maintained and monitored and the action to secure comprehensive reports for March is in place.

Consultees

Not applicable.

Appendices

Appendix 1 – Action Plan

Appendix 2 – List of Achievements

Background Papers

None identified.

GOWM Herefordshire Improvement Board

Action Plan

LEGEND	
Com	Completed
On track	On track
Not on track	Not on track
No progress	No progress

GOWM HEREFORDSHIRE IMPROVEMENT BOARD ACTION PLAN

Success Criteria and Milestones	Due date	On track	Probability	Impact	Risk Assessment/ Mitigation	Progress to date/PIs/evidence improved outcomes	Lead Officer
PROJECT MANAGEMENT							
Report to Board on transition from PIAP to Improvement Board Action Plan.	Dec 06	Com				Completed Dec 06	AB
Production of Improvement Board Action Plan.	Dec 06	Com				Completed. Revised plan agreed by Board at Dec 06 meeting.	AB
Production of monthly reports to Board demonstrating progress towards delivery of milestones and Success Criteria by due date.	Monthly Dec 06 – Mar 07	On track					ALL
Project report and Board Review if Success Criteria have been met.	Mar 07	On track					AB

Success Criteria and Milestones	Due date	On track	Probability	Impact	Risk Assessment/ <i>Mitigation</i>	Progress to date/Pls/evidence improved outcomes	Lead Officer
Development of the Common Assessment Framework in Herefordshire.							
Update report – CAF pilots.	Jan 07	Com				Completed	SMc
CAF pilots commence.	Jan 07	On track				Pilots commenced on 22 January 2007.	SMc
Number of practitioners trained and using CAF – target 160.		Com				Training programme underway. 202 trained to date.	SMc
No of CAF's completed (Target for 2006/07 – 30	Jan	On track				5	SMc
(Target for 2007/08 to be determined following pilots)	Feb	On track					SMc
	Mar	On track					SMc

Success Criteria and Milestones	Due date	On track	Probability	Impact	Risk Assessment/ <i>Mitigation</i>	Progress to date/Pls/evidence improved outcomes	Lead Officer
PERFORMANCE MANAGEMENT							
IPC evaluation exercise.	Feb 07	On track	unlikely	high	Interim Manager in post.	Initial planning meeting took place 21/12/06. Milestones agreed with manager. Interviews for permanent manager held 9/2.	GS
Satisfactory evaluation report from IPC to Board covering – Robustness of arrangements, Quality of plans and progress reports, Impact on operational arrangements and strategic thinking.	Mar 07	On track	unlikely	high	Weekly supervision meetings arranged. Reports fed to Directorate Improvement Group.	4 project plans in place and being closely monitored by C&YP Performance Group, C&YP Improvement Board and GOWM Board. Virtual team in place.	GS
Improved performance data collection and analysis.	Mar 07	On track			Internal Directory completed now being 'embedded' with service teams.	Secondee appointed for 6 months to undertake performance management lead role supported by second secondee and IPC. Corporate (IPR) reporting requirements being met. Positive direction of travel finding by Audit Commission. Action Plan in response to Audit Commission	GS

			report will be reported to GOWM Board in February. Internal Directory of PI's now produced and available on Intranet	
Evidence of improved outcomes for children and young people and families.	Mar 07		End December 2006 achievements list agreed.	GS

	ess Cr Milest		Due date	On track	Probability	Impact	Risk Assessment/ <i>Mitigation</i>	Progress to date/Pls/evidence improved outcomes	Lead Officer
Number a initial and assessment	d core	eliness of					Insufficient qualified social workers – ongoing recruitment programme and funding bid supported by Cabinet.	As at December, current staffing is 50.32wte which meets the target for March 07. This	SMc
DIS1704 C64	Target 75% 80%	Forecast 65% 70%	Mar 07					includes 5 agency social workers. Revised targets for social worker establishment produced December 06. March 07 50 March 08 53 March 09 57 Outcome from target setting workshop for 07/08 to be reported to Board in March. Successful Focus Group held — outcome to inform review of Recruitment & Retention Strategy.	
HSCB De	velopm	ent.							
Appointm Developm			Dec 06	Com			Board ineffective and higher risk to C&YP – Interim arrangements in place.	PCT secondee appointed to role of Business Manager. Now in post – 22/01/07.	SMc
Appointme Training C		SCB	Feb 07	Not on track			Practitioners not adequately trained – Interim appointment made. Multiagency training pool in place.	Interim appointment made pending re advertisement in New Year. Post successfully re-evaluated. To be advertised February 2007.	SMc

Success Criteria and Milestones	Due date	On track	Probability	Impact	Risk Assessment/ <i>Mitigation</i>	Progress to date/Pls/evidence improved outcomes	Lead Officer
Information Sharing Protocol drafted and agreed by CYPPB.	Jan 07	On track			Partners cannot agree protocol – consulting all partners.	Initial draft presented to CYPPB. Progress report to CYPPB Dec 06. Concerns raised by police being addressed through negotiation. 3 rd draft considered by CYPPB 26 th . Board ready to endorse protocol but agreed to defer until March Board meeting to allow Voluntary Sector Alliance to consult its members and secure their individual Boards/Committees formal endorsement.	АВ
Wider Workforce Strategy Development.							
Strategy Development Plan produced.	Dec 06	Com				PID approved by CYPPB 30 th November. Progress report to GOWM Board December 06. Draft Strategy to be presented to Board scheduled for March 07.	SMc
Draft Strategy developed.	Dec 06 Feb 07	On track				Framework prepared.	SMc
GOWM to evaluate project management skills/capacity	Mar 07	On track				Evaluation meetings for Workforce and Disabilities scheduled for 23 rd February 2007.	RW

Consultation event.	Mar 07	On track				Will take place on 27 th March 2007.	SMc
Strategy and Implementation Plan approved by CYPPB.	May 06	On track					SMc
Delivery of key milestones (to be confirmed following agreement of strategy).	TBC	On track	Low	high	Delay would impact on service capacity, integration and Improvement/ Implementation Plan will be produced and closely monitored by C&YP Improvement Board.		SMc

Success Criteria and Milestones	Due date	On track	Probability	Impact	Risk Assessment/ <i>Mitigation</i>	Progress to date/Pls/evidence improved outcomes	Lead Officer
Improve housing provision for both single young people and families							
Provide 6-10 units of additional accommodation for care leavers. Targets -		On track					SMc
Purchase of 6 units	Apr 07	Com				The purchase of 6 properties has been completed. 4 are currently occupied and 3 are being prepared for occupation.	SMc
Secure nomination rights to 4 additional units with support provided by SHYP.	Apr 07	On track				Negotiation with SHYP progressing well. Agreed in principle.	SMc
All vulnerable children and young people to be in satisfactory accommodation.	Apr 07	On track				Wider range of options has avoided the need to place young people in B&B or other unsuitable accommodation.	SMc

Success Criteria and Milestones	Due date	On track	Probability	Impact	Risk Assessment/ <i>Mitigation</i>	Progress to date/Pls/evidence improved outcomes	Lead Officer
Affordable housing targets met.							
New affordable housing provision. Target 161 units.	Apr 07	On track				Ahead of schedule 155 units provided by end January 07.	RG
Reduction in the use of B&B accommodation.							
Families housed in B&B – Target – nil	Apr 07	On track				Reduced from 40 to 5 (4) at the 31st January 07. (Figure in brackets show the position at 4 th January 07).	RG
Families housed in B&B for more than 6wks – Target – nil	Apr 07	On track				Reduced from 28 to 3 (2) at the 31st January 07. (Figure in brackets show the position at 4 th January07).	RG

Success Criteria and Milestones	Due date	On track	Probability	Impact	Risk Assessment/ <i>Mitigation</i>	Progress to date/Pls/evidence improved outcomes	Lead Officer
Improve co-ordination of consultation with children and young people to support their participation in strategic planning and review.							
Produce framework for the involvement of all children and young people and families.	Mar 07	On track					AH
Parents and carers representatives attending CYPPB.	TBC					Proposals from Children's Fund and Children's Centres considered by CYPPB on 26 th January 2007.	АН
Undertake 6 monthly reviews of effective engagement.	07/08 & beyond	On track				Good evidence from Youth Council, Funding Panel and Shadow Board minutes and activities.	АН
Implement Hear by Rights Standard							
CYPPB members to carry out audit.	07/08	On track				CYPPB at Dec 06 Board meeting agreed to carry out Audit during early 2007.	AH

Report on findings of audit to CYPPB	07/08	On track		Post summer 07.	AH
Achieve level 1 of Hear by Right Standard.	07/08	On track		Post summer 07.	AH
Shadow Partnership Board to discuss and feedback to CYPPB.	Jan 07	On track	Declining attendance – being addressed through recruitment drive in schools.	SPB has been revitalised this term. Away day proved successful. Priority areas identified as Play Strategy and Extended Schools Strategy. SPB views reported to CYPPB at January Board. Further report by senior officers to SPB to follow.	AH

Success Criteria and Milestones	Due date	On track	Probability	Impact	Risk Assessment/ <i>Mitigation</i>	Progress to date/PIs/evidence improved outcomes	Lead Officer
Children's Services Directory							
Re launch of Directory with PDF file.	Mar 07	On track				Awaiting technical input from ICT. Promotional literature sent to schools.	AH
Undertake bi-annual update of existing services.	Apr 07 Oct 07	On track				Update scheduled.	AH
Quarterly additions to list of services.	Jan 07 Apr 07 Jun 07 Sept 07 Dec 07	On track				Quarterly update completed.	AH

Success Criteria and Milestones	Due date	On track	Probability	Impact	Risk Assessment/ <i>Mitigation</i>	Progress to date/Pls/evidence improved outcomes	Lead Officer
Ensure appropriate social care support for the families of children with learning difficulties and disabilities.					Managerial secondments restrict capacity/appropriate secondment appointments scheduled.		
Commission new short breaks service.	Mar 07	On track				SLA being prepared with independent supplier Support for Family Strategy funding increased to £120K in 07/08 rising to £200K over 5 years.	MP
Increase number of short breaks provided. March 06 (baseline) 63 06/07 target 70 07/08 target 77 08/09 target 85		OT OT OT OT			Delay in commissioning new service impacting on service capacity and provision/interim extension of existing arrangements.	Recruitment to new short breaks service to commence during February	MP

Put in place care pathways				MP
linked to CAF processes				
- Epilepsy – launch 06	06	Com	Launched 06	
- Downs Syndrome	Refine Jan –	On track	Drafts developed	
- Social	Mar 07			
Communication	Launch			
Disorders	Apr 07			

Success Criteria and Milestones	Due date	On track	Probability	Impact	Risk Assessment/ <i>Mitigation</i>	Progress to date/Pls/evidence improved outcomes	Lead Officer
Ensure better co- ordinated transition planning for all children with learning difficulties and disabilities.					Managerial secondments restrict capacity to deliver/appropriate secondment appointments scheduled.	75% target being consistently met.	
Determine cohort for 06/07 academic year number of transition plans in place.	Dec 06	Com				Completed	MP
Draft transitions protocol produced and out for consultation.	Dec 06	Com				Completed	MP
Conduct study on transitions pathways to the various adult social care teams –		On track				Internal meetings in Adult teams to look at processes commencing with Autism and Aspergers Syndrome.	MP
Commences	Feb 07	ОТ					
Completed	Jun 07	ОТ					
Transitions protocol agreed and issued to relevant professionals.	July 07	On track					MP

Success Criteria and Milestones	Due date	On track	Probability	Impact	Risk Assessment/ <i>Mitigation</i>	Progress to date/Pls/evidence improved outcomes	Lead Officer
Improve communication with parents and young people with learning difficulties and disabilities in terms of both the assessment of need and planning of provision.							MP
Hold disability workshops with support of Council for Disabled Children to obtain service users views.	Jan 07	On track			Poor attendance by service users/review approach.	Workshops booked for22.2.07 and 23.2.07 with Phillipa Russell.	MP
Produce analysis of questionnaires sent to parents and carers in October.	Jan 07	On track				78 out of 100 questionnaires issued have been returned. Initial draft analysis produced and being reviewed before being issued.	MP
Production of draft standards informed by workshop and questionnaire.	Mar 07	On track					MP

Success Criteria and Milestones	Due date	On track	Probability	Impact	Risk Assessment/ <i>Mitigation</i>	Progress to date/Pls/evidence improved outcomes	Lead Officer
Improve access to hospital in patient provision to meet children and young people's mental health needs (tier 4 CAMHS).							MP
PFI bid approved (decision date to be confirmed by DOH)	tbc	Not on track			PFI bid refused/identify alternative accommodation.	PFI bid rejected Jan 07. All tier 4 CAMHS commissioning will happen from the centralised specialist services agency team from April 07. Further detail awaited on operational procedures. Routine progress review meeting between Herefordshire Council, PCT and GOWM scheduled for 19 th February 2007 to discuss regional strategy.	MP
Workshop with OPM 30 th January 07 will be used to consult on draft CAMHS Strategy.	Jan 07	Com				Workshop completed.	MP
Approval of strategy by CYPPB.	Mar 07	On track				Draft strategy produced.	MP

Success Criteria and Milestones	Due date	On track	Probability	Impact	Risk Assessment/ <i>Mitigation</i>	Progress to date/Pls/evidence improved outcomes	Lead Officer
Identify all resources for children in the area and consider options for joint and pooled budget arrangements.							GS
Increase level of expenditure from pooled budgets.							GS
05/06 baseline £2,939K 06/07 £3,086K	Mar 07	On track				Progress on track to exceed target.	GS
Jointly funded Family Support Strategy – contract with independent sector provider in place.	Mar 07	On track				Funding will be £120K in 07/08 rising to £200K over 5 years. Expenditure across agencies on Family Support now identified.	GS
Identification of CAMHS Strategy pooled budget.	Apr 07	On track					GS
CAMHS Strategy S31 agreement in place.	Apr 08	On track					GS
Improving, employment opportunities for young people – establish project group within 14-19 Strategy Group.	Dec 06	Com				Group in place.	GS

Council, LSC and	Mar 07	On			GS
Connexions. Define and		track			
determine deployment of					
resources to support LAC					
progression in education					
and training.					ļ

STATEMENT OF ACHIEVEMENTS 2006

- APA grades of adequate/satisfactory for services.
- Staying Safe good overall.

Outcomes

- (a) Staying Safe
 - More children in need being assessed.
 - Numbers of referrals.
 - Numbers of assessments.
 - More children with disabilities being assessed by social care and occupational therapists.
 - Numbers of assessments.
 - Increase in family support services.

(b) Achieving Economic Well Being

- Increase in suitable accommodation and support for care leavers.
- Decrease in numbers of families housed in bed & breakfast.

• Service Management/Performance Management

- APA grade for capacity to improve adequate with no caveats.
- C&YP Plan mid year review performance on track and satisfactory.

Workforce Capacity

- Social workers above current establishment target.
- Effective Workforce Strategy for "children's social care" in place and connected as 1 of the 4 priorities for the wider workforce strategy.

Performance Management

• Internal and External assessments of performance management – all point to going in the right direction. Performance Improvement plans in place.

- Prince 2 disciplines for improvement plan quality assured and in place.
- Performance Data Management and Performance Team now on sound basis for IPC reporting February/March 2007.
- Directorate and Service Plans for 2007/08 regarded as good standard and will enable performance monitoring.
- Performance Management system agreed and reporting arrangements in place.



LOCAL GOVERNMENT PENSION SCHEME – RESPONSE TO STATUTORY CONSULTATION

PORTFOLIO RESPONSIBILITY: CORPORATE AND CUSTOMER SERVICES AND HUMAN RESOURCES

CABINET

22ND FEBRUARY, 2007

Wards Affected

None

Purpose

To endorse the proposed response to the statutory consultation being undertaken by the Department of Communities and Local Government (DCLG) in respect of the proposed changes to the Local Government Pension Scheme (LGPS).

Key Decision

This is not a Key Decision.

Recommendation

THAT the response to the statutory consultation be endorsed.

Reasons

To provide a prompt and comprehensive response to the statutory consultation exercise in order to influence the proposals and ensure that Herefordshire Council retains a LGPS that is affordable to Herefordshire, as well as remaining valued by current and prospective employees.

Considerations

- 1. Cabinet will be aware that the scheme is under review to ensure that it is viable and affordable.
- 2. The Council responded to consultation during June and September last year on four 'costed options'.
- 3. On 23rd November 2006 the Local Government Minister made a statement to Parliament announcing the new look LGPS which marked the start of the statutory consultation exercise that will continue until the end of February 2007. The new regulations are due to be in place for 1 April 2007 with the new-look Scheme programmed to be fully operational from 1 April 2008.
- 4. In December 2006 the draft regulations were published and the Government reaffirmed that the objectives for reform are

Further information on the subject of this report is available from David Johnson Head of Human Resources on (01432) 383055

- that the scheme should be as flexible and accessible as possible, for both employees and employers so that it can provide a modern, equality proofed range of defined benefits, both now and in the future
- to seek to maintain stability in the costs of the scheme, and to ensure an equitable benefit / cost balance between all stakeholders and to ensure that no additional costs are imposed on council tax payers.
- 5. The scope of the draft regulations is contained in Appendix 1.
- 6. To assist in the on-going monitoring of the Scheme's regulatory and policy development, Ministers have agreed that a policy review group of key interested parties should be established to focus on strategic issues and establish common ground amongst stakeholders as a basis for co-operative decision making on Scheme developments and future changes, changes in scheme demographics and new cost-sharing arrangements to be in place for March 2009.

Local Consultation with Employees

- 7. A communication campaign to inform employees about the proposed changes and seek their feedback has been undertaken through *News and Views*, *First Press* highlights and online, a communication to all e-mail users, and on the home page of the intranet. Employees have been signposted to websites containing additional information, including a specific link to enable them to post comments direct with the DCLG. Worcestershire County Council, our local pension scheme administrator, has also posted a pensions newsletter about the proposals to scheme members.
- 8. Comments from employees during the consultation have been minimal but have included objection to elements of the proposed scheme. Feedback received from the *News and Views* process is in the main, seeking further information of the pension changes in a more understandable format.

The Union Position

- 9. Union feedback has been sought at the local level. Unison has informed us that they would be making comments via the local branch with reference to the Unison national position on this issue. No other local unions have responded.
- Nationally, Unison and GMB publications indicate that they consider the draft regulations to contain some improvement on previous proposals. Talks have been taking place between the trade unions and employers to see if a joint agreement can be reached on the key issues for implementation by the government and reflected in the LGPS regulations. The two key issues being discussed so far have been the protection arrangements for existing scheme members as a result of the removal of the Rule of 85 and the proposed changes to the ill health retirement provisions. They have also stated that they do not accept the proposal giving the employer the discretion to reduce the pension for those people retiring early on redundancy or efficiency grounds.

Cost Implications

11. The consultation package has been reviewed in terms of existing members and new entrant members by the Government's Actuary's Department. The headline costings are set out below and provide an average existing member and new entrant employer benchmark cost of 13.2% (plus the cost of transitional protection post-2013). This compares favourably with the benchmark set at the 2004 valuations which were on average 14% - 15% in 2006-7 and 16% - 17% in 2007-8.

<u>Exi</u>	sting Members	New Entrants
Total cost:	20.5%	18.5%
Less Employee	6.3%	6.3%
rate average	<u>14.2%</u>	<u>12.2%</u>

- 12. The Council's contribution rate is currently 17.6%. We have sought information from the Actuary of our local pension fund about the impact of the proposed scheme changes. This has not yet been received. Indications are that the cost for employers will be reduced.
- 13. The transitional arrangements have now been costed at 0.2% of payroll, going forward from 1 April 2008. This amount is part of the savings achieved by the final removal of the rule of 85 from the LGPS.
- 14. To assist the Government with meeting its intention to ensure that no additional costs are imposed on council taxpayers it intends to establish a statutory based mechanism for sharing future cost pressures. This will be in place by March 2009 and will operationally influence and be influenced by the 2010 Scheme actuarial valuation exercise, and thus contribute to the eventual outcomes on new scheme contribution rates from April 2011.

Our Response to the Consultation

15. We consider that overall the proposals meet the objective of being attractive in comparison to other industries, yet financially viable. There are points of detail on which we intend to comment. Attached at appendix 2 is the text of our proposed response.

Risk Management

- 16. The topic of pensions is very much a 'live' issue for both Unison and GMB. Whilst acknowledging that the proposals are an improvement the issues highlighted above are likely to be points of disagreement about which they may ballot for industrial action. The proposals are being considered at the Unison Service Group Liaison's LGPS Strike Committee
- 17. Herefordshire Council will review its contingency plan to deal with the consequences of any proposed industrial action ballot. Systems are already in place following the trade union industrial action over the abolition of the 85 year rule on 28 March 2006.
- 18. As the proposals also include tiered employee contribution rates the impact of the proposals for both employers and employees will also vary according to the makeup/career patterns of the workforce.
- 19. At present an employee is judged either to be permanently incapable of executing their actual or comparable job, and thus have service enhancement, or not. Under the new provisions there is a cost implication for those employees who are judged to be likely to have gainful employment before their normal retirement age.

20. We have been unable to verify the potential impact on our local pension scheme. The actuary will be including costs of the new scheme in its 3-year valuation, however this information will not be available until November 2007.

Alternative Options

An alternative option is not to respond. This is not a recommended action as it is important that the views of all employers are made known to the DCLG and inform the content of the new-look scheme.

Consultees

Pensions Administering Authority – Worcester

Trade Unions

Employees

Occupational Health Doctor

Appendices

Appendix 1 - Scope of the Draft Regulations for the New-Look LGPS Benefit Structure

Appendix 2 - Response to LGPS Statutory Consultation - Content

Background Papers

None identified

DRAFT 5.2.07

SCOPE OF THE DRAFT REGULATIONS FOR THE NEW-LOOK LGPS BENEFIT STRUCTURE

- 1. Access to the Scheme for employees of bodies listed in the Administration Regulations
- 2. Members in post on 31 March 2008 who continue in membership will automatically have benefits accruing under the 2007 Regulations from 1 April 2008.
- 3. Definition of pensionable pay from which contributions are deducted (brought forward from the 1997 Regulations)
- 4. Setting of employee contribution rates at 5.5% on first £12,000 and 7.5% of excess over £12,000. (illustrations of how this impacts on different pay bands are as estimated below
- 5. Pension accruing at 1/60th payable when retiring from active membership at
 - (i) normal retirement age with uplift of rights if not taken at 65 but no later than day before 75th birthday
 - (ii) an earlier age either through individual choice or with agreement of employer, which includes facility flexible retirement
 - (iii) age 55 or later as a result of redundancy with protection of age 50 for current members until 2010
 - (iv) departure on grounds of ill health, and
 - for those Scheme members judged to be unable to perform local government employment duties but able immediately to undertake gainful employment – accrued rights only;
 - for those unable to undertake gainful employment on cessation, but likely to be able to do so before normal retirement age – accrued rights and augmentation of 25% of prospective service to normal retirement age; and
 - for those unable to undertake gainful employment before normal retirement age – accrued rights and augmentation of 50% of prospective service to normal retirement age

Such enhancements on grounds of ill-health are to be no less favourable than under the 1997 Regulations.

- 6. These benefits under (5) will be calculated on a new definition of pensionable pay to be used in calculation of benefits permitting an average of three consecutive years in the last ten years of membership
- 7. Facility to take up to 25% of the capital value of pension rights at the point of a benefit crystallisation event
- 8. Lump sum death benefit of three times actual salary if active member dies
- 9. Survivor benefits, accruing at $1/160^{\text{th}}$ for spouses, civil register partners, co-habiting partners and children
- 10. Provision for calculating pre 2008 rights by reference to actual salary at date of leaving or retirement whichever is later

DRAFT 5.2.07

- 11. Provision to add benefits as calculated under 5 and 9, to be paid as one pension at the point of a benefit crystallisation event.
- 12. Rights relating to deferred members in terms of access to benefits as under 4(i), (ii) and (iv) above
- 13. Right to death benefit relating to both pre and post 2008 membership
- 14. Rights of pensioners to receive index linked pensions
- 15. The facility to pay post retirement death benefits
- 16. The capacity for employers to augment membership or annual pension
- 17. The facility for members to purchase extra Scheme pension in steps of £250 per year up to a maximum of £5,000
- 18. The continuing facility to have Scheme AVC providers
- 19. Cost sharing mechanism to be established by 31 March 2009.

RESPONSE TO LGPS STATUTORY CONSULTATION - CONTENT

HEREFORDSHIRE COUNCIL

Overall the Pensions package proposed meets the objective of being attractive in comparison to other sectors and yet appears to be financially viable.

We are pleased to note the proposal to calculate payments through a final salary scheme rather than career average, as the latter would have posed significant administrative difficulties.

We welcome the improved personal flexibility and phased retirements. Changes to the survivor benefits do now reflect the changing nature of society. These are improvements for the individual and also are a more attractive option to retain employees over 65.

Average of 3 consecutive years in last 10:

This would remove need for protection certificates. It does mean that employees' records would need to be kept longer than the current requirement of current year +6. We do this already, so this should not cause us problems for current employees.

If the average is used then pensions increase is applied to the figure, but from when? The end of years 1,2 or 3, or some other point? It is suggested that a more practical approach is to apply the pensions increase to each of the 3 years' pay separately, based on the end of each of the 3 years, and then average the results.

III-health:

This could prove more costly with the element of protection. However, this is balanced against the fact that it may be more difficult to obtain. We welcome proposed guidance.

The term 'reasonable' should be defined to avoid inconsistent application. We would consider a 'reasonable' timeframe to be more than 1 year.

If the term 'reasonable' is not defined we believe that an increase in employee appeals is likely.

The term 'gainful employment' should be defined broadly and relate to an employee's ability to carry out reliable and efficient service.

We would like to see Paragraph 12 (2) of the draft regulations amended to read 'If the authority determine that there is no reasonable prospect of his obtaining gainful employment *on medical grounds* before his NRD....' to ensure that only medical factors are taken into account when reaching a decision.

Augmentation

There are sometimes problems getting this formally signed off before the person's last day of service (LDOS). Therefore we would like to see a provision whereby this may be formally agreed within 2 months of the LDOS in exceptional circumstances.

It is not clear why there is a distinction between service augmentation applying to active members, whereas the additional pension portion can be awarded to a person, who is not necessarily an active member.

Tiered contribution rates

We support this in principle, although it is likely to be complicated to calculate for people who have more than one job and part timers in general or those who are paid an hourly rate. This could also pose a challenge to software companies.



WEST MIDLANDS REGIONAL SPATIAL STRATEGY (RSS) PHASE 2 REVISION

PORTFOLIO RESPONSIBILITY: ENVIRONMENT

CABINET 22 FEBRUARY 2007

Wards Affected

Countywide.

Purpose

To respond to the West Midlands Regional Spatial Strategy – Phase Two Revisions Spatial Options.

Key Decision

This is not a Key Decision but the recommendation, if accepted, is likely to have implications for Key Decisions in the future.

Recommendation

THAT the responses to the questions posed in the Spatial Options document as set out in this report be forwarded to the West Midlands Regional Assembly

Reasons

To ensure the Council's views on the Spatial Options are made clear to the West Midlands Regional Assembly.

Considerations

1. The West Midlands Regional Assembly is undertaking a major consultation upon the Phase Two revision of the Regional Spatial Strategy. The eight-week 'Options' consultation, which runs until the 5th March, focuses on the major issues of housing, employment land, transport and waste. The development of the options follows an earlier consultation (February 2006) when the Council, along with other strategic planning authorities, provided advice to the Assembly regarding sub-regional issues.

Summary of the Options

- 2. The Spatial Options set out a wide range of questions and choices relating to the development of the Region up to 2021 or, in respect of housing and employment 2026.
- 3. In respect of **housing** key considerations in the Spatial Options include the levels type and distribution of housing in the Region. There are three Options, Option One is based on the current RSS, projected forward to 2026 (381,000 new dwellings), Option Two takes into account information given by the strategic planning authorities in terms of how many new homes they can provide (491,200 dwellings). Option Three is based on meeting the high levels of demand set out in the latest published

Further information on the subject of this report is available from Kevin Singleton, Team Leader Strategic Planning on 01432 260137

housing projections (575,000 new dwellings).

- 4. Although there are three Options there are only two levels of housing growth suggested in the consultation in respect of Herefordshire. Option 1 proposes a housing figure of 16,000 dwellings to be completed over the period 2001-2026. Options 2 and 3 propose 20,500 dwellings. At regional level, the additional 83,300 dwellings in Option 3 have been distributed to the parts of the region that have a relatively high level of housing demand. Herefordshire, being relatively remote from the areas of highest demand, has not been allocated a higher level of housing growth by Option 3.
- 5. The consultation also poses questions regarding the role of the Sub-regional foci and whether these towns are capable of accommodating increased levels of growth; and also raises the issue of increasing the provision of affordable housing across the region.
- 6. In the **employment** section, the consultation seeks to determine how much land should be set aside for industry, offices, warehousing, and for large inward investment sites and business parks. The Options indicate that one way in which employment land requirements could be achieved is through a five year "reservoir" of readily available land based on an analysis of past trends. Using this method Herefordshire would require an indicative readily available 5 year reservoir figure of between 22 and 24 hectares of land (110–120 hectares over the period 2001-2026).
- 7. Hereford is identified as a strategic centre in the current RSS and the role and scale of housing development will also need to be reflected in terms of related retail and leisure provision. The Options document suggests that Hereford will require around 30,000 sq metres of comparison retail development up to 2021. In respect of additional office floorspace the Options indicate a Herefordshire total of 80-90,000 sq metres will be required between 2001 and 2021, 30,000 sq metres of which would be in Hereford.
- 8. The main principle underpinning the **Waste** Options is that each waste planning authority (WPA), should in future identify sites to manage all the waste in its areas and that only the residues from any waste treatment processes should be landfilled. In addition, a variety of new facilities will need to be built ranging from small composting sites to larger recycling and recovery plants.
- 9. The Transport Options cover a range of issues including strategic park and ride, car parking standards, road user charging and the role of airports in the region. Options on car parking standards focus on what needs to be done to ensure appropriate levels of parking supply and availability in everything from rural market towns to larger centres like Hereford. Another key area which impacts on the region is the introduction of demand management/road user charging to reduce congestion in some of the busiest parts of the region.

Suggested response to the Options

- 10. The attached schedule sets out suggested responses to the consultation questions dealing with issues which have potential to impact upon Herefordshire.
- 11. Although dealing with a range of issues the headline topic contained within the

Phase Two Revision are the levels of housing growth proposed by the Options. In May 2006 Herefordshire Council, as a strategic planning authority, responded to a request for advice regarding the Phase Two Revision of the RSS by the Regional Assembly. The Council's response acknowledged potential benefits of increasing the rate of housing growth in the County in respect of enabling higher numbers of affordable housing and potentially higher contributions to infrastructure projects. However, the advice also drew attention to the need for improved transport infrastructure at all levels of housing growth and the potential environmental implications for increasing the level of housing provision in the County. The advice from strategic planning authorities has been taken into account in drafting the Options.

- 12. Subsequent to the preparation of the advice to the Regional Assembly, Herefordshire Council was invited by Government to bid for New Growth Point status, whereby in return for agreeing to support the provision of higher levels of housing growth than currently proposed in adopted plans bids could be made for Government funding for capital schemes or for growth related studies to enable the growth to happen. New Growth Point status is not a statutory designation and the level of housing provision will need to be confirmed through the regional and local planning processes. In October 2006 the Government announced that Hereford was included in the list of New Growth Points.
- 13. In view of the confirmation of New Growth Point status it is considered appropriate that support is given to the housing levels proposed in Options 2/3 for Herefordshire. In supporting this level of housing growth, a number of caveats need to be expressed to ensure that the levels of development proposed are feasible:

I. Infrastructure provision

As set out in the Council's advice to the Regional Assembly in 2006, future housing development in Hereford will have significant implications for transport infrastructure requirements. Much of the network is at or beyond capacity, giving rise to congestion and there has been a recent designation of an extensive Air Quality Management Area through the centre of the city.

The issue of congestion in Hereford is already recognised within the current RSS in paragraph 9.69. This indicates that the partial review of the RSS will need to be informed by the local multi-modal study completed in 2003. The local multi-modal study has now been incorporated into the Council's transport strategy as set out in the LTP2 and its longer-term strategy to 2031. The LTP2 strategy concludes that a package of measures is required to release travel capacity in order to enable development to be accommodated, including the development in the longer term (2016-2031) of an outer distributor road. The package will be required to accommodate existing levels of housing development proposed in the RSS i.e. Option 1, so the RSS should make the contents of the package a priority, including making reference to the outer distributor within policy T12. In addition it will be essential to make appropriate links between the relevant policies within the Communities for the Future Chapter and Transport and Accessibility if the RSS is to be successfully implemented.

Higher levels of housing as suggested in Options 2 and 3 would also lead to an increase in the level of long distance commuting. Increasing both the capacity and reliability of the rail network through Herefordshire would be necessary to enable such commuting to be undertaken by public transport rather than by road. In particular, capacity improvements should be considered on the Hereford – Worcester

line. Again, this should result in a specific mention in policy T12 to acknowledge the Region's endorsement of appropriate investment required in rail network to support the increased allocation of housing and the resultant demand for commuter trips between Herefordshire and larger centres in the region.

II. Distribution of housing development

In respect of the distribution of housing although it is acknowledged that Hereford, as a sub-regional focus for new development will be the preferred location for significant levels of new development, the City could not accommodate all of the growth proposed in the County under Option 2/3. The County's market towns would also be required to take an increased level of housing growth. The requirement to spread development throughout market towns in the west of the region in Options 2/3 is acknowledged on page 29 of the Options document. However, this will also need to be recognised through changes to RSS policies such as policy CF2 and its associated supporting text.

Additional development within the market towns is also likely to result in requirements for new or improved transport infrastructure. In Leominster, the largest of the market towns in the County, significant development beyond that currently proposed in the Herefordshire UDP is likely to result in the need for an A44 east-west link road. Whilst it is anticipated that this road would need significant developer contributions to bring it forward, if Options 2 or 3 are favoured this scheme should also be highlighted in policy T12, given its role in supporting the RSS and the increased allocation of housing within the County.

III. Greenfield/brownfield split

Current RSS in Table 3 provides a target for the percentage of housing development on previously developed land. Increased levels of housing growth as proposed in Options 2 and 3 in Herefordshire will require the release of additional greenfield land and the need to reassess existing brownfield targets.

- 14. Affordable housing is also a topic area covered by the Options. A suggestion in the document is that district level figures for affordable housing could be included in the RSS. However, an affordable housing target set at regional level for district Council areas may become rapidly out of date, as it is difficult over any geographical area to set affordable housing requirements for a significant period. Although it may be possible to provide an indicative regional figure, it will be more difficult for region to provide robust district level targets at regional level. Locally derived figures may well be more accurate, up to date and better reflect the needs of Herefordshire.
- 15. In respect of the employment land options the reservoir approach suggested in the document is broadly supported. However, the Options do need to include some recognition that the need for public sector involvement in the provision of employment land and overcoming constraints to development can often lead to extensive lead in times for the provision of readily available employment land. Therefore, there should be some flexibility in the targets set in the RSS for the provision of employment land through the use of a range of figures rather than a precise maximum or minimum target.
- 16. As in the existing RSS, Hereford is recognised as a strategic centre in the Options paper. The suggested hierarchy in the Options defines Hereford as a level 3 centre (with other centres such as Worcester and Shrewsbury) with a requirement of 30,000 sq m net of additional comparison retail development for the period 2005-2021.

These levels of provision are considered appropriate. The office targets set out in the Options will prove particularly challenging. The Options propose only a third of the office target to be met in Hereford. Given Hereford's role as sub-regional focus for development and as a strategic centre and recent rates of office completions, which have been relatively modest, both the level and distribution of office development should be reconsidered.

- 17. In respect of waste it is considered reasonable to specify in the WMRSS the principle that each waste planning authority (WPA) or sub-region should: manage its waste arisings in accordance with the waste hierarchy; allocate sufficient land in Local Development Documents (LDDs) to manage the amount of waste arising within its boundary, taking account of the growth in the numbers of new households and diversion of commercial and industrial Waste from landfill. However, it should also be acknowledged that where agreements exist between WPA, such as with Herefordshire and Worcestershire Council's, on waste matters, that the above is also taken into account.
- 18. In the transport section of the Options report it is suggested that regional parking standards may be appropriate. However, whilst it is recognised that PPS11 does provide for regional parking standards being set it is not considered that there is any necessity for setting regional standards in the West Midlands. The national parking standards are clear and provide highway authorities with the appropriate level of guidance. It is for specific highway authorities to determine how best to apply these standard and consider appropriate exceptions. If consistency is required between different highway authority areas this is likely only to apply to the conurbation where a uniform approach to reducing requirements may be required to coordinate demand management in support of policies such as road user charging for example.
- 19. In addition to the responses to the direct questions raised in the Options document the following issues, which were raised at the RSS stakeholder event in Hereford on 7th February, are considered appropriate to be included as part of the response to the Assembly:
 - it is important that the RSS revision is fully aligned with the development of the Regional Economic Strategy;
 - in setting targets within the RSS revision any figures (for example for housing completions employment land or offices etc) should be justified by clear and demonstrable evidence:
 - in developing the preferred option, the particular needs of rural areas should be properly addressed; and
 - the Spatial Options should also ensure that the impacts of the various growth levels on climate change should be explicitly considered.

Risk Management

No significant risks involved

Alternative Options

Not to respond to the consultation

Consultees

None

Appendices

Schedule of responses to the questions set out in the West Midlands Regional Spatial Strategy – Phase Two Revision Spatial Option

Appendix 1: Schedule of responses to the questions set out in the West Midlands Regional Spatial Strategy – Phase Two Revision Spatial Option

	Topic	Question	Suggested Response
	Housing	H1: What overall level of new housing development do you think is appropriate to plan for across the Region?	Herefordshire Council recognise that there is a need for increased housing growth over that set out in the existing Regional Spatial Strategy. Herefordshire Council would support the level of housing growth proposed in Option 2/3 for the County (subject to a number of caveats). However, in proposing such significant increases in housing growth across the Region it should be recognised that it will prove more difficult to implement the redistribution of housing provision proposed in the existing RSS therefore at the higher levels of housing growth and, in particular, at the growth rate proposed by Option 3, the Phase Two Revision risks turning into a new Spatial Strategy. Higher levels of growth will also set additional challenges in respect of the increased use of greenfield land, potential impact upon the environment of the Region and in respect of climate change.
281		H2: Can you suggest another level? There needs to be robust evidence to support it.	No specific evidence to support alternative level of housing growth.
		H3: For each of the Options do you think that the balance of development between the MUAs and other areas is acceptable?	See response to question H1.
		H4: Do you think that the capacity of the construction industry, including housebuilding, will be sufficient to meet the levels of housebuilding set out in the housing Options?	In Herefordshire evidence of past rates of house building would suggest that the Options can be achieved. For example between 1991 and 2001 there were almost 10,000 completions in the County at an average of 1,000 per annum. This rate is higher than the 820 per annum suggested by Options 2/3.
		H5: What measures could be included in WMRSS policy to minimise these impacts?	
		H6: Table One and Table Two show new housing development across all local authorities in the Region. What do you think about the overall balance of proposals under each of the Options?	See response to question H1.

Topic	Question	Suggested Response
	H7: You may wish to consider specific parts of the Region, please set out below any comments you wish to make on any part of the Region. Please specify the area in which you are commenting.	Support is given to the housing levels proposed in Options 2/3 for Herefordshire. In supporting this level of housing growth, a number of caveats need to be expressed to ensure that the levels of development proposed are feasible:
		Infrastructure provision - As set out in Herefordshire Council's advice to the Regional Assembly in 2006, future housing development in Hereford City will have significant implications for transport infrastructure requirements. Much of the network is at or beyond capacity, giving rise to congestion and there has been a recent designation of an extensive Air Quality Management Area through the centre of the City.
282		The issue of congestion in Hereford is already recognised within the current RSS in paragraph 9.69. This indicates that the partial review of the RSS will need to be informed by the local multi-modal study completed in 2003. The local multi-modal study has now been incorporated into the Council's transport strategy as set out in the LTP2 and its longer-term strategy to 2031. The LTP2 strategy concludes that a package of measures is required to release travel capacity in order to enable development to be accommodated, including the development in the longer term (2016-2031) of an outer distributor road. The package will be required to accommodate existing levels of housing development proposed in the RSS i.e. Option 1, so the RSS should make the contents of the package a priority, including making reference to the outer distributor within policy T12. In addition it will be essential to make appropriate links between the relevant policies within the Communities for the Future Chapter and Transport and Accessibility if the RSS is to be successfully implemented.
		Higher levels of housing as suggested in Options 2 and 3 would also lead to an increase in the level of long distance commuting. Increasing both the capacity and reliability of the rail network through Herefordshire would be necessary to enable such commuting to be undertaken by public transport rather than by road. In particular, capacity improvements should be considered on the Hereford – Worcester line. Again, this should result in a specific mention in policy T12 to acknowledge the Region's endorsement of appropriate investment required in rail network to support the increased allocation of housing and the resultant demand for commuter trips between Herefordshire and larger centres

Topic	Question	Suggested Response
		in the region. Distribution of housing development
		In respect of the distribution of housing although it is acknowledged that Hereford, as a sub-regional focus for new development will be the preferred location for significant levels of new development, the City could not accommodate all of the growth proposed in the County under Option 2/3 and the County's market towns would also be required to take an increased level of housing growth. The requirement to spread development throughout market towns in the west of the Region is acknowledged on page 29 of the Options document, however, such this will also need to be recognised through changes to RSS policies such as policy CF2 and its associated supporting text.
283		Significant additional development within the market towns is also likely to result in requirements for new or improved transport infrastructure. In Leominster, the largest of the market towns in the County, significant development beyond that currently proposed in the Herefordshire UDP is likely to result in the need for an A44 east-west link road. Whilst it is anticipated that this road would need significant developer contributions to bring it forward, if Options 2 or 3 are favoured this scheme should also be highlighted in policy T12, given its role in supporting the RSS and the increased allocation of housing within the County.
		Greenfield/brownfield split
		Current RSS in Table 3 provides a target for the percentage of housing development on previously developed land. Increased levels of housing growth as proposed in Options 2 and 3 in Herefordshire will require the release of additional greenfield land and the need to reassess existing brownfield targets.
	H8: In particular, do you think that Burton upon Trent should be a foci settlement, accommodating significant development on greenfield land?	At higher levels of housing growth may need other foci such as Burton to enable growth to be accommodated.
	H9: Do you think that the currently identified sub-regional foci of Worcester, Telford, Shrewsbury, Hereford and Rugby should fulfil	Sub regional foci can play a part in accommodating additional growth but at levels proposed by options 2 and 3 it will be necessary to consider additional

Topic	Question	Suggested Response
	this role, accommodating significant development on greenfield land?	locations (see response to H7).
	H10: Do you think that the proposed approach where the WMRSS provides a Regional target and where Local Planning Authorities provide local targets through the Local Development Frameworks process is appropriate?	Yes – This would be Herefordshire's preferred approach.
	H11: What would the implications be of having a District level affordable housing target (as a minima) in the WMRSS?	Implications are that any RSS affordable housing target may become rapidly out of date, as it is difficult over any geographical area to set affordable housing requirements for a significant period. Local need studies may only have a shelf life of around three years. Although it may be possible to provide an indicative regional figure, it will be more difficult for region to provide robust district level targets at regional level. Locally derived figures may well be more accurate and up to date.
284	H12: Do you have any other ideas on how levels of affordable housing delivery can be better directed by the WMRSS?	No.
	H13 Evidence from monitoring suggests that no more than 3,000 affordable houses, with subsidy are likely to be built each year across the Region. Do you have robust evidence to support or contradict this view?	No.
	H14: Should the WMRSS identify those parts of the Region with a relatively high need for social housing where a lower threshold for negotiating Section 106 agreements with the private sector should be considered in LDDs?	If there is robust evidence available it may be appropriate to give some advice in the RSS. However, levels of housing need can significantly vary within local authority areas and it is not only levels of housing need which can result in the need to have lower thresholds. For example, in rural parts of Herefordshire there are very few sites for 15 or more dwellings (in 2006 there were only 4 outstanding planning permissions out of 533 permissions in the rural parts of the County for 15 or more dwellings) therefore, irrespective of the level of housing need, adopting the PPS3 threshold would result in almost no affordable housing. Therefore, even if the RSS does identify areas with a high need for affordable housing, there should still be the flexibility for thresholds to be set locally where evidence justifies such an approach.

	Topic	Question	Suggested Response
		H15: Do you have any robust evidence on an appropriate housing mix within new developments that are needed in different parts of the Region?	Evidence in Herefordshire regarding the mix of existing housing stock suggests that there is preponderance of more highly valued properties in rural areas of the County. Many parishes have few or no dwellings in Council Tax bands A and B and all parishes have proportionally fewer Band A and B stock than are found in the more urban areas (see table below). This stock imbalance is further aggravated by the Right to Buy legislation, which has the effect of removing the better properties from the mix of rentable properties. Thus leaving the poorer quality properties as affordable housing (rented from RSL), this has caused a stock imbalance.
-		H16: Options Two and Three imply release of land in the foci and other urban areas earlier than anticipated in the WMRSS – do you agree with this approach?	If the higher figures are to be achieved land will need to be released in foci and other urban areas. The challenge will be to release land in these locations and still achieve high rates of housing development in the MUA's on what may be more difficult and more expensive land to develop.
285		H17: It could be considered that the Government's growth agenda implies that the use of maxima targets for areas outside the MUAs is inappropriate – do you agree with this approach?	Given growth agenda difficult to justify maxima outside of MUA's. However, the removal of maxima targets increases the risk of undermining existing strategy.
-		H18: Do you think the use of minima targets for the MUAs is still appropriate?	This would risk undermining the existing spatial strategy resulting in more development occurring outside of the MUA's than within it.

Topic	Question	Suggested Response
Employment	E1: Do you agree that future employment land requirements should be quantified in the WMRSS? If employment land is not quantified in the WMRSS, individual authorities will calculate their own land requirements, the WMRSS would have general guidance on the type of methodology that could be used.	The WMRSS should provide guidance upon employment land requirements - including employment land requirements/targets however, there should be some local flexibility to take account of local circumstances and opportunities.
	E2: If the amount of employment land requirements is included, should it be broken down to Strategic Authority or district levels?	For consistency with housing requirements it may be appropriate to disaggregate to district levels although as a Unitary Authority the approach will not impact upon Herefordshire.
	E3: Do you agree with the principle of a reservoir of employment land?	Yes. Reservoir approach of employment land provision is supported. However, there again remains the need for some flexibility in defining the size of reservoirs - to ensure that this approach does not lead to the loss of good quality (or potentially good quality) employment land.
286	E4: What period of time should the reservoir cover?	Five year reservoirs would generally seem appropriate with indicative longer-term figures (again generally consistent with the need for 5 years supply of housing land). However, there does need to be recognition of the long lead in times for bringing employment land forward, often due to physical constraints and the need for public sector funding.
	E5: Should employment land requirements in the MUAs be identified as maximum or minimum figures? i.e. should the reservoir figures identified in Table Three on page 38, act as maximum or minimum figures.	As set out in the Section 4(4) advice Herefordshire consider that the figures could be expressed as a range rather than a maxima or minima. This could recognise the thrust of the RSS but would allow some flexibility.
	E6: Outside of the MUAs should employment land figures be identified as maximum or minimum figures?	See response to E5.
	E7: Should employment land requirements set out in Table 3 be adjusted to take account of: Number and type of households Anticipated changes in past trends Labour supply growth Population The need to provide a portfolio of employment sites	All factors listed are relevant to take account of in setting employment land requirements. Other suggestions could include: Some recognition of changing work patterns with increased working from home and potentially increasing need for live/work units; Quality of sites, Local employment densities; Availability of local infrastructure.

Topic	Question	Suggested Response
	Increased need for waste management facilities Options areas of deprivation and employment need Other Suggestions	
	E8: Do you have any comments on Table Three? For example, you may wish to consider whether the figures are sufficient to meet the employment land requirements of a particular area or whether there would be any conflict with the policy objectives of the Spatial Strategy.	Examination of employment completions in Herefordshire over 20 year period (1986-2006) suggest slightly higher average of 4.8 ha per annum, however, examination of past rates also highlights the significant fluctuations in the rate of completions. Therefore, the need to be quite so precise in including targets in Table 3 is questioned, again as in response to E5 above the use of ranges of figures is preferred.
Protection of Employment Land	PEL1: Should the WMRSS give more guidance on the need to retain employment sites which can contribute to the portfolio of employment land?	Yes. This would help the protection of suitable employment sites against competing land uses, especially housing. Likewise, the guidance could also indicate on sites which are more suitable to being released for an alternative land use, especially where their employment. economic contribution potential is limited or overly restricted.
287	PEL2: Should the WMRSS identify the need to protect waste management sites from competing uses?	Yes. Given that the provision of waste management sites can prove controversial, the guidance upon the safeguarding of existing sites would prove useful. As such sites will often be located on employment land and this should be taken account of in setting employment land requirements.
Regional Investment Sites	RIS1: Do we fill the gaps in the provision of RIS?	No specific comments on Regional Investment Sites.
	RIS2: If yes, what processes should be used for filling the gaps in provision?	
	RIS3: Is there a need to change the policy on the control of uses on ris? The current WMRSS policy restricts development to high-quality uses falling within use class B1 for example, offices and research and development facilities. In some parts of the region high quality B2 (general industrial) uses are also permitted.	

Topic	Question	Suggested Response
Major Investment Sites	MIS1: Do you think that the WMRSS has adequate MIS provision? You should also consider the adequacy of MIS provision in the event that Ansty is not maintained as a MIS.	No specific comments on Major Investment Sites.
	MIS2: If no, what are the options for additional provision?	
	MIS3: Should more flexibility be introduced to the MIS policy? For example: the current policy restricts occupation of a MIS to a single user. Do you agree that this should continue to be the case?	
Regional Logistics Sites	RL1: Significant growth in logistic provision in the Region is anticipated. Should part of this growth be accommodated on RLS?	No specific comments on Regional Logistic Sites.
	RL2: If yes, how many RLS are needed?	

Question	Suggested Response
RL3: The Stage Two study recommends the following criteria for RLS. Do you agree? At least 50 hectares of development land available. Good rail access. Defined as: a generous loading gauge which is capable of accommodating inter modal units on standard platform wagons, the ability to handle full length trains, available capacity to run freight train services and permits full operational flexibility. Has good quality access to the highway network. A suitable configuration which allows large scale high bay warehousing, inter modal terminal facilities, appropriate railway wagon reception facilities and parking facilities for all goods vehicles both those based on the site and visiting the site. Defined as being served by the national motorway network or major non-motorway routes which show low levels of network stress (congestion) and allow reasonable vehicle operating speeds. A need for such facilities due to demand from the logistics market which cannot be met in the medium to long term by existing capacity. Located away from incompatible neighbours, allowing 24 hour operations no restrictions on vehicle movements. Has good access to labour. Defined as being a sub region of employment need, having reasonable levels of qualification at NVQ Level 1 and 2 and opportunity to improve qualification levels, being a net exporter of lower order labour, and having a competitive wage rate for relevant lower order occupations. Minimising the impact on the local environment. RL4: WMRSS policy PA9 currently identifies Telford and North Staffordshire as being priority locations for RLS. A rail freight facility is already under construction in Telford which will play an important sub-regional role serving the west of the region. No rls provision has been made in North Staffordshire. Is North Staffordshire still an appropriate location for rls provision?	
	RL3: The Stage Two study recommends the following criteria for RLS. Do you agree? At least 50 hectares of development land available. Good rail access. Defined as: a generous loading gauge which is capable of accommodating inter modal units on standard platform wagons, the ability to handle full length trains, available capacity to run freight train services and permits full operational flexibility. Has good quality access to the highway network. A suitable configuration which allows large scale high bay warehousing, inter modal terminal facilities, appropriate railway wagon reception facilities and parking facilities for all goods vehicles both those based on the site and visiting the site. Defined as being served by the national motorway network or major non-motorway routes which show low levels of network stress (congestion) and allow reasonable vehicle operating speeds. A need for such facilities due to demand from the logistics market which cannot be met in the medium to long term by existing capacity. Located away from incompatible neighbours, allowing 24 hour operations no restrictions on vehicle movements. Has good access to labour. Defined as being a sub region of employment need, having reasonable levels of qualification at NVQ Level 1 and 2 and opportunity to improve qualification levels, being a net exporter of lower order labour, and having a competitive wage rate for relevant lower order occupations. Minimising the impact on the local environment. RL4: WMRSS policy PA9 currently identifies Telford and North Staffordshire as being priority locations for RLS. A rail freight facility is already under construction in Telford which will play an important sub-regional role serving the west of the region. No rls provision has been made in North Staffordshire. Is North Staffordshire still an

	Topic	Question	Suggested Response
290	Strategic	RL5: Do you agree that these areas are the best broad locations for RLS provision? A: Based around the M6 Toll, A5, A38, West Coast Main Line (WCML) and Derby to Birmingham railway line transport corridors. Covers the administrative areas of the eastern part of East Staffordshire, Lichfield and Birmingham to the north of the M6. B: Based around the M6 Toll, M6, M54, A5, Stour Valley railway line, Cannock Branch railway line and the Wolverhampton to Telford railway line transport corridors. Covers the administrative areas of Wolverhampton, South Staffordshire (except the area to the west of Dudley), Walsall and Cannock Chase. C: Based around the M6 Toll, A5, M42, WCML, Derby to Birmingham railway line, and Whitacre and Nuneaton railway line transport corridors. Covers the administrative areas of Tamworth and North Warwickshire. D: Based around the M6, M69, A5, WCML and Rugby and Birmingham railway line transport corridors. Covers the administrative areas of Nuneaton and Bedworth, Coventry and Rugby. Other Suggestions RL6: Should priority be given to the extension of existing RLS where there is spare capacity available at the existing rail freight terminal? Alternatively, where sites cannot be extended should satellite sites be considered? Satellite sites would utilise the rail freight infrastructure at an existing RLS. A pre-requisite for a satellite site would be the availability of spare capacity at the existing rail terminal.	Hereford is defined as a Level 3 centre (with centres such as Worcester and
	centres		Shrewsbury) with requirement of 30,000 sq m net of additional comparison retail development for the period 2005-2021. These levels of provision are considered appropriate for Herefordshire.
		SC2: Do you have any comments on the assumptions included in the Regional Centres Study?	No comment on assumptions of Regional Centres Study.

	Topic	Question	Suggested Response
		SC3: Do you have any comments on the suggested thresholds for referral to the RPB?	Suggested thresholds do not change for Herefordshire, no comment.
		SC4: Should an upper limit for development in non-strategic centres be introduced in order to protect the role of the strategic centres?	Defining an upper limit for development outside of the strategic centres would be a reasonable course of action. Whilst the importance of the market towns in Herefordshire is not to be undermined, it is important that they are considered within the strategic context of the County. It is unlikely that any of the market towns could viably accommodate any more than 10,000-15,000 sq/m of floorspace, and such a limit would therefore be acceptable.
291		SC5 Do you think that WMRSS policies should give priority to centres where people currently travel away for retail and leisure?	In sustainability terms, it would be considered beneficial to prioritise the centres that are least locally dominant (centres where residents have to travel away from to access retail and leisure facilities). However, this must be considered within the context of distance travelled to access such facilities. If such centres were only 20 miles from the strategic centres where they are able to access services then it would make sense to focus development in such strategic centres. In Herefordshire, for example, Hereford is extremely dominant within the county due to its relative isolation from competing centres. The market towns are in relative proximity to Hereford and have the benefit of larger urban settlements that are within equidistance of Hereford, offering a choice of destinations. It would therefore be a rather pointless exercise to focus new development within the market town's as their catchment areas are relatively small and would therefore not draw the required custom from larger centres to make them viable.
		SC6: Do you think that WMRSS policy should support this regeneration approach?	The regeneration approach is supported, although it is considered that significant public sector investment could be required to attract the market to such centres.
		SC7: Do you think that WMRSS policy should support this market led/opportunity approach?	Centres described as healthy or very healthy will be able to remain competitive without any emphasis being placed upon them in the WMRSS. It may however be beneficial to identify those that have aspirations to expand, especially those that have been identified as growth points. Their identification within the WMRSS would establish the policy background for such growth.

	Topic	Question	Suggested Response
	Offices	O1: Do you have any comments on Table 4 that will help the RPB to develop an office provision policy?	No comment on layout of table.
		O2: Do you think the Centres Study has identified the right levels of additional office floorspace/development?	The Options propose only a third of the office target to be met in Hereford. Given Hereford's role as sub-regional focus for development and as a strategic centre and recent rates of office completions, which have been relatively modest, both the level and distribution of office development should be reconsidered. There may, however, be opportunities to increase Office development in the County, for example as part of the Edgar St. Grid and in Model Farm at Ross.
		O3: If no, do you have any robust evidence that can support your comment and the development of the Preferred Option?	Evidence of recent rates of office development in Herefordshire suggest that only around 4,500 sq m of office floorspace has been completed over the last 5 years. This suggests that 80-90,000 sq m for the period up to 2021 is likely to be unrealistic for Herefordshire.
292		O4: Do you think this sequential approach to out of centre office development is the best approach?	Yes sequential approach to aspects of Planning has become well understood through application of PPS6.
		O5: Do you think WMRSS policy should set out maximum percentages for out of centre office development?	No, see response to O4.
		O6: If yes, what percentage would you suggest?	
		O7: Do you think that WMRSS policy should set out criteria for out of centre office development?	
		O8: If yes, what criteria would you suggest?	
		O9: Do you have any additional comments about out-of-centre office development?	May need to begin to consider implications of development of new forms of working – e.g. working from home and provision of live/work units.
	Regional Casinos	RC1: The guidance in the WMRSS for where Regional and large Casinos go should be based on assessing the impact on Urban Renaissance?	No specific comments in respect of Regional Casinos.

Topic	Question	Suggested Response
	RC2: Should WMRSS policy state that large casinos should in the first instance be in town and city centres?	
	RC3: Should the guidance in the WMRSS on where Regional and large Casinos go be based on assessing the impact on Urban Renaissance, RC1, however add more specific local criteria both in terms of location and potential benefits?	
	RC4: If yes, what criteria would you suggest?	
WASTE	W1: Should the WMRSS set out the principle that each Waste Planning Authority, or sub region, should manage waste; in accordance with the Waste Hierarchy, and; allocate enough land in its Local Development Documents to manage an equivalent tonnage of waste to that arising within its boundary, taking into account the appropriate growth in waste arising from the formation of new households and the diversion of Commercial and Industrial Waste from landfill?	It would be reasonable to specify in the WMRSS the principle that each WPA or sub-region should; manage its waste arisings in accordance with the waste hierarchy; allocate sufficient land in Local Development Documents (LDDs) to managing the amount of waste arising within its boundary, with appropriate growth rates in new households and diversion of Commercial and Industrial Waste from landfill. However, it should also be acknowledged that where agreements exist between WPA, such as with Herefordshire and Worcestershire, on waste matters, that the above is also taken into account. In addition provision needs to be made to address the revision of the National Waste Strategy when it is published. The delay in its release is thought to be due to the revision including reference to and new targets in taking into account the effects of global warming on Waste Management and landfill in particular. This makes it more difficult to sign up for proposals and new targets when a national strategy is not known.
	W2: If no, suggest an alternative approach;	No alternative approach suggested.
	W3: Should the basis on which WPAs identify sites be based on safeguarding and expanding suitable sites with an existing waste management use? However they need to be capable of meeting a range of locally based environmental and amenity criteria and have good transport connections.	This would seem to be the least environmentally damaging method of dealing with increased capacity issues.
	W4: Should the basis on which WPAs identify new sites be based on the following criteria; Good accessibility from existing urban areas or major planned development; and good transport	Criteria suggested are acceptable.

Topic	Question	Suggested Response
	connections including, where possible, rail or water, and compatible land uses, namely, Active mineral working sites; or Previous or existing industrial land use; or Contaminated or derelict land; or Land within or adjoining a sewage treatment works; or Redundant farm buildings and their cartilage; and Be capable of meeting a range of locally based environmental and amenity criteria and have good transport connections W5: If no, suggest alternative criteria below;	No comment.
294	W6: Should waste management facilities be permitted on open land, including land within the Green Belt, where it is close to the communities producing the waste; and where there are no alternative sites; and where it would not harm the openess of land or the objectives of Green Belt	In principle waste management facilities could be permitted on open land, including Green Belt, when the facility was close to the communities producing the waste; where no alternative site exists and where is would not harm the openness of the land or the objectives of the Green Belt. The protection of the general environment should also be considered in identifying suitable locations and a degree of flexibility should be allowed for individual cases, as ideally, such facilities should be located in more appropriate locations.
	W7: Do you have any comments on the tables on pages 59-60?	No significant comment upon these tables.
	W8: Should the WMRSS policy for Commercial and Industrial Waste be based on: a-low - the current levels of diversion of commercial and industrial waste arisings from landfill in waste strategy 2000? b-medium - policies that reflect the levels of diversion in the draft revisions to the England's waste strategy? c-high - policies that reflects a higher rate of diversion, twice that of the draft Revisions to England's Waste Strategy, to anticipate a higher level of diversion arising from the increase in Landfill Tax and producer responsibility obligations?	In the long term opting for a high rate of diversion from landfill of the total percentage of commercial and industrial waste being landfilled may have significant benefits. However, due to technical and funding issues a compromise would be to develop policies based on a medium diversion percentage of commercial and industrial waste from landfill. This would at least encourage the requirement of new initiative projects for this type of waste in dealing with the general predicted increase for commercial and industrial waste resulting from the requirement of greater diversion. This would hopefully lead onto the provision required for the high diversion, previously mentioned, to continue providing adequate provisions from the impacts of increased landfill tax and producer responsibility obligations.
	W9: Should the WMRSS include a policy which requires Waste Development Frameworks to safeguard existing sites for the treatment and management of Hazardous Waste?	With regards to the current situation, as outlined in the contextual information on Hazardous Waste, it would be advisable to include in the WMRSS a policy requiring Waste Development Frameworks to safeguard existing sites for the

Topic	Question	Suggested Response
	treatment and management of Hazardous Waste?	treatment and management of Hazardous Waste.
	W10: If yes, should WMRSS policy state that Waste Development Frameworks in the Major Urban Areas give specific priority to identifying new sites for facilities, to store, treat, and remediate Hazardous Waste, including contaminated soils and demolition waste?	Acknowledging current circumstances, giving specific priority on identifying new sites for facilities to store, treat and remediate Hazardous Waste may not be necessary. This is because there is estimated to be adequate existing provision, based on current information, although exact amounts are not known. However, a degree of flexibility is advised here to accommodate any changes in this situation over a given period of time, following more detailed monitoring. With regards to contaminated soils and demolition waste, the continued practice of dealing with it "in situ" to avoid unnecessary, possibly unsustainable movement of Hazardous Wastes and promote the proximity principle in dealing with it, would be advantageous.
295	W11: Should WMRSS policy state that Waste Development Frameworks for the non MUAs, identify new sites for the disposal of Hazardous Waste, including where necessary encouraging the creation of protective cells in landfills for stable Hazardous Waste?	Similarly to W10, WMRSS policy for Waste Development Frameworks need not specify for non MUAs new sites for disposal of Hazardous waste. However, a degree of flexibility is advised given the limited information on the effects of the new categorisation of Hazardous Waste, in case the situation alters and extra provision in these non MUAs is required at a later date, based on further monitoring outcomes. The creation of protective cells in Landfill sites for stable Hazardous Waste maybe a good way of dealing with hazardous waste arisings in accordance with the proximity principle, where facilities allow and where a need has been identified.
	W12: Should the WMRSS encourage greater recycling of Construction & Demolition Waste through: a) maximising 'on-site' recycling; and b) promoting 'urban quarries' in the MUAs where material from a variety of sites can be recycled to a high standard?	The WMRSS should encourage greater recycling of construction and demolition waste through maximising "on-site" recycling and perhaps "urban quarries" (where material can be recycled to a high standard) could be promoted in the MUAs dependant on where the "variety of sites" are located giving appropriate awareness to the proximity principle.
	W13: Should the WMRSS policy state that Waste Development Frameworks restrict the granting of planning permission for new sites for landfill to proposals which are necessary to restore despoiled or degraded land, including mineral workings, or which are otherwise necessary to meet specific local circumstances?	Yes - As a catalyst for change of behaviour in the way in which waste in the region is dealt with and to enable alternative technologies to come forward and reduce in price, in comparison to landfill.

Topic	Question	Suggested Response
	W14: Should the WMRSS only support the allocation of new landfill sites in Waste Development Frameworks (WDFs) where they are supported by evidence of the depletion of existing landfill capacity, and a shortage of capacity in the plan period following a study of the existing sites with planning permission for landfill, but which do not have a waste management licence or permit from the Environment Agency?	In the interest of environmental protection and insurances that related legislations/regulations are being complied with, it would not be advisable for the WMRSS to only support the allocation of new landfill sites in WDFs where they are supported by evidence of the depletion of existing landfill capacity and a shortage of capacity in the plan period following a study of the existing sites with planning permission for landfill but which do not have a waste management licence or permit from the Environment Agency. The only way around this would be for the WMRSS to state that conditions should be placed on planning consents for landfill stating that no operation, on these additional sites, can begin without first seeking the approval from the Environment Agency in the form of a WML or permit. This should guard against any potential environmental risk.
296	W15: Should the WMRSS include a policy which requires relevant WDFs outside the MUAs to identify sites for the treatment and management of Agricultural Waste based on the premise that: agricultural undertakings adopt sustainable waste management practices with regard to waste arisings and best agricultural practice in relation to any wastes treated or disposed of on a farm: and opportunities for necessary additional sustainable waste management capacity in rural areas for waste recovery or recycling should be based on: effective protection of amenity and the environment; the proposed activity is appropriate to the area proposed.	In light of tighter restrictions on agricultural holdings disposing of their waste on their own land, potentially resulting in an increase in the waste having to be dealt with outside of the agricultural holding, it is a sensible conclusion that the WMRSS should include a policy requiring relevant waste development frameworks to identify sites for treatment and management of agricultural waste subject to the criteria listed.
	W16: Should all Local Planning Authorities in the Region include a requirement in their local validation checklist for all Full or Reserved Matters planning applications for developments in excess of 10 dwellings or 1,000 sq. metres, or outline planning applications for sites in excess of 0.4 hectares of development to include a Site Waste Management Plan, without which they will not be registered as valid?	Increasingly developers are going to have to be aware and find solutions for the resulting waste generated from the developments they complete (i.e. the waste generated during the construction and demolition phases of new development). Site Waste Management Plans would be a suitable suggestion to be included as a requirement in local validation checklists.
	W17: Should all Waste Planning Authorities in the Region include a requirement in their local validation checklist for all Full or Reserved Matters planning applications for waste management facilities to include information on annual throughput capacity in tonnages/ litres/ cubic metres (depending on the type of	Currently, monitoring is considered to be insufficient on waste capacity in the region and therefore in order to ensure that provisions for handling and processing waste is judged to be adequate for its purpose, accurate and regular monitoring would be necessary. A requirement for local validation checklists on planning applications for waste management facilities to include information on

	Topic	Question	Suggested Response
		waste/facility), without which they will not be registered as valid.	annual throughput capacity in tonnages/litres/cubic metres (depending on the type of waste/facility) would be useful. Improvements in monitoring would also benefit waste managers in local authorities in developing their understanding of commercial and industrial waste streams.
		W18: Should the WMRSS require all LDDs to have policies which require provision to be made in the design of all new residential and in commercial and industrial development for the segregated storage of waste and for on-site waste management to be part of the 'Design and Access Statements'?	It is important to "build in" the infrastructure to enable future residents of new development, whether residential, industrial, commercial and/or retail, to easily and safely dispose appropriately of the waste generated in their homes and businesses. Therefore the WMRSS should require LDDs to have policies that require provision as part of new residential, commercial and industrial development for the segregated storage of waste and for on-site waste management to be part of the "Design and Access Statements".
	Transport & Accessibility		
297	Strategic Park & Ride	SPR1: Do you agree that the criteria on page 73 are the right criteria?	No specific comment in respect of Herefordshire.
		SPR2: If not what else should be considered?	
		SPR3: Do you agree that Strategic Park and Ride locations may be categorised as "Edge of Major Urban Area" and "External Town"?	
		SPR4: Are the broad locations identified on page 74 the right ones, or should others be considered?	
		SPR5: Do you agree that the "Target Destinations" within the Region are the Centres identified in WMRSS Policy PA11?	Support the use of the Target Destinations as consideration for locations requiring strategic park and ride. This potentially provides a greater level of support for P&R facilities not just focussed on the conurbation.
		SPR6: Is London the only "Target Destination" outside the Region that should be accessed by Strategic Park and Ride or are there others?	No specific comment in respect of Herefordshire.

	Topic	Question	Suggested Response
		SPR7: Are there opportunities for Strategic Park and Ride in the West Midlands to provide access to "Target Destinations" outside of the Region?	No specific comment in respect of Herefordshire.
		SPR 8: Which of the three approaches (Criteria Based, Location or Target Destinations) do you feel would best provide the guidance needed and why?	Target destination would include centres such as Hereford City in the consideration of strategic P&R if the definition was based on current WRSS Policy PA11. It is felt that this provides greater scope for P&R which considers transport issues beyond the conurbation. Herefordshire would support this approach out of the three options.
298	Car Parking Standards	PS1: Does the West Midlands need to have regionally specific parking standards that are different to those set out in the national guidelines?	Whilst it is recognised that PPS11 does provide for Regional Parking standards being set. Herefordshire Council do not consider that there is a real need for doing it. The national parking standards are clear and provide highway authorities with the appropriate level of guidance. It is for specific highway authorities to determine how best to apply these standard and consider appropriate exceptions. If consistency is required between different highway authority areas this is likely only to apply to the conurbation where a uniform approach to reducing requirements may be required to coordinate demand management in support of policies such as road user charging for example.
		PS2: Should regional parking standards be identified for land uses not included in national guidelines (PPG13: Transport) and if so which?	Notwithstanding the response to PS1 (which is not to set any regional parking standards) it is felt that none of the options for reducing standards are appropriate due to their blunt nature. The application of parking standards is a function of a range of variables including location, site characteristics, nature of
		PS3: Should some parking standards only be defined in Local Development Frameworks, and if so which?	land use proposed, availability of alternative transport options, desire of the developer etc. The proposals as indicated would not help Herefordshire determine appropriate parking standards on a case by case basis and would
		PS4: Do you agree with these suggested criteria on page 76?	add little to our appreciation of the national standards.
		PS5: Should any other criteria be considered?	
		PS6: Do you agree with the principle of dividing the Region into settlement types?	

	Topic	Question	Suggested Response
		PS7: Do you agree with the definitions of the settlement types on page 76?	
		PS8: Do you agree with the 50% and 20% reductions?	
		PS9: Do you agree with the Local Accessibility approach on page 77?	
		PS10: Do you agree with the 50% and 20% reductions?	
		PS11: Do you agree with this Site Specific Accessibility approach on page 77?	
		PS12: Do you agree that site specific considerations should result in a 50% or 20% reduction in provision?	
299	Road User Charging	RUC1: Do you agree that the existing regional policy for Demand Management should remain the same until more is known of the outcome of the TIF work and the wider implications?	See RUC2 response.
		RUC2: Should the existing regional policy be changed to remove the reference to local charging schemes in the more congested city centres, such as Birmingham and include reference to the TIF and potential national scheme?	Yes - Policy T8 should be revised to allow for more flexibility given the emergence of national policy on this matter and the lack of certainty over specific schemes proceeding.
	Role of Airports	A1: Do you have any comments on the suggested policy revision outlined on page 81?	Due to location of Herefordshire and the identified airports there are no specific comments on these questions.
		A2: What surface access modal split targets should be included in the WMRSS?	
		A3: Do you agree with the roles described on page 82 for each airport?	

Topic	Question	Suggested Response
	A4: Is the requirement for an 'Airport Development Document' an appropriate policy to include in the WMRSS?	
	A5: If an 'Airport Development Document' policy is not supported, then how else can the WMRSS manage the wider impacts of airport development?	
	A6: Should the WMRSS include policies to deal with airport related cross-boundary planning issues?	The WMRSS should consider transport issues impacting on the region whether or not the destination is within our outside the region and whether or not the origin is within or outside the region. Hence, airports of significance to the region, including those in South Wales and the South West are of relevance.



PLANNING OBLIGATIONS SUPPLEMENTARY PLANNING DOCUMENT

PORTFOLIO RESPONSIBILITY: ENVIRONMENT

CABINET

22 FEBRUARY 2007

Wards Affected

Countywide.

Purpose

To receive and agree a draft Supplementary Planning Document (SPD) setting out the Council's policy and use of planning obligations for consultation purposes. This document is 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.

Key Decision

This is not a key decision.

Recommendations

THAT the draft Planning Obligations Supplementary Planning Document and associated Sustainability Appraisal and Consultation Statement be agreed and published for consultation purposes.

Reasons

The draft SPD forms part of the Council's emerging Local Development Framework and is being prepared to the timetable set out in the Local Development Scheme. The statutory preparation process incorporates a period of consultation and approval is required for this stage to proceed.

Considerations

- 1. Under the new planning system, Supplementary Planning Documents (SPD) are produced to expand on plan policy and provide additional information and guidance in support of policies and proposals in Development Plan Documents. When adopted, the Herefordshire Unitary Development Plan (UDP) will have the status of a Development Plan Document and its policies will be "saved" as part of the Council's Local Development Framework for a minimum three-year period. Policies S1 and DR5 of the UDP refer to planning obligations.
- 2. The purpose of an SPD on Planning Obligations will be to make clear to all interested parties the Council's policy stance on the subject. Once adopted, it will become a material consideration in the determination of planning applications where contributions are sought.
- 3. In July, and as part of initial consultation and information gathering, the Council

Further information on the subject of this report is available from David Nicholson, Forward Planning Manager on 01432 261952

sought the views of selected Parish Councils and a number of interested organisations and stakeholders as to the form that this document should take. Those views followed from a series of consultation questions that were set out in a report to the August Planning Committee. On 13th November and as part of the Council's member training programme, a seminar was held to inform on the use of planning obligations. Points raised at that seminar have been addressed within the draft document.

- 4. The aims of this SPD are to:
 - Provide as much certainty as possible to landowners, prospective developers and other interested parties;
 - Ensure a uniform application of policy;
 - Ensure the process is fair and transparent;
 - Enable developers to have a 'one stop shop' approach to establishing likely contributions expected; and
 - Facilitate a speedier response from the authority to development proposals.
- 5. The SPD will therefore assist in pre-application discussions and will provide a transparent and accountable procedure by which planning obligations are negotiated and secured for development within the Council.
- 6. The SPD has been drafted in three parts:
 - Part 1: Context covering obligation types, priorities, policy context and community involvement.
 - Part 2: Code of Practice defining the Council's approach and procedure for negotiating, preparing and completing obligations, including monitoring and management.
 - Part 3: Community Infrastructure sets out the obligation areas, thresholds and tariffs where appropriate and justified.
- 7. The procedures to follow when preparing an SPD are set out in the Council's Statement of Community Involvement. A Sustainability Appraisal and Consultation Statement will accompany the document. A Scoping Report has already been consulted upon and sets the context and basis for the appraisal. All comments received from this further consultation will be reported back to Cabinet along with any recommended changes.

Risk Management

It is important that the statutory procedures set out are followed in preparing the SPD, and that the timetable set out in the Local Development Scheme is met.

Alternative Options

Not to prepare the SPD.

Consultees

Pre-draft consultation as detailed in the Consultation Statement.

Member seminar November 2006

Planning Committee January 2007.



Herefordshire Local Development Framework

Planning Obligations - Consultation Draft





February 2007



Planning Obligations

Consultation Draft Supplementary Planning Document

February 2007

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Consultation Arrangements

This consultation is being undertaken in accordance with Herefordshire Council's Statement of Community Involvement to ensure the views of the public, developers and other stakeholders help shape a more informed and inclusive Supplementary Planning Document (SPD) on Planning Obligations.

Consultation on this document will take place over a 6-week period from x to x. We welcome comments on any aspect of this document, but we would be particularly interested in your views on the questions set out below.

How to Respond

Your comments should be returned to the address below, or e-mailed to ldf@herefordshire.gov.uk by xxxxxx. Please use the form provided with this document. A copy of this document and a form for comments is also available on our website at www.herefordshire.gov.uk/ via the Quick Links Planning page, or from **Jo Harthen** at:

Herefordshire Council, Forward Planning, P.O Box 4 Plough Lane Hereford HR4 OXH Tel: 01432 383617 Fax: 01432 383031

Consultation Questions

- 1 Is our policy of publicising the types of contributions that will be sought and quantifying them as far as possible the right approach?
- 2 Does the SPD provide sufficiently clear guidance on what developer contributions we will seek?
- 3 Are all the areas for which we are seeking developer contributions appropriate?
- 4 Are there other areas for which we should seek contributions?
- 5 Are the thresholds for contributions set at the right level?
- 6 Are the formulae for determining contributions appropriate, fair and reasonable?
- 7 Can we simplify and improve the presentation of this SPD, to make it more accessible to people not directly involved in the planning system?

Executive Summary

1 Introduction

This draft Supplementary Planning Document (SPD) provides advice to developers and applicants for planning permission on the use of planning obligations in the planning application process in Herefordshire. It specifically provides guidance on how the Council will implement Herefordshire Unitary Development Plan (UDP) Policy DR5 on Planning Obligations and identifies the types of community infrastructure where developer contributions will be sought as part of a proposed development. This SPD will form the basis for pre-application discussions and negotiation when determining planning applications.

2 Planning Obligations

Planning obligations, sometimes called "Section 106 Agreements" are legally binding agreements entered into between a local authority and a developer and are an established and valuable way of bringing development in line with the objectives of sustainable development as articulated through relevant local, regional and national planning policies. Planning conditions may also be used to help deliver sustainable developments, for instance, which embrace enhanced energy and environmental standards. Part one of this document sets out the policy context of planning obligations and explains what they are and the purpose of this document. Part two explains the Council's overall approach to dealing with planning obligations and securing developer contributions. Table 1 below lists the types of development expected to make a contribution and the obligation areas where contributions towards infrastructure and facilities will be sought.

Table 1: Thresholds for Planning Obligations

	Residential (6 or more dwellings)	Residential (10 or more dwellings)	Residential (15 or more dwellings)	Industrial/Commercial (1000 sq.m)	Industrial/Commercial (2500 sq.m)	
Transport	√ ,	<i>,</i>		$\sqrt{}$	√	
Affordable Housing	√ (Main villages)		√ (Hereford and Market Towns)			
Community Services	1			V		
Education Facilities	V					
Employmen t and Training					V	
Open Space	1			√		
Town Centres, Public Realm and Community Safety		V				
Waste Reduction and Recycling		√				

On site affordable housing, open space, community facilities and some transport infrastructure should normally be provided as part of any new development and will be made a condition (or agreement) of any planning permission. In some cases, however, off-site provision or a financial contribution towards these facilities/infrastructure may be more appropriate and will form an agreement of the permission. However, for smaller developments, which will have a cumulative impact, it will be more cost effective to make a single improvement after a number of such developments have been carried out. Therefore, where appropriate, a fund will be created for the pooling of financial contributions. They will be ring-fenced to the programmes and schemes identified in the relevant planning agreements. In the unlikely event that financial contributions secured from developers cannot be spent within the timescale provided for in the agreement, the money will be refunded.

- The Council will seek to ensure that where off-site provision of a facility is required there is a functional or geographical relationship with the development proposed. To assist in this process it is proposed to prepare a list of programmes and schemes a "Scheme of Works" for the County covering a five-year period for which developer contributions will be sought. The document will relate to the objectives set out in the Council's Community Strategy and be reviewed annually to ensure it remains up to date.
- Table 2 at the end of this summary provides a quick reference tool for applicants and developers of the contributions expected from particular types of development and the formulae and/or standard charges, which will apply to assess a contribution. More information on the policy justification, thresholds and, where appropriate, the formulae used to calculate the appropriate level of contribution for the various types of community infrastructure, are set out in Part 3 of this document.
- The contributions described are those the Council would expect to seek from typical forms of development. Applicants are advised to discuss the potential for planning obligations with Council officers at the earliest possible stage in preparing their development proposals. Negotiations for the purchase of land should be undertaken on the basis that any developer contributions which may be sought can only be finally determined through the planning application process.

7 Negotiating Planning Obligations

In determining planning applications, the Council will have regard to government guidance as well as to local planning policies. It will consider whether a planning obligation is necessary or whether the use of planning conditions, attached to the planning permission, are more appropriate. It will also consider, in accordance with Circular 5/05, whether a planning obligation is:

- relevant to planning;
- necessary to make the proposed development acceptable in planning terms;
- directly related to the proposed development;
- fairly and reasonably related in scale and kind to the proposed development; and
- reasonable in all other respects.
- The Council's approach to seeking developer contributions is set out in a clear process, in Figure 1 below, which ensures that the negotiation of contributions is transparent and efficient for both the applicant, the authority and any other interested parties.
- Drafting of planning obligations will be undertaken by the Council's solicitors. In order to ensure that agreements are dealt with quickly and efficiently, the developer should provide, at the same time as the planning application is submitted, evidence of title to the land, a draft heads of terms for the agreement and a solicitor's undertaking to pay the Council's reasonable legal costs whether or not the matter proceeds to completion. Developers should also inform the Council immediately of any change in ownership of the application site, as failure to do so can lead to delays in determining the application.
- 10 Later in the process, agreed heads of terms for the agreements (including when they will be triggered and a time frame for completion of the agreement) will be set out in the Planning Committee report and placed on Part 1 of the Statutory Register. This process helps to ensure a speedy completion of the agreement or undertaking following the Committee resolution.
- 11 If a developer considers that the level of obligations would render their proposal unviable, the Council will expect the detailed finances of the proposal to be shared with the Council in a financial appraisal. For the Council to consider such an argument, it will be essential that

the developer shares information substantiating this on an open book basis. Any deviation from the standard obligations will need to be an unusual exception and the developer will be required to demonstrate the exceptional circumstances that give rise to the case made. If the Council agrees that a scheme cannot reasonably afford to meet all the normal requirements, these may be prioritised through negotiation with the developer and consultation with other parties, subject to the scheme being acceptable in all other respects. In determining the priority of contributions, the Council will have specific regard to the objectives of the Community Strategy and the various schemes/programmes to implement those objectives (see Para 4 above).

12 Monitoring Planning Obligations

The Council (through the appointment of a monitoring officer) will track compliance with each provision contained in a legal agreement as a development proceeds to ensure that all services are spending financial contributions and completing non-financial obligations in accordance with the terms of agreements. In order to provide this service, the Council will levy an administration charge on each legal agreement equivalent to 2% of the value of the contribution. This will be in addition to the normal costs and any external specialist advice costs required for processing and completing the legal agreement.

Figure 1 – Procedure for Negotiating, Preparing and Completing a Planning Obligation

Stage	Action	Responsibility	
Pre Application	Applicant to consider UDP policies and relevant thresholds set out in this SPD and discuss need for obligations with Council, prior to submitting application with draft Heads of Terms for planning obligations.	Applicant/ Officer	
	\		
Application Submitted	Application on hold until draft Heads of Terms, evidence of title to the land and solicitor's undertaking to pay the Council's reasonable legal costs are received.	Case Officer	
	Application details, including Heads of Terms, notified to Members, Parish Councils and other interested consultees.	Case Officer	
	★	l	
	(Optional step for most significant, major applications only). Development Team set up to consider proposal and identify areas for negotiation.	Officer Group	
	→		
	Heads of Terms and triggers finalised for inclusion in Committee report	Case Officer	
Committee	Consider application with Heads of Terms included in Committee report. If proposal acceptable grant permission subject to completion of planning obligations with time frame for completion imposed.	Committee	
Post Legal Agreement Completion	Copy of legal agreement, planning permission sent to applicant, Planning Obligations Monitoring Officer and other officers as necessary.	Legal/Case Officer	
	→		
	Statutory Register updated to show permission granted, copy of agreement placed on register.	Admin	
	•		
	Agreements and consents registered as local land charges.	Legal	
	<u> </u>	ı	
	Agreement registered as a charge against the title at HM Land Registry (if appropriate).	Applicant	
	<u> </u>		
Monitoring	Details of agreement including clauses and triggers recorded on database and linked to implementation and monitoring of planning permissions.	Monitoring Officer	
	<u> </u>	ı	
	Fulfilment of applicant's and Council's obligations monitored and recorded on database linked to Annual Monitoring Report along with UDP policy ref. Compliance enforced as necessary.	Monitoring Officer	

Table 2 – Summary of Planning Obligations

Subject	Contributions sought from	Formulae	Contribution to go towards
Accessibility, Transport and Movement	All developments that cause increased trips and have a wider transport impact can be expected to contribute All developments of 6 or more dwellings	Each contribution is based on the number of person trips created from each new development. In line with government guidance, the charges indicated in Figure 1 will not be applied rigidly in all circumstances without regard to the context of an individual application and site	Contributions to on/off site mitigation measures; transport infrastructure; LTP measures; UDP policies.
Affordable Housing	Where 15 or more dwellings are proposed in Hereford and the market towns (except Kington) or 6 or more dwellings are proposed in the Main Villages (including Kington).	The Council will seek an indicative target of 35% affordable housing. In circumstances where a financial contribution is offered to provide affordable housing elsewhere in the County, the following formulae will be applied: Cost of constructing affordable element of	Providing affordable housing on site. Providing a contribution to an affordable housing scheme elsewhere
		proposed scheme + cost of serviced land in the area of the application site + professional/legal fees (See Figure 2 on page 26).	
Community Services	Any proposal that results in the loss of a community service and/or involves a proposal of 6 or more dwellings Commercial schemes where floor space is greater than 1000m ² or involving sites of 1 hectare or more. Smaller	Based on need, assessed on a case by case basis	Contributions towards providing community buildings/infrastructure — including equipment and maintenance
	schemes may also be expected to contribute if they have an identifiable impact		
Community Centres/Youth Centres/Halls	Typically residential development exceeding 200 dwellings	Based on need, assessed on its scale and impact on a case by case basis	Contribution to new/improved community buildings/facilities/equipment
Library Services	All developments of 6 or more dwellings	For residential development, provision is based on 30sq.m of library space per 1,000 population. Where a financial contribution is made, it is calculated on the basis of construction and equipment cost of £2880 per sq.m. The contribution required is therefore:	Contributions towards new/improved library services/buildings/equipment

		Number of persons generated x £86 per person (£2880 x 30/1000)	
Educational Contributions	Residential developments of 6 or more dwellings	Cost per dwelling = Pupil Yield x No. of year groups x Building Cost Multiplier	Not all residential developments will create a need for school places. Therefore, the following types of residential accommodation will not be subject to education contributions: sheltered housing, rest homes, nursing homes, hostels, student accommodation, holiday homes, or one bedroom units. Rural exception sites will also be exempt.
Employment and Training	Commercial schemes with a gross floor area of 2500 sq m or more, both new developments (including extensions) and changes of use.	Each proposal will be assessed on its scale and impact	Employment/training schemes/programmes and/or facilities
Flood Risk and Air Quality	Any development where conditions are inadequate	Where flood risk assessment identifies mitigation measures are necessary	Flood/air quality assessments/mitigation measures/improvement schemes/infrastructure
Heritage and	Where development	Assessed on a case by	Mitigation measures/
Archaeology Landscape and Biodiversity	conditions are inadequate For any development which would adversely affect an identified Special Wildlife Site (SWS), Site of Importance for Nature Conservation (SINC), or an important ecological area or feature	case basis Assessed on a case by case basis	enhancement schemes Mitigation, compensatory measures/ enhancement schemes
Open space and sports facilities	Residential developments of 6 or more dwellings Commercial developments exceeding 1000 sq m / 1ha or more	The calculation for residential development will be based on the following information: • Average number of persons per dwelling – currently 2.32 from the 2001 Census • The NPFA standard for the provision of outdoor playing space of 28m² per person • The provision cost and maintenance per m² of outdoor open space The calculation for commercial development will be based on the following:	Provision of new/improved sport/recreation facilities and/or their maintenance either on site or elsewhere
		 The number of 	

		employees expected to be working in the proposed development The NPFA standard for provision of outdoor open space less children's equipped play space The provision cost and maintenance per m ² of outdoor open space	
Public Realm	All developments of 10 or more dwellings Commercial/Retail Schemes incl extensions/changes of use over 200 square metres gross floor area; Retail and leisure uses (A3/A4/A5/D2) uses over 100 square metres gross floor area; For major developments (1000 sq m or above), developers will be expected to make direct improvements to the public realm to a standard satisfactory to the Council, in lieu of making contributions	Based on the location, nature, scale and impact of the proposal. Assessed on a case by case basis	Contributions towards enhancement/improvement schemes/public safety/public art/infrastructure/equipment and/or maintenance, either on site or elsewhere
Community Safety	All new major development proposals for leisure, entertainment and hotel developments, which are likely to attract clientele beyond 8.00pm at night; All late night cafes/restaurants, public houses and nightclubs which seek to attract clientele beyond 8.00pm at night; or Major town centre developments that will generate significant visitor numbers and trip movements, assessed on a case-by-case basis.	The costs of providing the necessary safety and security measures will be negotiated on a case-by-case basis pursuant to the location, nature and scale of the development and the type of safety and security measures which are identified as being necessary	Contributions towards enhancement/improvement schemes/public safety/public art/infrastructure/equipment and/or maintenance, either on site or elsewhere
Public Art	All developments of 10 or more dwellings Commercial developments exceeding 1000 sq m	The Council will seek to ensure that the cost of public art provided in association with new developments equates to approximately 1% of gross development cost.	Contributions towards enhancement/improvement schemes/public safety/public art/infrastructure/equipment and/or maintenance, either on site or elsewhere
Waste Reduction and Recycling	All developments of 10 or more dwellings On residential development of 50 or more dwellings the Council will normally require the provision of a local recycling facility	Contribution towards the cost of a local recycling facility if the proposed development is in a location where there is an existing deficiency Contributions towards recycling and household	

The inclusion of a neighbourhood recycling centre may be justified in larger developments (i.e. more than 200 units)	waste facilities will be sought in accordance with the guidelines outlined above. The financial contribution, in lieu of onsite provision, is £120 per dwelling.	
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Notes

It should also be noted that the Council's actual legal costs of preparing agreements along with a cost for processing and monitoring them (2% of the total value of the contributions required) will also be expected.

Floor areas and numbers of dwellings are based on net additional amount created

Part 1 – Context

1.1 Definitions and Purpose of Planning Obligations

1.1.1 **Definition**

A planning obligation is a legally binding agreement between the local planning authority and a developer (and the landowner where the developer does not own the land) to use land in a specified way, or to restrict the development or use of the land, or to meet costs in connection with the development to enable it to become acceptable in planning terms. Planning obligations can be provided by developers "in kind" (where the developer builds or provides directly the matters necessary to fulfil the obligations), by means of a financial payment, or in some cases a combination of both. Planning obligations are enforceable by the local planning authority and are registered as local land charges.

1.1.2 Planning obligations are normally entered into under Section 106 of the Town and Country Planning Act 1990 (as amended by the Planning and Compensation Act 1991) and Section 299A of the Act where planning obligations relate to Crown or Duchy Land. Financial contributions towards the carrying out of highway improvements may also be secured under Section 278 of the Highways Act 1980.

1.1.3 **Purpose**

Planning obligations are the means by which a local planning authority can secure contributions, improvements or mitigation works to offset any adverse impact of new development. Whilst most new development is necessary and provides direct benefits for the communities to which they relate i.e. new and improved housing, shops or employment provision, it can sometimes place additional burdens on existing services and infrastructure as well as have adverse impacts on the local environment. For example, residential development can increase demand for new school places and community facilities and add to the number of people using open space and recreation facilities. New commercial development will increase the number of people travelling in and around an area such as Hereford and will therefore add to congestion and pressure on public transport, car parking, air quality and public safety.

1.1.4 Therefore, it is the overriding objective of this SPD that, in the interests of sustainable development, it is reasonable to expect developers to contribute towards the financing of new or improved infrastructure directly related to new development proposals. Contributions can often be secured on site by means of planning conditions attached to the planning permission, but where conditions cannot be used, improvements can be secured through planning obligations. In this way, the provision of new or additional infrastructure that is necessary to serve new development can be secured, so that planning permission can be granted for new development proposals which accord with the development plan.

1.2 Purpose of Supplementary Planning Document

Supplementary Planning Documents (SPD) provide more detailed planning guidance to supplement the policies of the development plan and are a material consideration in the determination of planning applications.

1.2.1 The aim of this SPD is to:

- Provide as much certainty as possible to landowners, prospective developers and other interested parties;
- Ensure a uniform application of policy;
- Ensure the process is fair and transparent;
- Enable developers to have a 'one stop shop' approach to establishing likely contributions expected; and
- Facilitate a speedier response from the authority to development proposals.

- 1.2.2 The purpose of this document is to make clear to all interested parties the Council's policy on planning obligations it supports and amplifies Policies S1 and DR5 of the UDP. This part of the document sets out what planning obligations are and their policy context. Part 2 details the Council's approach in using planning obligations and outlines the process for their negotiation, monitoring and review.
- 1.2.3 Part 3 of the document sets out different policy areas that provide further clarity for negotiations on planning obligations, or in the preparation of development briefs and area action plans. The policy areas include:

Accessibility, Transport and Movement
Affordable Housing
Community Services
Education Facilities
Employment and Training
Flood Risk and Air Quality
Heritage and Archaeology
Landscape and Biodiversity
Open Space and Sports Facilities
Town Centres, Public Realm and Community Safety
Waste Reduction and Recycling

1.2.4 This document will therefore assist in pre-application discussions and will provide a transparent and accountable procedure by which planning obligations are negotiated and secured for development.

1.3 Types and Use of Planning Obligations

Planning obligations comprise planning agreements and unilateral undertakings. A **planning agreement** is a legal agreement entered into by the planning authority and the applicant that sets out the form a planning obligation will take. For example, a planning agreement under s106 could set out in detail payments of a financial contribution towards local schools impacted by the development. Planning obligations run with the land and so bind successive landowners. If the applicant (developer) does not own the land then the landowner must also be involved in the planning agreement. Other parties with an interest in the land such as mortgagees must also join in the planning agreement. A standard form of planning agreement has been produced by the Department of Communities and Local Government (DCLG) in conjunction with the Law Society which can be found on their website at www.communities.gov.uk. This will also be made available on the Council's web site.

- 1.3.1 A unilateral undertaking is an undertaking by the applicant offered to the authority to try to overcome obstacles to the grant of planning permission and may be offered at any point in the planning application process. They do not require any agreement by the authority, which therefore may have no involvement in the drafting of the planning obligations. However, local authorities do not have to accept unilateral undertakings offered by the developers if they do not feel they overcome the objections to the granting of planning permission. At appeal against refusal they may be offered by applicants to overcome the local authority's objections, when it is up to the Planning Inspector to decide its suitability or otherwise. Such obligations may require payment of financial sums for a specific purpose either in a single sum or periodically for an indefinite or specified period. A standard form of a unilateral undertaking is attached at Appendix 1 and will be made available on the Council's web site.
- 1.3.2 Planning obligations can either be negative (preventing or restricting development or the use of land) or positive (requiring specified operations or activities to be carried out on the land). Obligations can be used to **prescribe** the nature of a development (e.g. indicating that a proportion of housing is affordable); or to secure a contribution from a developer to **compensate** for a loss or damage created by a development's impact (e.g. loss of open

space); or to **mitigate** a development's impact (e.g. through increased public transport provision). The outcome of all of these uses of planning obligations should be that the proposed development concerned is made to accord with local, regional or national planning policies.

1.4 **Grampian Conditions**

Herefordshire Council makes full use of Grampian style conditions in lieu of planning obligations where these are relevant and can speed up decision-making. A Grampian condition is usually applied to link on-site development to actions that lead to delivery of off-site infrastructure. Examples of Grampian conditions include the submission of schemes detailing how school places, transport improvements or health facilities necessitated by the development shall be secured.

1.5 **Planning Policy Context**

1.5.1 National context

Government guidance on planning obligations is provided in Circular 05/2005. The Circular gives guidance on the types of obligations that may be acceptable. Local planning authorities are also recommended to publish guidance themselves for potential developers in order that the Council's approach is clear and easy to understand. This information is provided in this document with the aim of providing a fast, predictable, transparent and accountable system. Central government encourages the use of formulae and standard charges where appropriate and the publishing of standard heads of terms, agreements/undertakings or model agreements wherever possible.

- 1.5.2 Circular 05/05 emphasises the need for contributions that are required from a development to meet five stringent tests set. They must be:
 - relevant to planning;
 - necessary to make the proposed development acceptable in planning terms i.e.
 required to bring a development in line with the objectives of sustainable development
 as set out in the UDP. These are the matters which, following consultation with
 potential developers, the public and other bodies, are agreed to be essential in order
 for the development to go ahead;
 - directly related to the proposed development (there should be a functional or geographical link between the development and the item being provided as part of the developer's contribution);
 - fairly and reasonably related in scale and kind to the proposed development (planning obligations should not be used solely to resolve existing deficiencies in infrastructure provision or to secure contributions to the achievement of wider planning objectives that are not necessary to allow consent to be given for a particular development); and
 - reasonable in all other respects (unreasonable requirements may be open to awards of costs).
- 1.5.3 These tests are to prevent developers being over-burdened by requests from local authorities as well as preventing a perception that developers may be "buying" planning consents.
- 1.5.4 Additionally, there is further guidance on the issue of planning obligations in national policy statements (PPG's and PPS's). These set the context for including appropriate policies in development plans and for negotiating on planning applications. The Department for Communities and Local Government (DCLG) issued Planning Obligations Practice Guidance in July 2006 which can be viewed on their website www.communities.gov.uk.

1.5.5 At the time of writing, the government is also considering the use of **Planning Gain Supplements** whereby a proportion of the increase in the land values of a particular site is used to manage the impact of growth in local communities and fund improvements in the local and regional infrastructure. If the Planning Gain Supplement approach is implemented, then planning obligations and the advice contained in this SPD will need to be reviewed.

1.5.6 Regional Context

The Regional Spatial Strategy for the West Midlands (RSS) was adopted in 2004 and within Herefordshire County has Development Plan status. It sets the land use policy direction for the County up to 2021. Policy UR4 (Social Infrastructure) stresses the importance of the role of local authorities in facilitating the co-ordination of land use and investment decisions with improved service delivery. The RSS is currently being reviewed and can be viewed on the website (www.wmra.gov.uk).

1.5.7 Local Context

The Herefordshire Unitary Development Plan strategic policy S2 (Development Requirements) and development criteria policy DR5 (Planning Obligations) set out the circumstances where obligations will be used and the benefits that will be sought in furtherance of the Plan's strategy.

DR5 Planning obligations

To further the strategy of the Plan planning obligations will be sought to achieve community, transport and environmental benefits where these benefits are reasonable, necessary, relevant, and directly, fairly and reasonably related to the proposed development. The circumstances in which such benefits will be sought will be identified in relevant Plan policies and may be further detailed in supplementary planning guidance.

1.5.8 A number of other UDP policies refer specifically to the use of planning obligations in considering development proposals. These are listed in Appendix 2. The UDP is at an advanced stage of preparation and has been subject to Inquiry. It is intended to adopt the Plan by early 2007. This SPD will be updated accordingly following adoption of the UDP.

1.6 **Council Priorities**

- 1.6.1 The government suggests a transparent process for developer contributions based on achieving the policy priorities for a particular area. The Herefordshire Community Strategy (June 2006) is the result of extensive consultation with local communities, local businesses, the cultural community, public sector providers and the voluntary and community sector. The strategy sets out how a range of partnerships can work together to help ensure the overall economic, social and environmental well being of the County.
- 1.6.2 The Council's Corporate Plan (2006 to 2009) translates the outcomes contained in the Community Strategy into Council "priorities" with targets, indicators and actions. Together, these documents articulate the needs of the community and consideration of the weight to be given to the provision of infrastructure or use of contributions should be linked closely to the Council's top priorities. The above documents can be seen on the Council's web-site www.herefordshire.gov.uk.
- 1.6.3 The top priorities that specifically relate to land-use planning issues link to the following outcomes in the Herefordshire Community Strategy. Those that are most relevant to this SPD on Planning Obligations are:
 - more and better paid employment;
 - more adaptable and higher skilled workforce;
 - reduced traffic congestion through access to better integrated transport provision;

- reduced health inequalities and promotion of healthy lifestyles;
- children and young people have healthy lifestyles and engage in positive behaviour;
- reduced levels of, and fear of, crime, drugs and anti-social behaviour;
- fewer accidents;
- cleaner, greener communities; and
- people are active in their communities and fewer are disadvantaged.
- 1.6.4 Although developments will have a wide-ranging impact on a local community, the Council will need to consider whether the degree of impact is so great that permission would not be granted. The Council will identify those matters, which will require prioritisation in a particular location, given the extent and context of a development proposal and the needs of the local community. This will be balanced against the benefits of a proposal e.g. environmental enhancement, conservation or provision of facilities with an overall view taken on the merits of the proposal. This will establish the context for the negotiation of benefits. However, contributions towards education, transport, employment, community facilities and affordable housing are almost always necessary in Herefordshire at present.

1.7 **Community Involvement**

- 1.7.1 The aim of the Herefordshire Statement of Community Involvement (SCI) Submission Draft June 2006, is to set out details for greater community involvement in the plan making and development control process. It states that if development proposals fall within certain definitions of significant development and are therefore more likely to require developer contributions, the Council will expect applicants and developers to have engaged the local community at an early stage.
- 1.7.2 These consultations should include details of prospective developer contributions. This reflects national advice which states that the process of negotiating planning obligations should be conducted as openly as possible and members of the public should be given every reasonable assistance in locating and examining planning obligations which are of interest to them. The SCI can be viewed at www.herefordshire.gov.uk.
- 1.7.3 Where Parish Plans or Village Design Statements are adopted by the Council as further Planning Guidance, they can also be used to inform the Council's position regarding developer contributions associated with development proposals within the area.

1.8 Sustainability Appraisal

In accordance with government guidance, this SPD has been subject to a Sustainability Appraisal, which can be found at www.herefordshire.gov.uk. The Sustainability Appraisal tests the performance of this SPD against a series of environmental, social and economic objectives. These were devised as part of the General Scoping Report of the Sustainability Appraisal of the Herefordshire Local Development Framework which can also be found on the Council's website.

Part 2 – A Code of Practice

2.1 The Council's Approach

In the context of legislation, government guidance and the UDP, the Council's approach to the negotiation of planning obligations is based on the following **key principles**:

- i. The procedures will be operated in accordance with the fundamental principle that planning permission may not be bought or sold.
- ii. A planning obligation will only be sought when it is material to the planning decision on a proposal and, where a particular planning obligation is required to make a development proposal acceptable, planning permission will not be granted without it.
- iii. A planning obligation will not be sought when a planning condition may be more appropriately used. It is likely that each application will have to be considered on an individual basis. In the following cases however, conditions are generally insufficient and a planning obligation may be used:
 - 1 Where action is required beyond the normal scope of a condition;
 - Where there is a need to facilitate the transfer of land through the use of appropriately worded negative covenants;
 - 3 Where the obligation relates to off-site works and a Grampian style condition is not appropriate; and
 - 4 Where there is a requirement to pay financial contributions.
- iv. A planning obligation will not be sought to redress existing deficiencies or lack of capacity in existing facilities, services or infrastructures.
- v. The nature of a planning obligation likely to be required will be made known as early as possible in the planning process.
- vi. The overall extent of the planning obligation sought will have regard to what is reasonable in terms of the scale of the development and its impact.
- vii. Planning Committees will decide the acceptability of the development proposal on the balance of its planning merits, taking into account the planning application and whether the planning obligation, which has been negotiated as a whole, is sufficient to overcome and satisfactorily address any impact arising from that proposal.
- viii. As referred to above, a vital test of proposed planning obligations is that they must be necessary to make a proposal acceptable in land-use planning terms. They should not be sought where the connection does not exist or is too remote.

2.2 Procedure for Negotiating a Planning Obligation (See Appendix 4)

2.2.1 **Pre Application Stage**

The planning case officer assigned to the application will direct the applicant during any preapplication discussions to the UDP policies relevant to the proposal and to any relevant supplementary planning guidance/documents, including this SPD on Planning Obligations. Having regard to the guidance contained in this SPD, applicants will also be encouraged to come forward with proposals for planning obligations (agreements/undertakings or conditions) that are relevant and related to their development proposals before submitting a formal proposal in order to speed up the application process.

- 2.2.2 Developers are strongly recommended to submit draft Heads of Terms of any necessary agreement with their planning application when they first submit it, in due course this will become a requirement for the application to be validated. Heads of Terms will include:
 - The sums of money, where required for off-site expenditure to meet planning policy objectives;
 - A period (usually 10 years) within which the expenditure must take place and/or the essential infrastructure is provided;
 - Provisions for repayment of any sums not used within the set time periods;
 - Details for the provision of affordable housing (where relevant) including phasing requirements (see Affordable Housing section in Part 3 of this document);
 - A commitment to cover the Council's reasonable legal and planning costs in preparing the agreement; and
 - The timetable for completing the agreement (which must be done before the permission can be issued).

2.2.3 **Application Appraisal Stage**

Once an application is submitted, the negotiation on any potentially appropriate obligations will proceed at the same time as consideration of the planning application, and will include an assessment of whether or not planning conditions will suffice instead of an obligation. This process is without prejudice to the determination of the application by the appropriate planning committee. Where there have been no pre-application discussions, the case officer will also direct the applicant to the UDP policies and supplementary planning documents, including this SPD on planning obligations.

2.2.4 Where the need for an agreement or undertaking has been identified, the Heads of Terms must be agreed before Committee and will be included as an appendix to the Committee report. Any negotiations over the Heads of Terms are without prejudice to the final determination of the application by the relevant committee. The key element of the negotiation will be to confirm that the applicant agrees with the matters to be included in the obligation. The case officer will ensure that the nature and scale of matters for inclusion as obligations are identified and will notify Members, Parish Councils and other interested consultees before Committee.

2.2.5 Committee

By the time the proposal is considered by the relevant Committee, the Heads of Terms must be agreed. This process helps ensure a speedy completion of the agreement or undertaking following the Committee resolution. Any recommendation to grant planning permission will be made subject to the completion of a satisfactory legal agreement or undertaking within a specified time period, and will authorise Legal Services to complete the legal agreement or accept the undertaking. The relevant Committee will decide whether to approve the application as set out in the report and whether the proposed obligations are appropriate. If an agreement is required in order to meet planning policy objectives, and or other material planning considerations, but is not signed within the agreed timetable, then the planning application will be regarded as "Deemed Refused" and no further action will be taken on it.

2.2.6 Completing the Legal Agreement or Undertaking

A legal agreement or undertaking may be drafted prior to the relevant Committee resolution in the above circumstances or following the Committee resolution. The draft obligation will be sent to the applicant's solicitor for comment and any negotiations will be progressed through each party's legal team. The agreement or undertaking will have a unique planning application reference number that will be used on all correspondence and monitoring arrangements for the planning obligations.

2.2.7 Prior to completion of the obligation, the Council's legal team will ensure that all financial and title and other matters are in order. When the legal agreement is completed, the planning case officer will issue the planning permission.

2.2.8 Post Completion

The Council will register the agreement or undertaking and consents as a local land charge and the applicant may be required to register the agreement or undertaking as a charge against the title to the property at HM Land Registry through his/her solicitor in accordance with the terms of the agreement or undertaking. The Council will also update the statutory registers.

2.3 Monitoring of Planning Obligations

- 2.3.1 The S106 monitoring officer, case officer and the legal officer will hold a copy of the completed obligation. The monitoring officer will be the first point of contact for an applicant when making payments or serving notices as required by an agreement. The monitoring officer will then ensure that payments are allocated to the appropriate funds or supplied to the service provider as appropriate and will issue receipts and acknowledgements of compliance where necessary.
- 2.3.2 The monitoring officer will track compliance with each obligation in the agreement as the development proceeds. All agreements/undertakings will be monitored through the use of a Planning Obligations database.
- 2.3.3 An Annual Report on planning obligations will be produced detailing the status and use of planning agreements, monies received and spent, works carried out and future priorities. This will form part of the Corporate Plan process within the Council and the Scrutiny Committee will also consider the Report.
- 2.3.4 The planning obligation database will also refer to the UDP policies used in determining the application. This can then be used for monitoring the policies of the UDP in appraising their effectiveness in working towards sustainable development and referred to in the UDP Annual Monitoring Report.

2.4 **Development Viability**

The Council recognises that the impacts of a development that may need to be accompanied by a planning obligation must be weighed together with all other material considerations including any positive benefits of the development, in determining whether planning permission should be granted. Therefore, in exceptional circumstances, the Council may consider that the benefits from a development outweigh the need for mitigation and may waive or reduce contributions. However, it will be for the developer to provide robust evidence, possibly in the form of a financial appraisal, to support their case.

2.5 **Management**

2.5.1 Pooled Benefits

Where appropriate, contributions from several developers will be pooled to enable the necessary benefits to be secured. The pooled benefits will still relate to the development from which they were raised. This is consistent with Circular 5/05 paragraph B22. The pooled benefits approach facilitates the realisation of benefits from smaller, cumulative developments as well as being able to effectively manage larger developments on a case-by-case basis. This approach will be particularly relevant to the regeneration of the Edgar Street Grid area in Hereford.

2.5.2 Ring Fenced Funds

In the event of a cash sum being required as part of an obligation, this will be placed in a fund controlled by the organisation responsible for the provision of the service or facility, and reserved for that purpose. This will ensure transparency in the planning obligations process.

2.5.3 **Unspent Funds**

In the unlikely event that financial contributions secured from developers cannot be spent within 10 years of the completion of the development or as negotiated to suit the circumstances of the development, the contributions or such unexpended parts will be refunded. Developer's financial contributions will be adjusted for inflation in accordance with Building Costs Information Service (RICS) all in tender price index or such other indices as the Council consider appropriate, calculated from the date of the planning agreement or unilateral undertaking, to the date of payment.

Part 3 – Community Infrastructure

3.1 Background

3.1.1 "Community Infrastructure" is the term used for the purpose of this SPD to cover all the physical, environmental and social aspects required to support a community on a daily and long-term basis. Planning obligations are used when a proposal that would have an unacceptable impact on community infrastructure could be overcome by the use of a financial contribution or "in-kind" benefit. The aspects addressed specifically in this document are as follows:

Accessibility, Transport and Movement
Affordable Housing
Community Services
Education Facilities
Employment and Training
Flood Risk and Air Quality
Heritage and Archaeology
Landscape and Biodiversity
Open Space and Sports Facilities
Town Centres, Public Realm and Community Safety
Waste Reduction and Recycling

3.1.2 The policy justification, assessment of need, exact levels of contribution and calculations used for each of these types of infrastructure will now be considered in detail. Appendix 5 includes a master matrix to summarise the calculation process.

3.2 Accessibility, Transport and Movement

3.2.1 **Policy justification**

On-site improvements to transport infrastructure may be required and need to be provided as part of the overall scheme for any new development to grant planning permission. Specific off-site works and improvements may also be required which may be subject of a planning condition limiting the development to the provision of the off-site works or requiring the works to be addressed through a planning obligation. Such works may be required to mitigate the direct impact of the development scheme on the transport network, for example, improvements to junctions, road widening/passing, provision of traffic lights/pedestrian crossing, local traffic calming, or the introduction of street parking restrictions. In addition to the above, new developments may also have impacts on the transport infrastructure of the County as a whole in terms of traffic movements and the need for people to gain access via other means of transport. It is these wider transport impacts that this section on contributions to transport infrastructure is particularly concerned with and to which the contributions set out in Figure 2, at the end of the section, specifically relate.

- 3.2.2 Planning Policy Guidance 13 (Transport, March 1994) states that "planning obligations may be used to achieve improvements to public transport, walking and cycling, where such measures would likely influence travel patterns to the site involved, either on their own or as part of a package of measures..." New development should therefore contribute to the improvement and development of a more sustainable and integrated transport system. This may include support for travel plans required as a result of a development proposal, or contributions to conventional public transport services.
- 3.2.3 Within the Regional Spatial Strategy, Hereford is identified as one of five sub-regional foci for development confirming it as the key location in the County for future housing and employment growth. Outside of the city, almost the entire County is identified as a Rural Regeneration Zone where sustaining rural communities, tackling rural problems and addressing local needs are the main priorities.

3.2.4 The Council, as Highway Authority, seek financial contributions where appropriate to promote specific schemes and types of schemes identified in the Local Transport Plan 2 (LTP2). The LTP2, which covers the period up to 2011, sets out as its objectives - delivering accessibility, tackling congestion, making roads safer and providing better air quality. Delivery is by implementation of a number of measures set out in investment strategies. LTP2 can be viewed on the Council's website. The Herefordshire UDP has been prepared alongside LTP2 and wherever appropriate, obligations will be sought to bring forward proposals and to implement policies in these plans. The UDP policies considered particularly relevant to the development of a S.106 Strategy on transport are detailed in Appendix 2.

3.2.5 Assessment of need

The LTP2 provides a comprehensive assessment of the transport needs of the County over the period 2006/7 to 2010/11 and sets out a longer term strategy for Hereford and its immediate surrounding rural hinterland. The LTP sets out the following transport strategies to help address the needs:

- Countywide accessibility strategy;
- Integrated transport strategies for Hereford and for the market towns and rural areas;
- Road safety strategy; and
- Asset management strategy for maintaining the transport network.
- 3.2.6 Whilst Herefordshire is a mainly rural area and is sparsely populated, it has significant transport issues. These range from severe congestion within Hereford itself to access to transport for remoter rural communities. Accessibility planning software (Accession) has been used to identify specific areas of need particularly in respect of rural access.
- 3.2.7 Transport limitations in Hereford have restricted its growth. Key issues include:
 - Regular congestion through the central area and poor air quality;
 - Traffic intrusion in residential areas;
 - Poor reliability and quality of public transport;
 - Poor pedestrian facilities and a limited cycle network reducing the attractiveness of sustainable modes of transport; and
 - Impact of the school run.
- 3.2.8 The LTP2 sets out a package of measures required to release travel capacity needed to accommodate development and regeneration and to allow Hereford to fulfil its role as a subregional centre. However, substantial additional funding is required to support these measures and bring forward key initiatives that will help address these issues.
- 3.2.9 A further major set of development proposals, which have significant implications for transport, focus on the Edgar Street Grid in Hereford. The master plan scheme for this area includes improved facilities for walking, cycling and public transport together with new road infrastructure and corresponding downgrading of existing roads to reduce severance between the city centre and the Grid area. Contributions need to be considered towards the construction of new car and bus parks and improved cycle/pedestrian links. A design framework SPD for the Grid area will make clear the planning obligations required.
- 3.2.10 Key transport issues affecting the rural area and market towns focus on providing for access to services, maintaining an extensive road network and reducing road traffic accidents. Support for public and community transport is an important element of helping address these needs and reducing the impact of longer distance traffic movements within the County. Consistent cost increases associated with supported public transport services (which cover the majority of services outside Hereford) have been experienced during the period of the first LTP (2001/2 to 2005/6) and are anticipated to continue to put pressure on

the Council's ability to maintain the extent and frequency of the public transport network over the LTP2 period. A greater reliance on community transport may help with more specific provision, which addresses social exclusion but will not help address modal shift. Planning contributions will be sought to support the public transport network and community transport and also to provide sustainable transport infrastructure in the market towns. Where appropriate, contributions will also be sought to achieve road safety improvements.

3.2.11 Thresholds for Contributions

All developments that cause increased trips and have a wider transport impact can be expected to be the subject of an obligation. The main sources of development funding towards transport will come from housing, commercial and retail developments whilst employment and other developments will also need to contribute at a level commensurate with the level of movements generated by the development. It is likely that all housing developments for 6 or more units or sites of 0.2ha or more will generate a requirement for a contribution towards transport improvements. However, rural exception sites will normally be exempt from contributions to wider, indirect transport improvements on the basis that these sites are difficult to deliver and affordable housing is a priority issue for the Council. Many planning applications will be accompanied by a transport assessment, which will be used to assess the application and decide if specific on-site and off-site measures are required to make it acceptable. Where the impacts of a proposed development are not so easily identifiable by on-site or off-site mitigation measures but clearly impact upon the wider transport network, contributions to identified LTP measures and/or UDP policies will be required. The Council will judge each development site on its merits and will seek contributions for any development proposals where transport impacts would require mitigation through the provision of off-site transport infrastructure.

3.2.12 It is likely that for very major developments sufficient contributions will be required to fully fund complete transport-related schemes. For smaller developments, contributions will generally be pooled in ring-fenced accounts until such time as they can be spent on agreed measures in the LTP2 or other local transport strategies. In accordance with Circular 5/05, contributions will be spent on schemes that support the contributing development.

3.2.13 How contributions will be calculated

Based on a number of survey sources and a nationally recognised best practice methodology it has been possible to calculate the likely development impacts to the transport system of the implementation of the land use allocations set out in the UDP. This equates to approximately 50,000 additional daily trips. To address the transport needs of the County, the LTP2 programme requires approximately £13m of works throughout the plan period to be funded from non-grant aided sources. This figure has been used to calculate the cost of supporting these additional trips through the provision of new or improved transport infrastructure and this equates to £275 per trip.

3.2.14 Figure 2 overleaf acts as a guide to the likely contributions expected to be made through Section 106 contributions. Each contribution is based on the number of **person trips** created from each new development. In line with Government guidance, the charges indicated in Figure 2 will not be applied rigidly in all circumstances without regard to the context of an individual application and site. Unique aspects of each application will help form further consideration of these charges. In particular, the more detailed information regarding transport impacts of a specific development provided through a transport assessment is likely to further inform the negotiations on the level of contributions required.

Figure 2 – Transport Contributions

Development Type	Average daily no. of person trips	Contribution	Weighted Contribution*
Residential – large private dwelling (4+ bedrooms)	12.01	£3,250	
Residential – average private dwelling (3 bedrooms) over 75m ²	9.01	£2,500	
Residential - small private dwelling (1+2 bedroom) up to 75m ²	6.01	£1,750	
Residential - small rented (affordable) dwelling (1+2 bedroom) up to 75m ²	4.50	£1,250	
Commercial/Office employment per 100m ²	41.21	£11,250	
B2 per 100m ²	15.21	£4,000	
B8 per 100m ²	12.16	£1,750	
Leisure per 100m ²	81.20	£22,250	£18,000
Retail (food) per 100m ²	180.88	£50,000	£23,750
Retail (non-food) per 100m ²	96.90	£28,000	£9,500
Hotel per room	9.96	£2,750	£2,000

 $^{^{\}star}$ The weighted contribution relates to the percentage of daily trips undertaken outside the weekday peak hours 08:00-09:00 and 17:00-18:00. The weighting contributions generally comprise reductions in relation to total trip rates reflecting that a high percentage of trips to certain uses take place within peak hours when there is the greatest pressure on transport systems.

3.3 Affordable Housing

3.3.1 **Policy justification**

National government advice on affordable housing has been recently issued in the form of Planning Policy Statement 3 on Housing (PPS3) and its sister document "Delivering Affordable Housing" (November 2006).

- 3.3.2 In regional policy terms, Herefordshire falls within the Rural Regeneration Zone identified in Policy RR2 of the West Midlands Regional Spatial Strategy, June 2004, where emphasis will be given ..." to providing affordable housing to meet local needs, in existing settlements, wherever possible, and making full use of the existing housing stock." (Policy RR2, part C (iv)).
- 3.3.3 Locally, policy guidance is set out in the Council's adopted Supplementary Planning Guidance on the Provision of Affordable Housing (November 2004) and policies H2, H5, H6, H9 and H10 of the UDP.

3.3.4 Assessment of need

Within the Council, Planning Services and Strategic Housing Services have worked together to establish need for affordable housing and identify opportunities for provision. The Herefordshire Housing Needs Assessment 2005 and local research supports the view that there is a significant need to provide affordable housing throughout the County and that the main type of housing that appreciably meets housing needs in Herefordshire is the social rented sector delivered through a Registered Social Landlord (RSL). This local need is generated through the situation that average wages in the county are significantly below both the regional and national averages, but average house prices are high compared with elsewhere in the region. Many households will therefore find it difficult to purchase on the open market in Herefordshire. Full details of housing need, affordability levels and design requirements are described in detail in the SPG on Affordable Housing (November 2004).

3.3.5 Thresholds for contributions

Policy H9 of the UDP requires affordable housing at an indicative target of 35% of new housing proposals. This figure will be reviewed as part of the preparation of the Local Development Framework (LDF) and in the light of new Planning Policy Statement 3. Currently, however, UDP Policy H9 and this guidance will apply:

- Where 15 or more houses are proposed in Hereford and the market towns (except Kington) or 6 or more houses are proposed in the main villages (including Kington);
- To all sites of more than 0.5 hectare in Hereford and the market towns and of more than 0.2 hectare in the main villages and also where the Council reasonably considers that development of a site has been phased, or a site sub-divided or parcelled in order to avoid the application of the affordable housing policy, whether in terms of number of units or site size. In these circumstances the whole site will be assessed; or
- Where the Council reasonably considers that a development scheme has been specifically designed to fall under the threshold or a site's potential is not being fully realised; or
- If having had a scheme approved, a subsequent proposal for additional housing units brings the cumulative total over the threshold.

3.3.6 Tenure and dwelling size/mix

The Council requires affordable housing to be provided on sites that are large enough to accommodate a reasonable mix of sizes and types of housing. Discussion with Strategic Housing Services is encouraged from the earliest stage of pre-application negotiations. The size and type of affordable units that are provided should reflect the mix that is necessary to support the Council in meeting its housing needs and provide a balanced variety of housing

types. In general this means a demand for primarily two and three bedroom units as well as one and four bedroom units. However, site location and scheme design may indicate that a different mix may be appropriate e.g. a town centre site may be more appropriate for predominantly one or two bedroom flats. This will ultimately be determined by the local authority.

3.3.7 Involving a Registered Social Landlord (RSL)

The Council will normally seek to ensure that any affordable housing produced through the implementation of policy H9 or H10 be offered for ownership and management to housing associations or registered social landlords that are the Council's preferred partners. Nomination rights to the Council will be sought in any negotiations between the developers and the RSL by asking that all affordable housing secured will need to be advertised through "Home Point."

3.3.8 The Council would wish to satisfy itself before granting planning permission, that secure arrangements are made to ensure that the benefit of affordable housing will be enjoyed by successive as well as initial occupiers of the property. This will normally be secured through a planning obligation. Planning obligations will be used to set out a cascade mechanism to ensure that occupiers are always found for affordable housing. An appropriate planning obligation will also normally require that a specified proportion of market housing on a site cannot be occupied until the affordable element has been built, transferred to an RSL on the specified terms and is suitable for occupation.

3.3.9 **Affordability**

This SPD takes on board the new definition of affordable housing as set out in Planning Policy Statement 3, which excludes low cost market housing.

3.3.10 Design considerations

The design of developments that incorporate affordable housing should be tenure neutral and well integrated with the market housing. This may involve the distribution of small groups of affordable housing across a site, rather than it all being concentrated in one location. The marginalisation of the affordable housing from the remainder of the development should be avoided. All affordable rented, shared ownership and home buy units are to be built to the current Housing Corporation Scheme Development Standards (SDS) that apply at the time of the full planning application. In addition, it is expected that the units be developed to Lifetime Homes standards unless there are constraints upon the overall proposed development.

3.3.11 Off-Site Provision and Commuted Payments

The Council will always seek the provision of affordable housing on site except in very exceptional circumstances. This assists in providing affordable housing on sites in line with national and local policies. In exceptional cases the Council may be prepared to enter into agreements to accept affordable housing on alternative sites provided by the developer or through contributions of commuted payments towards provision of land and affordable units elsewhere. This will be where both parties agree that on-site provision of affordable housing will not be viable or practical and it will be difficult to meet the requirements for affordable housing because of special market or site considerations.

3.3.12 Where the affordable housing units are to be provided by the developer on an alternative identified site, the local planning authority will require details of the scheme as part of the application for the proposal site in the same way as if it were provided on site. Alternative sites should generally be within the vicinity of the development site and equally well located in terms of amenities and facilities. The number of units to be provided off site should equate to the number to be provided had the site been suitable on the application site. It should not be provided on an alternative site that would also require the provision of affordable housing under planning policy.

- 3.3.13 In circumstances where a financial contribution is offered to provide affordable housing elsewhere in the County, the applicant will have to demonstrate that the provision of affordable housing on site or in the vicinity is not a viable proposition before this option will be considered. The payment in lieu calculated on this basis covers the basic costs associated with construction of the commensurate number of units. In addition the associated costs of site acquisition, servicing project management and professional and legal fees involved in delivering the affordable housing elsewhere will have to be taken into account in calculating the appropriate level of contribution. This is justified as the need to incur these costs has arisen directly through a failure to provide affordable housing on site in the first instance. Applicants will also have to bear the costs of any financial evaluation and development appraisal work required to ascertain the veracity of submitted material in support of payments in lieu. See Figure 2 below.
- 3.3.14 Any commuted sums will normally be required prior to the occupation of the first dwelling on the site and will be ring-fenced to ensure that they are used to provide affordable housing within the County. If the sums have not been used within a period of 10 years, then they will be repaid.

Figure 3: Commuted Payments for Off-site Provision of Affordable Housing

From residential development

Cost of constructing affordable element of proposed scheme * + cost of serviced land in the area of the application site + professional/legal fees

* to SDS and Lifetime Homes standards

3.4 Community Services

3.4.1 **Policy justification**

The provision of community services such as healthcare, libraries, community centres, halls and youth centres, heritage facilities, and facilities for emergency services contributes to quality of life and is a vital part of a sustainable community. The justification for seeking obligations in respect of community services is set out in Circular 05/2005 (Para B15). In addition, it is a guiding principle of the Community Strategy for Herefordshire (June 2006) that people and businesses in all areas of the County should have access to services and opportunities. Additional population arising from new developments, even from small residential schemes, may increase demand on existing community services in the County. This increase in demand may require refurbishment, redevelopment or even the provision of new facilities to support and extend existing services and, therefore, new developments will be expected to contribute to any necessary facilities or services. Finally, the Council has adopted a number of Parish Plans, which have examined the particular needs of their areas. Where identified, the community needs/requirements will be used to inform any necessary contributions.

3.4.2 Assessment of need

Community services are provided by a wide variety of organisations and it is inevitable that no single methodology is applicable to identifying existing deficiencies and the needs generated by new development. However, the following assessment can be made:

- are any community services being lost as a result of a development?
- are any adequate compensatory community services being (re) provided within the development proposal?
- are adequate alternative services available in the vicinity of the site to compensate for any loss?
- are any deficiencies in specific community services in the area compounded by the new development?
- are existing services adequate to cope with increased usage or demand e.g. do local doctor surgeries have spare capacity to take on extra patients?
- are existing services conveniently located and accessible to additional users e.g. new residents, employees or shoppers?
- are there any specific identified community needs in the local area that will be exacerbated by a new development?
- does the scale and nature of development justify the need for completely new or additional services?
- is existing funding inadequate to provide the requisite services generated by increased demands?
- has any community facility been identified within any Parish Plan?
- 3.4.3 Planning permission will only be granted for development involving the loss of community services if it can be shown that there is no longer a need for the site or building in any form of community use, or that there is an acceptable alternative means of meeting the need. A planning condition or obligation may be sought where replacement services are to be provided to ensure that the new services are completed and made available prior to the occupation of the rest of the development. In addition, provision or improvement of community services should be on site in the case of large-scale development or where there is already a community use on site, unless an alternative off-site location relates better to other services in the area and is easily accessible using sustainable methods of transport.
- 3.4.4 As a Public Library Authority, Herefordshire Council has a statutory duty to provide a comprehensive, efficient and modern library service to those who live, work or study within its boundaries. The nature of public libraries and their services has evolved substantially in recent years and modern libraries now provide not only traditional book stock but also multimedia and the space and technology for public access to computers, the Internet and associated training. The Disability Discrimination Act has set new standards for physical

access and adaptive technology has become a standard requirement. The Department of Culture, Media and Sport sets Public Library Standards, which all authorities are required to meet. The Council currently fails to meet a number of the standards, and the development of new housing within the County increases the resource strain on the Council's Library Services.

3.4.5 Thresholds for contributions

A form of needs assessment on the basis outlined above should normally be undertaken for any proposal that results in the loss of a community service and/or involves a proposal of 6 or more additional residential units or affects sites of 0.2 ha or more. Contributions will be sought from private residential development as well as affordable housing, residential homes, student accommodation and sheltered housing, the residents of which may also make use of community services. Rural exception sites will normally be exempt from S106 contributions from community services on the basis that their provision is a priority for the Council.

- 3.4.6 Other developments such as offices and factories can also put pressure on community services since workers may use them at lunchtimes and after work and may make calls upon health and emergency services. Library authorities have a statutory obligation to lend to all those who work in the County whether they reside in Herefordshire or not. Large-scale industrial and commercial developments (including leisure and retail developments) may therefore be expected to provide or contribute to services within or near to their developments where they can be shown to have an identifiable impact. The threshold at which provision may be required is gross floor space greater than 1000m² or involving sites of 1 hectare or more.
- 3.4.7 In cases where developments are too small to provide part or all of the facility/service required, contributions will be pooled with others in a specific ring-fenced community services fund until such time as the required works can be carried out. If the sums have not been used within a period of 10 years, then they will be repaid.

3.4.8 How contributions will be calculated and used

The level of contributions sought for local community services will be based on need as well as on the costs of providing such buildings, including equipment and initial maintenance, in accordance with the guidance set out below.

3.4.9 Community centres, youth centres, halls

New residential development may be required to contribute towards the provision, enlargement or improvement of community centres, youth centres and halls. However, without a countywide assessment of existing community facilities, it is difficult to formulate a standard charge for provision. Therefore, until such time as an assessment of need is available, developer contributions towards community halls etc will be made on a case-by-case basis in consultation with Cultural Services.

3.4.10 Where new provision or improvements to local community services are required, particularly for development proposals of more than 200 dwellings, the Council will generally encourage multi-purpose buildings which can provide accommodation for many different community groups and locations for learning (with crèche and computer facilities on site). In certain circumstances, contributions may be channelled to partner organisations in the voluntary or community sectors that have the capacity and capability to manage such resources.

3.4.11 *Library services*

The calculation for library contributions will be based on the following information:

Average number of persons per dwelling (taken from the 2001 Census) –
 2.32.

- The Herefordshire requirement for net library floorspace per 1000 population is currently 30 sq.m, whilst the International Federation of Library Associations recommends a standard of 42 sq.m.
- The provision cost per m2 of library floor space taken from comparative costs from other local authorities and weighted for Herefordshire.
- 3.4.12 Any contributions would be subject to index linking as set out elsewhere in this guidance. Contributions secured through planning agreements will be spent on the provision of new library books and/or improvement works to the nearest public library to the development.

Figure 4: Calculation for Provision of Library Services

Library Services

For residential development, provision is based on 30sq.m of library space per 1,000 population. Where a financial contribution is made, it is calculated on the basis of construction and equipment cost of £2880 per sq.m. The contribution required is therefore:

Number of persons generated x £86 per person (£2880 x 30/1000)

3.4.13 *Health and emergency services*

The Council recognises the social benefits of the provision of excellent medical and health facilities to the community. There is a logical link between increases in the population and a corresponding increase in health demands. Where there is an identified need for further medical and health facilities, the Council will seek to ensure that planning permission for new housing is granted only where such services can be provided. In considering whether contributions will be sought towards the provision of health services, the Council will liaise with their NHS Primary Care Trust and other relevant agencies; they will give consideration to relevant health documents such as the Local Delivery Plan.

3.4.14 The needs of children and their carers should be catered for in publicly accessible facilities such as shopping or leisure centres. Crèches, baby changing facilities and feeding places, and supervised play areas can assist carers' access to jobs, training and other facilities. The Council will therefore encourage the provision of childcare facilities in all significant development schemes that are likely to be visited by children and their carers. If facilities cannot be incorporated within a scheme the Council may require contributions to fund alternative facilities elsewhere.

3.5 Education Facilities

3.5.1 Policy justification

The advice in Circular 05/05 is clear that developer contributions should only be sought where the need for additional facilities arises as a consequence of the new development. Moreover, they should be fairly and reasonably related in scale to the proposed development. Therefore developers would be expected to make an appropriate contribution towards enhancing existing education facilities or new provision where there is insufficient capacity to support the development. Even where there is apparently sufficient capacity to cater for all, or part, of the additional demand there may still be a need for additional facilities at a school which may meet the needs of the wider community for example by creating a dual-use sports facility.

3.5.2 The UDP seeks to retain existing educational land and buildings unless there is no longer a requirement for the facilities and that alternative, locally based school provision within reasonable walking distance, is available (Policy CF5).

3.5.3 Assessment of need

Herefordshire has an unusually high number of schools (103) in relation to the overall size of the school population (23,000). There are a significant number of small schools, both primary and secondary, many of which are affected by rural isolation and long journey times for pupils attending school. Thirty-five primary schools have fewer than 100 pupils, and five high schools have numbers below 600. The cost of school transport amounts to more than 6% of the education budget. The issue of small schools is a significant factor in the determination of Local Education Authority (LEA) policy and strategy.

3.5.4 It is also the Council's responsibility to develop and support provision of early years education and childcare. There is a continuing need for additional capacity arising from demographic changes as well as continuing changes in education. In addition, there are four special schools and three pupil referral units within the County. There are Special Education Centres included in twelve primary schools with other specialist provision in two further primary schools. The children are educated, wherever possible, in the location that best meets their specific needs; catchment areas therefore do not come into play in these cases.

3.5.5 Thresholds for contributions

Education contributions will be sought from residential developments only and will be required from all developments containing 6 or more dwellings or of site area of 0.2 ha or above, if the implementation of the development will result in the generation of additional numbers of children in excess of that which local educational facilities can accommodate.

- 3.5.6 Not all residential developments will create a need for school places. Therefore, the following types of residential accommodation will not be subject to education contributions: sheltered housing, rest homes, nursing homes, hostels, student accommodation, holiday homes, or one bedroom units. Rural exception sites, although creating a need for school places, will normally be exempt from \$106 contributions from education facilities on the basis that their provision is a priority for the Council.
- 3.5.7 In view of the number of smaller residential developments currently taking place in the County and their incremental impact on the capacity of educational facilities, developer contributions will be pooled so that infrastructure can be secured in a fair and equitable way.

3.5.8 How contributions will be calculated and used

The additional pressure new developments will place on educational facilities is assessed on a case-by-case basis. Where developer contributions are required, they will be calculated from the number of children likely to be generated by the development and the costs of providing additional facilities/services needed. These components are now explained in turn.

3.5.9 Pupil Yield

Where developer contributions are required, they will be calculated from the number of children likely to be generated by the development – the pupil yield. From an analysis of 2001 Census information, it is estimated that a development of 100 houses will generate:

2.9 pupils per year group (ages 5-16) per 100 houses, or a rate of 0.029 per house (2.9 \times 0.5) per year group (ages 16-18) per 100 houses, or a rate of 0.0145 per house

3.5.10 Number of Year Groups in each schooling phase

In Herefordshire, the education system is based on a two-tier system. There are 7-year groups in primary schools and 5-year groups in secondary schools. Some secondary schools also provide post-16 education in two-year groups.

Year Group	Age	Year Groups
Pre-school/nursery places	3 upwards	1
Primary schools	5 – 11 years	7
Secondary	11 - 16 years	5
Post 16 +	16 – 18 years	2

3.5.11 Building Cost Multiplier

This is essentially a cost per pupil for building new accommodation. It is set annually by the Department for Education and Skills (DfES) in August/September, ahead of the financial year and can be found on the DfES website¹. It includes an area adjustment to reflect the actual costs involved in the local area. In the case of Herefordshire, the cost multipliers for the 2006/07 financial year has an area adjustment factor of 0.95 and works out as follows:

Basic building cost multiplier	Herefordshire 2006/7
Primary £ 10, 372	£ 9,853
Secondary £ 15, 848	£15, 055
Post 16 £ 17, 013	£16,162

The figures above will be reviewed and amended according to DfES building costs multiplier rates on an annual basis.

3.5.12 Developer contributions for education will normally be sought for:

- Pre-school/nursery places
- 5 11 years (primary schools)
- 11 16 years (compulsory secondary school age)
- 16 + (post statutory school-age, in schools)
- Children with special educational needs beyond the capacity of existing schools in the area

http://www.teachernet.gov.uk/management/resourcesfinanceandbuilding/schoolbuildings/designguidance/cost information/

can be found at:

- 3.5.13 The contribution will vary according to the number, size and type of dwellings proposed. An analysis based on 2001 Census figures shows that actual number of pupils living in 2+bedroom flats/apartments for example is lower than that in a standard 2+bedroom house. Therefore, the contribution from flats/apartments is calculated at 60% discount of that for a dwelling. Similarly, a 4+bedroom dwelling is assumed to have a higher number of child occupants and a 20% additional cost will therefore be added.
- 3.5.14 Where a planning contribution is considered appropriate, the Council will specify the use of contributions to ensure that they are applied towards specific education facilities such as:
 - Additional school places to accommodate extra children;
 - Pre-school provision either for existing schools or purpose built new facilities on a separate site;
 - Improvements and expansion of playground, external leisure space and sports facilities including equipment and maintenance contributions which can often provide a dual use for the community;
 - Security and safety measures to provide a safe environment (including local traffic safety schemes e.g. safer routes to schools and cycle storage); and/or
 - To provide and/or enhance ancillary facilities and infrastructure such as toilets, catering and kitchen facilities, and improved access for people with disabilities to meet the needs of additional children.
 - 3.5.15 For larger developments of 100 or more dwellings, the Council will negotiate
 a contribution either in cash or land, or both. More detailed analysis will be
 undertaken on the current and future availability of school places based on the timing
 and size of the development and other knowledge about education provision in the
 area e.g. school reviews.

3.5.16 Calculation for Provision of Education Services

Cost per dwelling = Pupil Yield x No. of year groups x Building Cost Multiplier

Figure 5 Education contributions per house type 2006/7*

Contribution by tier	Primary	Secondary	Post 16	Total
No of bedrooms				
2+ bedroom	£2,000	£3,120	£937	£6,057
4+bedroom	£2,400	£2,620	£1125	£6,145
2+bedroom	£800	£873	£375	£2048
flat/apartment				

^{*}The figures above will need to be reviewed and amended annually

3.6 Employment and Training

3.6.1 **Policy justification**

It is a key objective of the Council, as set out in the Community Strategy (June 2006) to improve the economic growth and productivity of Herefordshire across all sectors. It aims to do this by promoting more and better-paid employment, a more adaptable and higher skilled workforce and reducing traffic congestion through access to better integrated transport provision.

- 3.6.2 Skills shortages are an ongoing constraint on business growth in Herefordshire, and the Community Strategy emphasises the importance of providing workforce training to help improve Herefordshire's potential as an attractive area for businesses to locate, as well as helping workers into higher paid jobs. The Community Strategy also recognises the need to encourage more businesses in growth sectors and knowledge industries, as these are crucial to economic regeneration in Herefordshire. In addition, Herefordshire's communications and transport infrastructure needs investment to support local businesses.
- 3.6.3 As set out in Circular 05/05, additional or expanded community infrastructure, which is necessary in planning terms, may be sought through a planning obligation. Policies PA11, PA14 and PA15 of the West Midlands Regional Spatial Strategy (June 2004) promote sustainable diversification and development of the rural economy, highlighting Herefordshire as a Rural Regeneration Zone (RRZ). A daughter document of the Regional Economic Strategy 2004-2010, called Rural Renaissance, has four themes for the economic development of the rural West Midlands:
 - Fostering and supporting rural business growth
 - Identifying and supporting rural skills development
 - Developing and modernising rural infrastructure and environmental conditions; and
 - Regenerating sustainable, well-supported rural communities.
- 3.6.4 The reasoned justification to Policy DR5 on Planning Obligations states that the Council is keen to seek obligations which make a positive contribution to furthering the UDP's vision, guiding principles and Part 1 strategic policies and specifically includes promoting urban and rural regeneration and social inclusion through stimulating local employment and training opportunities.

3.6.5 Assessment of need

From the State of Herefordshire Report 2005 it can be seen that despite a relatively healthy economic position in terms of actual employment rate. Herefordshire lags behind many other authorities in the West Midlands region in terms of lower levels of pay for its workers. but has higher numbers in part-time employment. In 2005, people working in Herefordshire earned on average 13% less than those working in the West Midlands region as a whole, but worked for longer hours. Lower wages have a consequential effect on the affordability of housing with average house prices of semi-detached properties rising from 7 times average earnings in 2004 to 7.8 times average earnings in 2005 (this exceeded increases for neighbouring authorities). Generally, Herefordshire suffers from a net out-flow of workers to adjoining areas, which could be due to higher earning potential elsewhere or lack of jobs for particular skills in the County. In terms of Adult Education, Skills and Training, Hereford City south is within the 25% most deprived areas nationally. Indeed, one guarter of Herefordshire's 16-74 year olds have no qualifications (2001 Census) and the number employed in technology and knowledge intensive industries was 15.2% in 2004 compared to 24.25% in the region. For the first time in 2005, Herefordshire has seen the number of businesses de-registered for VAT exceed those actually registering.

3.6.6 Thresholds for contributions

Planning obligations will be sought in respect of economic development and regeneration, in particular skills development (both work and community based learning and training), business support and transport infrastructure. The policy will be applied to planning

applications for employment generating development which meets the criteria identified in the following paragraphs and/or where a proposal results in a loss of employment floorspace. Contributions to training may also extend to larger residential schemes where increases in population will have an impact on employment.

3.6.7 The threshold for seeking contributions to training and business support from employment-generating development (office, retail, commercial) will be schemes with a gross floor area of 2500 sq m or more, both new developments (including extensions) and changes of use. It is also expected that all employment generating development proposals above 2500 sq m and other schemes that involve the demolition of small units, will incorporate new or replacement units, relative in scale to the amount of existing space lost and the size of the development proposed.

3.6.8 How contributions will be calculated and used

It is considered inappropriate to suggest a blanket formula for developer contributions from employment-generating uses in Herefordshire. Rather, each proposal will be assessed on its scale and impact. Specific project needs will be negotiated on a case-by-case basis in consultation with the Council's Economic Development Officer.

- 3.6.9 Where funding for training is sought in association with new development, the training will be for people living in the County's target wards and working in the County and directly related to the employment needs of the area. It may include:
 - Financial contributions towards established training initiatives (e.g. Hereford's Learning Village);
 - Financial contributions to support the development of new employment and training programmes to meet specific community or sector needs or improving the business offer in a particular location (e.g. Edgar Street Grid in central Hereford, other social enterprise development); and/or
 - The provision of resources and appropriate tools in existing premises to ensure they are "fit-for-purpose" and offer those undertaking skills development and work-based training excellent and up to date facilities.
- 3.6.10 Contributions may be used to provide focussed business support programmes and activities by Council-approved agencies such as Business Link to improve business survival rates and sustain levels of enterprise. These will be monitored to ensure maximum returns and sustainability.
- 3.6.11 Contributions from larger employment generating developments towards communications and wider transport infrastructure may be required for specific projects such as the Herefordshire in Touch programme or Rotherwas Futures.

3.7 Flood Risk and Air Quality

3.7.1 **Policy Justification**

Planning Policy Statement 25 'Development and Flood Risk' (2006) sets out the Government's policy on the role of land use planning in reducing the risk of flooding. Planning obligations may be used to restrict the use of sites, or to ensure that developers carry out the necessary works and any future maintenance requirements in relation to flood risk. Guidance on pollution issues can be found in Planning Policy Statement 23 'Planning and Pollution Control (2004)' which states that any consideration of the quality of land, air or water and potential impacts arising from development, possibly leading to impacts on health, is capable of being a material planning consideration, in so far as it arises or may arise from or may affect any land use. The Environment Agency promotes the use of obligations to promote justifiable environmental outcomes, where the scope of improvement lies outside the scope of planning conditions.

3.7.2 Thresholds for Contributions

For any development where conditions are inadequate, the Council will seek to negotiate a s.106 obligation in relation to development affecting flood risk or air quality.

3.7.3 How contributions will be calculated and used

Flood Risk

Where a flood risk assessment has been undertaken which identifies the mitigation measures necessary for a development to proceed, developers will be expected to enter into an obligation to deliver these measures and secure a proper maintenance regime. Financial contributions will be calculated on a site-by-site basis.

In addition, where developments increase demand for water services developers may be required to support off-site infrastructure costs. Equally, the disposal of surface water is a material planning consideration in the determination of planning applications, and in some circumstances, is properly the subject of a planning obligation.

3.7.4 Air Quality

The Council will expect appropriate air quality amelioration measures to accompany any major planning application and this matter should be discussed with the Council at an early stage of the planning process. In certain instances a contribution from the developer towards additional monitoring, especially in town centre locations, may be appropriate. This may follow the pattern of the provision of additional diffusion tubes, a real-time survey before the submission of proposals, or an ongoing programme of either type. The purchase, installation, operation and maintenance of air quality monitoring equipment or provision of other assistance or support to enable the implementation or monitoring of actions in pursuit of an Air Quality Action Plan can legitimately be sought as a planning obligation, in accordance with Planning Policy Statement 23. There will be a special interest in the impact on air quality arising from developments within or adjacent to an Air Quality Management Area (AQMA), of which there are two existing (Hereford and Leominster) and one proposed (A40 Ross) in Herefordshire.

3.8 Heritage and Archaeology

3.8.1 PPG's 15 (Planning and the Historic Environment) and 16 (Archaeology) provide advice on controls for the protection of historic buildings, conservation areas and archaeological remains. Herefordshire contains a wealth of listed buildings, numerous conservation areas and a variety of archaeological remains, including scheduled ancient monuments and sites of archaeological importance. These sites and buildings constitute unique resources that require protection and enhancement.

3.8.2 Thresholds for contributions:

Where conditions are inadequate, the Council will seek to negotiate a s.106 obligation in relation to development within or affecting conservation areas, listed buildings, archaeological and other heritage features or historic parks and gardens.

3.8.3 How contributions will be calculated and used

The type of agreements and level of contribution will be assessed on a case-by-case basis. Examples of types of development where planning agreements may be negotiated include:

- To control the timing of demolition of a listed building or building in a conservation area. In cases where the demolition of a listed building is required to facilitate a new development a s.106 obligation may be required to control the timing of the demolition works, so that demolition cannot take place prior to the contract being let for the new development;
- Enhancing conservation areas development where works outside the application site are required to offset the impact of the development, for example tree planting within a conservation area;
- Cases where permission would not usually be granted, but enabling works (for example residential development) are required to secure the restoration of a listed building or building in a conservation area. In such cases the developer will be required to ensure the restoration works are completed prior to the completion or occupation of the enabling works; or
- In some cases undertaking excavation and recording of important archaeological remains and other archaeological work may be necessary prior to new development. Normally, required investigations and necessary works will be secured via planning condition, however in certain circumstances it may be necessary to secure these works via a planning obligation.

3.9 Landscape and Biodiversity

3.9.1 **Policy Justification**

The justification for requiring obligations in respect of the natural environment is set out in Circular 05/2005 (Para B16). Planning Policy Statement 9 "Biodiversity and Geological Conservation" sets out the Government's objectives for biodiversity conservation. Policies in the UDP relating to biodiversity are listed in Appendix 2. UDP policy NC7 sets out the requirements for appropriate mitigation and compensatory measures to avoid, minimise or offset the loss of or damage to any biodiversity feature covered by policies NC2 - NC6. Such measures will be at least proportionate to the scale of the loss or impact. Policy NC8 seeks to enhance existing wildlife habitats and provide new habitats wherever possible. The Councils Biodiversity Interim SPD provides further in-depth guidance to these policies. In particular, Section 5.6 on mitigation and compensation and Chapter 6, creating new wildlife habitats and enhancing biodiversity on development sites, provide guidance. Where a proposed development would affect a site of importance, the proposal should seek to avoid adverse impacts on the nature conservation value of the site. If development proposals are likely to so affect sites of biodiversity interest then the Council may seek to enter into a planning obligation with a developer to protect, or reduce harm, to these sites. If adequate mitigation or compensation cannot be secured, planning permission will normally be refused.

3.9.2 Thresholds for contributions:

Planning obligations may be required for any development, which would affect a site, area or feature of biodiversity interest and where required works cannot be secured as part of the application or via planning condition. Obligations will also be sought to help create or restore habitat networks. On larger developments, a comprehensive landscaping assessment, and the provision of additional landscape and habitat protection works beyond the application site, may be secured via a Section 106 Agreement.

3.9.3 How contributions will be calculated and used:

The Council has published its Biodiversity Action Plan, which sets targets to ensure that the county's natural heritage is kept and enhanced. Biodiversity Enhancement Areas are identified within the plan with proposals to identify more. Many innovative projects have been launched to meet these targets. Delivery of the action plan is a key element of work recognised in the Community Strategy. Wherever relevant and appropriate, development proposals will be required to incorporate measures to help implement the action plan.

- 3.9.4 Each case will be unique and it is therefore inappropriate to provide standard formula for contributions towards biodiversity. However, the Council will ring fence any sums received and ensure that contributions are used to enhance existing sites, create new ones or to offset any adverse impacts of development on biodiversity. Possible contributions may be required for:
 - Reinstating riverbanks with new planting to protect the ecological value and continuity of green corridors within the County;
 - Implementing conservation agreements to secure the appropriate management of sites of importance for biodiversity;
 - Mitigation/compensation measures may involve the creation of other sites of at least equal nature conservation value and may include offsetting the loss of habitats by creating new ones;
 - Implementing and/or maintaining landscaping schemes beyond the application site area; and/or
 - Enhancing existing or creating new sites to benefit residential amenity.
- 3.9.5 Herefordshire Biodiversity Partnership and parties other than the Council, such as the Wildlife Trust or Parish Councils, may carry out the spending of developer contributions arising from planning obligations on biodiversity, landscaping or enhancement schemes.

3.9.6 UDP policies LA6 and NC9 require maintenance and management of sites. The Council will, therefore, seek a contractual arrangement possibly supported by a commuted payment prior to the grant of an associated planning permission. In the case of flatted development, a service charge secured by a management company may be the best way of achieving the maintenance or management of a landscaping and/or nature conservation scheme. A management plan or any other obligation involving landscape or biodiversity may also require the involvement of, and consultation with, the appropriate agency, such as the Environment Agency, Natural England or the Herefordshire Wildlife Trust.

3.10 Open Space and Sports Facilities

3.10.1 Policy justification

The justification for requiring obligations in respect of open space and sports facilities is set out in Circular 05/2005 (Para B15). Planning Policy Guidance Note 17 (PPG17) states in Para 33 that 'planning obligations should be used as a means to remedy local deficiencies in the quantity or quality of open space, sports and recreation provision' and that 'local authorities will be justified in seeking planning obligations where the quantity or quality of provision is inadequate or under threat, or where new development increases local need'. It goes on to say, this will be justified where local authorities have undertaken detailed assessments of needs and facilities and set local standards. The Herefordshire Unitary Development Plan also contains policies concerning the provision, protection and enhancement of open space, sports and recreation facilities across the County. These are listed in Appendix 2. Planning obligations will, therefore, be sought to improve the quality and/or quantity of open space provision in a local area; this is in addition to private amenity space provided as part of a scheme.

3.10.2 Assessment of need

In line with PPG17, an audit of open space has been carried out in Herefordshire, and this takes the form of an assessment of not only the existing levels, standards and quality of open space and sports provision in the County, but also future needs as well as under and over supply at the local level. This information will be used to complement interim UDP policy requirements, which are based on the National Playing Fields Association (NPFA) standards. Although the audit of open space took place after the drafting of the UDP, provision was made within the plan for the findings of the audit to inform the requirements placed upon developers in regards to open space and sports provision. The UDP Inquiry Inspector supported this approach.

3.10.3 A preliminary report of the audit indicates:

- there is a lack of quality in the existing open space and recreation provision in the County;
- there are issues concerning accessibility of existing open space and recreation provision;
- there are issues concerning the infrastructure of existing open space and recreation provision; and
- there is an extensive countywide deficiency in the provision of outdoor sports facilities.

3.10.4 Thresholds for contributions

Financial or in-kind contributions towards open space will be required from all residential developments of 6 units or more, or sites of 0.5ha or more. Large-scale commercial sites will be expected to provide areas of landscaped amenity open space of an appropriate size, scale and character within or adjacent to the development. If it is not realistic to make onsite provision, developers may be required to contribute to local green spaces likely to be used by their staff or customers. The threshold at which provision will be required is gross floor space greater than 1000m² or sites of 1 ha or more.

3.10.5 How contributions for open space will be calculated and used

On-site provision

In areas identified in the open space audit as having quantity deficiencies, open space provision will normally be required to be made on site as described in UDP policies H19, RST3 and E8. This will offset the need for off-site provision. However, a maintenance payment will be required if the site is being offered for Council adoption – see Para 3.10.11 below. The provision should always relate to the development it serves in scale and nature and should be capable of use for a range of uses across a range of ages. Until the open space audit is adopted, the Council will use the National Playing Fields Association (NPFA)

standards for the minimum amount of open space to be provided. The standards require 2.4 hectares of outdoor playing space per 1000 population and, in addition, the Council require 0.4 hectares of public amenity open space per 1000 population – these requirements are set out in UDP Policy RST3.

3.10.6 The population arising from new residential development will be assessed by assuming an average persons per dwelling from the 2001 Census. From this, the area of open space that a development should provide according to NPFA standards will be calculated. In cases involving redevelopment or conversion of existing residential properties, the population from dwellings lost will be discounted. Guidance and requirements concerning the location and layout of on-site provision and types of equipment expected can be obtained from the Council's Parks and Countryside Department. On-site playing fields may be sought on very large sites and the developer will be required to lay out the pitches and provide pavilions with changing rooms, parking and all appropriate support infrastructure. In certain circumstances developers may be required to make provision above that required by the adopted standards, such as structural or shelter planting to reduce noise; measures to control ground water, prevent flooding or promote sustainable urban drainage; or measures to protect biodiversity or promote nature conservation.

3.10.7 Off-site provision

In most circumstances, (especially for small developments where it is not practical for open space or recreation facilities to be provided on site, since it would be too small to be of any practical use) it is likely to be more appropriate to seek financial contributions towards offsite provision of open space or recreation facilities. For residential development this will be based on the size of development proposed and the cost of acquiring and laying out a typical public park, sports area, children's play area or informal/natural green space, which would meet the requirements of NPFA standards. These contributions will be used for the enhancement of existing open space provision within the immediate locality of the development to bring them up to standard or the enhancement/upgrading of key strategic facilities in the locality. The open space audit points to a need for substantial qualitative improvements to many open space areas to meet the needs of both the existing population and those occupying new developments. The Council will have regard to the findings of this audit in seeking contributions to off-site provision. Finally, there may be other forms of recreational provision, often in the form of projects such as skateparks which may arise in response to a specific need where the contribution will be negotiated on a case by case basis.

3.10.8 For industrial and commercial development (including commercial leisure and retail), the Council consider it appropriate to base the level of contribution in line with that established for residential development, i.e. NPFA standards should be met for each employee. The Council recognises, however, that the use of open space by employees and visitors to commercial developments will be unlikely to involve the use of equipped play space and this will therefore be excluded from the calculation.

3.10.9 Figure 6: Calculation for Off-Site Provision of Open Space

The calculation for residential development will be based on the following information:

- Average number of persons per dwelling currently 2.32 from the 2001
 Census
- The NPFA standard for the provision of outdoor playing space of 28m² per person
- The provision cost and maintenance per m² of outdoor open space

The calculation for commercial development will be based on the following:

- The number of employees expected to be working in the proposed development
- The NPFA standard for provision of outdoor open space less children's equipped play space
- The provision cost and maintenance per m² of outdoor open space

3.10.10 The composition of the NPFA standard and the cost of provision and maintenance are set out in the following table.

Recreation Type	NPFA standard/ m2	Provision cost maintena nce/ m2	Contribution/ person
Parks & Gardens	4	£66.82	£267.29
Sport Space	16	£66.40	£1062.40
Equipped Children's Play	8	£54.02	£432.16
Natural Green space		£14.40	
Informal Green space		£11.60	
Total	28		£1,761.85

3.10.11 **Maintenance**

In addition to the actual provision of open space where it is required on-site, a payment by the developer of a commuted sum to cover a 20-year cost of maintenance is also required. The tariff for calculation of commuted sums is updated annually, and can be obtained from the Council's Parks and Countryside Department. On payment of the commuted sum and when all liabilities for construction, equipment and maintenance have been met to the satisfaction of the Council, the open space will be transferred to the Council. If developers do not intend to offer these areas for adoption, the Council will need to be satisfied that alternative arrangements have been made for their long-term maintenance, usually through some form of private management agreement.

3.10.12 Sports Facilities

Off site contributions through financial payments will also be sought for community sports and recreation facilities including indoor facilities, as per the advice of Sport England, on residential developments in order to meet the government's national strategy for improving sport and physical activity. These contributions are to be directed to the key strategic facilities within the locality in which the development is proposed. Sport England has developed a "calculator" to determine the level of contribution required towards these facilities, which will be utilised by Herefordshire Council.

3.10.13 Public Rights of Way (PROW)

Contributions may be also required towards public rights of way where such routes are affected or development is located in a sector where the upgrading and enhancement of the PROW network is a key strategic priority. The PROW network in Herefordshire benefits the County has a whole and forms a dual role in regards to recreation and countryside access opportunities. Schemes that affect the PROW network may be required to either re-route or enhance and mitigate the effect on the network and implement any modifications to acceptable standards. The Edgar Street Grid area in Hereford is a good example of where planning obligations may be used to enhance or create public rights of way.

3.11 Town Centres, Community Safety and Public Realm

3.11.1 Policy Justification

The justification for requiring obligations in respect of town centres, community safety and the provision of areas of public realm, is set out in Circular 05/2005 (Para's B15- B19). Government Guidance (PPS6 Planning for Town Centres) states that 'it is essential that town centres provide a high-quality and safe environment if they are to remain attractive and competitive.' Well-designed public spaces and buildings, which are fit for purpose, comfortable, safe, attractive, accessible and durable, are all key elements which can improve the health, vitality and economic potential of a town centre. Circular 5/94 "Planning Out Crime", states that crime prevention can be a material consideration when planning applications are considered. Financial contributions from developers are highlighted in the Circular as a potential way that businesses can support town centre schemes to increase the feeling of community safety and benefit those businesses in the process.

3.11.2 The Council expects, in accordance with UDP policy DR1, that public art should be incorporated as an integral part of development, in order to offset the loss of, or impact on, any amenity and to contribute to the quality of the development and of the public space in the surrounding area. In appropriate circumstances a planning obligation may be required to achieve the above benefits.

3.11.3 Assessment of Need

Policy TCR2 of the UDP states that: 'the vitality and viability of Hereford city centre and the market towns will be maintained and enhanced by the following means.... (5). Seeking planning obligations to secure improvements to the public realm including public art, contributions to traffic management and environmental enhancement schemes, helping to make town centres more attractive places to visit.' Section 7.7.1R – 7.7.49R of the Herefordshire UDP sets out the background and objectives for the Council's approach to the regeneration of Hereford City - on the area of land known as the Edgar Street Grid (ESG). The Council are producing a separate Supplementary Planning Document (SPD) setting out an urban design framework for the regeneration of the ESG area. UDP policies TCR20R, 21R, 22R and 23R specifically refer to developer contributions: 'A financial contribution to the planning obligations identified will be sought, ensuring the overall aims of the Edgar Street Grid proposals are met.'

3.11.4 Thresholds for Contributions

All major developments in Hereford or the Market Towns will be expected to contribute to art in the public realm, community safety or town centre regeneration. A major scheme will be regarded as one where, in the case of residential development, the number of dwellings to be constructed is ten or more or where the site area exceeds 0.5 hectares. For all other forms of development, particularly commercial/retail development, the following thresholds shall apply:

- New schemes/extensions/changes of use over 200 sq.m gross floor area;
- A3/A4/A5/D2 uses over 100 square metres gross floor area;
- For major developments, regarded as those where the gross floor space to be created is 1000 square metres or above, or the site area covers 1 hectare or more, it is preferable for developers to make direct improvements to the public realm (subject to agreement as to the specific nature of the works), to a standard satisfactory to the Council, in lieu of making contributions.

Consideration will also be given to smaller development including regeneration projects in prominent town or village locations or those abutting public open space.

3.11.5 How contributions will be calculated and used

General Town centre Improvements and Community Safety Measures

Development requirements and contributions will be directly related in scale and kind, and the type and level of contribution will ultimately be based on the location, nature and scale of

the proposal. It will also depend upon a scheme's potential impact and the estimated cost of providing the requisite measure(s) identified in connection with the development to be implemented.

- 3.11.6 Depending on the scheme, the type of enhancement projects and measures will generally fall within the following broad areas:
 - Landscape works including the provision and maintenance of public space
 - Street furniture and lighting
 - Litter management and recycling
 - Crime prevention and safety e.g. CCTV
 - Improved public transport
 - Accessibility measures and/or associated highway works
 - Signage
 - Public facilities i.e. toilets and crèches
 - Promotion and marketing
 - Car parking improvements/park and ride facilities and management
- 3.11.7 In-terms of community safety, measures may include the design and layout of the scheme, lighting, CCTV cameras and works to existing pathways or other routes. In most cases, safety and security measures will be provided as an integral part of the development, or will be required by planning condition. In exceptional cases, a planning obligation may be sought towards strategic safety and security measures in order to create a safer environment within the area of the proposed development. In particular, contributions towards strategic safety and security measures will be sought from the following developments:
 - All new major development proposals for leisure, entertainment and hotel developments, which are likely to attract clientele beyond 8.00pm at night;
 - All late night cafes/restaurants, public houses and nightclubs which seek to attract clientele beyond 8.00pm at night; or
 - Major town centre developments that will generate significant visitor numbers and trip movements, assessed on a case-by-case basis.
- 3.11.8 The costs of providing the necessary safety and security measures will be negotiated on a case-by-case basis pursuant to the location, nature and scale of the development and the type of safety and security measures which are identified as being necessary. In the case of CCTV schemes, where it is considered necessary to improve or provide a public CCTV scheme (which will be limited to town, district or local centres, public space and industrial estates), the Council may seek contributions towards the full or partial costs of a CCTV scheme. The cost of providing a CCTV camera, linked to the central control room, is in the vicinity of £25,000 £30,000. A full breakdown of the costs of providing a CCTV scheme in Herefordshire is outlined in Appendix 4. A contribution from developments towards the cost of provision would need to be commensurate with the location, scale and nature of the proposal.

3.11.9 Edgar Street Grid

Regarding the ESG proposals, paragraph 7.7.15R of the UDP stipulates that the Plan policies for the grid area include a number of requirements to support regeneration. Developers will be expected to make financial contributions to these in compliance with policy DR5 of the Plan. Contributions may be expected from schemes outside of the Grid where appropriate, including those arising elsewhere in the city centre. The main requirements are:

- Provision of new and improved pedestrian/cycle routes to ensure good linkages through the site connecting the Grid developments to the existing fabric of the city, including the Courtyard theatre and the railway station;
- Contribution to the provision of park and ride facilities to serve Hereford and improve access to the area;
- Public realm improvements including enhancements to the railway station providing improved access for pedestrians, cyclists and drop-off facilities, and to the historic area around the Coningsby Hospital and the Blackfriars Friary;
- Provision of enhanced public transport facilities;
- The road link between Edgar Street and Commercial Road and extension of Canal Road:
- Provision of canal basin, wharfage, and visitor centre;
- A flood alleviation scheme utilising the Widemarsh Brook;
- Relocation of the Hereford Livestock Market; and
- Provision of public offices and library.

3.11.10 Public Art

Public art comprises permanent or temporary works of art visible to the general public, whether part of the building or free-standing, and can include sculpture, fine art, water features, lighting effects, street furniture, new paving schemes, clocks, murals and signage, live art (exhibitions and performances), stained glass windows, textiles such as tapestries and flags, and metalwork such as gates and fences. In whatever form, public art has one consistent quality – it is site-specific and relates to the context of a particular site or location. Public art can improve the quality of the public realm and add to the process of local regeneration. Installing works of art in public places is a permanent means of improving the quality of the environment, which can contribute to the creation of a sense of place and local identity in public buildings, commercial developments, streets and parks. In improving the quality of a public space, public art can contribute to the overall value of a new development and hence increase its marketability. A successful scheme can make good commercial sense in that it helps set a building or development apart.

3.11.11 The Council will seek to ensure that the cost of public art provided in association with new developments equates to approximately 1% of gross development cost (excluding land values) of a development project. This approach follows the "Percent for Art" campaign sponsored by the Arts Council, which aims to improve the built environment by employing the talents of artists and craftspeople. The Council prefers that the artwork be incorporated into the development, or that the developer commission's specific work to be part of the public space surrounding the building. Where it is shown that the artwork cannot be incorporated within the development, the Council will expect a financial contribution equivalent to 1% of the gross development cost. The financial contribution will be utilised to provide public art within the vicinity of the development, and may be pooled with other contributions. The Council will require an estimate of the building costs in order to assess the "percent for art" contributions. Developers will be encouraged to consult with artists, craftspeople, as well as the local community, at an early stage in the design process (preferably prior to the submission of a planning application) to promote social cohesion and the proper integration of the public art feature. The obligation should clarify the procurement and management process, location of the works, timetable for works, ownership, insurance and maintenance issues.

3.12 Waste Reduction and Recycling

3.12.1 Policy Justification

Planning Policy Guidance Note 10 'Planning and Waste Management' (1999) sets a policy framework for sustainable waste management. The Council is promoting a strategy of waste minimization through the development of recycling services and the reduction and reuse of materials currently going to landfill. The Council has made recycling one of its top priorities in its Corporate Plan 2006-9. In addition the Joint Municipal Waste Management Strategy for Herefordshire and Worcestershire 2004-2034 sets out the strategic context for waste management and disposal across the County as well as laying down recycling targets. The Council is looking to achieve a recycling rate of 30% by 2010.

3.12.2 Thresholds for Contributions

Developer contributions will be required from residential developments on sites of 10 or more dwellings or a site area of 0.5 ha or more (in line with the definition of significant development as set out in the Statement of Community Involvement) towards recycling initiatives depending on the development and particular site characteristics.

- 3.12.3 As part of the objective to encourage the recycling of waste and to ensure that all development is of a high standard of design and layout, the Council will normally expect all development to:
 - ensure adequate facilities for storage and collection of waste/recyclable materials are provided per dwelling (for developments involving flats, a recycling storage area with drop fronted bins will need to be provided on site); and
 - kitchen sink waste disposal units are provided per dwelling/unit; and
 - depending on the scale of development, either require the provision of a local, public recycling facility within a development site or secure a financial contribution towards the provision of, or improvements to, such a facility off-site, but in the locality.

3.12.4 How contributions will be calculated and used

On sites of 10 or more dwellings the Council will normally expect a financial contribution towards the cost of a local recycling facility if the proposed development is in a location where there is an existing deficiency. On residential developments of 50 or more dwellings the Council will normally require the provision of a local recycling facility on site. Where this cannot genuinely be provided a financial contribution equivalent to the cost of providing and equipping a local recycling facility shall be paid to the Council. The inclusion of a neighbourhood recycling centre may be justified in larger developments (i.e. more than 200 units).

- 3.12.5 Recycling facilities provided as part of a new development shall be provided at an early stage in the development and shall normally be open for public use prior to any of the dwellings for that part of the estate having been completed and occupied. Prospective developers are encouraged to ensure that the occupants of new dwellings are able to minimise the amount of waste they produce. A storage space should always be provided for recoverable materials and, wherever practicable, facilities should be provided for home composting.
- 3.12.6 The day-to-day revenue costs of collection and recycling will be covered through householder's Council Tax.

3.12.7 Figure 7: Calculation for Off-site Provision of Recycling and Refuse Facilities

Contributions towards recycling and household waste facilities will be sought in accordance with the guidelines outlined above. The financial contribution, in lieu of onsite provision, is £120 per dwelling.

Appendix 1 Standard Form of Unilateral Undertaking

[insert date in following format: day month year eg 20 January 2006]

UNILATERAL UNDERTAKING

GIVEN BY

[NAME - note 1]

Pursuant to Section 106 of the Town and Country Planning Act 1990 (as amended)

IN RESPECT OF

[STATE ADDRESS - note 4]

THIS DEED is made on the [state day eg 20] of [state month eg January] [state year eg 2006]

BY [state name - note 1] [address - note 2] ("the Owner")

WHEREAS

- (1) The Owner is the registered proprietor at H M Land Registry under title number [state title number note 3] of the Land
- (2) The Council is the Local Planning Authority for the purposes of the Act for the County of Herefordshire within which the Land is situated
- (3) The Owner has by the Application applied to the Council for permission to develop the Land
- (4) The Owner has determined to enter into a unilateral planning obligation by way of this deed as hereinafter set out with the intent that the covenants by the Owner contained in Schedule 2 hereto shall be planning obligations for the purposes of Section 106 of the Act

NOW THIS DEED WITNESSES as follows:-

1. Definitions and interpretation

In this Deed:

- 1.1 "the Act" means the Town and Country Planning Act 1990 (as amended)
- 1.2 "the Application" means a written application registered on the [state date in following format: eg "29 June 2006"] and numbered [state application number] applying to the Council for planning permission in respect of the Land
- 1.3 "Commencement of the Development" means the carrying out of a material operation as defined in Section 56(4) of the Act in relation to the Development
- 1.4 "the Council" means Herefordshire Council and its successors in title as the Local Planning Authority for the County of Herefordshire
- 1.5 "the Land" means the land described in the First Schedule hereto
- 1.6 "the Planning Obligations" means the covenants by the Owner contained in the Second Schedule hereto
- 1.7 "the Planning Permission" means a planning permission granted (whether by the Council or otherwise) in respect of the Application
- 1.8 "the Development" means such development as may be authorised by the Planning Permission
- 1.9 Words importing one gender shall be construed as importing any other gender
- 1.10 Words importing the singular shall be construed as importing the plural and vice versa
- 1.11 The clause and paragraph headings in the body of this Deed and in the Schedules hereto do not form part of this Deed and shall not be taken into account in its construction or interpretation

2. The Planning Obligations

- 2.1 The Planning Obligations are planning obligations for the purposes of Section 106 of the Act
- 2.2 The Council is the Local Planning Authority by whom the Planning Obligations are enforceable
- 2.3 Any person deriving title from the Owner shall not be bound by the Planning Obligations during any period in which he no longer has an interest in any part of the Land

3. Council's Legal Costs

The Owner shall pay the Council upon the date hereof its legal costs of £190 (ONE HUNDRED AND NINETY POUNDS) in connection with the assessment of this Deed and its registration as a local land charge

IN WITNESS whereof this instrument has been executed as a Deed by the Owner the day and year first before written

THE FIRST SCHEDULE

The Land

[state address of the land here - note 4] in the County of Herefordshire shown for the purposes of identification only edged red on the plan attached hereto.

THE SECOND SCHEDULE

Covenants by the Owner - the Planning Obligations

[select the appropriate clause(s) from the four set out below and delete those not required -note 5]

1. Contribution to recreational space and facilities

The Owner hereby covenants with the Council that the Owner will pay to the Council prior to the Commencement of the Development the sum of [state sum - note 6] for expenditure on the provision, improvement and/or maintenance of either:

- a) Local recreational space and facilities; or (as the Council shall determine)
- b) Strategic recreational space and facilities within the administrative area of the Council

PROVIDED THAT in this clause "local" means situated within 1 mile of the Land and "strategic" means intended for the use and benefit of all persons living or working within the administrative area of the Council

2. <u>Contribution to traffic and highways measures</u> [renumber this paragraph if necessary - note 7]

The Owner hereby covenants with the Council that the Owner will pay to the Council prior to the Commencement of the Development the sum of [state sum - note 6] for expenditure on

the provision and/or improvement of any traffic management and/or highways measures (including the promotion, making and implementation of any associated Traffic Regulation, Parking or other formal Order or Notice) which the Council in its capacity as Highway Authority or Traffic Authority shall deem to be appropriate in consequence of the implementation of the Development

3. <u>Contribution to public transport improvements</u> [renumber this paragraph if necessary - note 7]

The Owner hereby covenants with the Council that the Owner will pay to the Council prior to the Commencement of the Development the sum of [state sum - note 6] for expenditure on the provision of improvements to public transport services and facilities (including the provision and/or enablement of bus services, Park and Ride facilities and traffic management and highways measures) which serve the administrative area of the Council

4. <u>Contribution to car club scheme</u> [renumber this paragraph if necessary - note 7]

The Owner hereby covenants with the Council that the Owner will pay to the Council prior to the Commencement of the Development the sum of [state sum - note 6] for expenditure on the establishment operation and/or expansion of a car club scheme of which membership will be available to persons residing in the Development

PROVIDED THAT in this clause:

- a) "car club scheme" shall mean a scheme approved by the Council and having the aim of reducing reliance on private vehicle use by making available conveniently accessible vehicles for hire by persons who are members of the scheme.
- b) "establishment operation and/or expansion" shall include the promotion making and implementation of Traffic Regulation or Parking Orders, the carrying out of consultation, research and/or publicity in connection with any car club scheme and/or the administration of any car club scheme

5. Provision for Index Linking renumber this paragraph if necessary - note 7

5.1 In this clause:

- 5.1.1 "the Index" means the All Items Retail Prices Index published by the Office for National Statistics or any publication substituted therefore
- 5.1.2 "the Increase" means the amount (if any) by which the Index for the month preceding the date of payment of an amount pursuant to the provision of this Deed exceeds the Index for the month immediately preceding the date of this Deed
- 5.1.3 "the Base Figure" means any sum payable pursuant to the provisions of any preceding clause of this schedule
- 5.1.4 "Additional Payment" means the sum that bears the same proportion to the Base Figure as the Increase bears to the Index for the month immediately preceding the date of this Deed.
- 5.2 The Base Figure shall be increased by the Increase and the Owner hereby covenants with the Council that it will pay to the Council any Additional Payment at the same time it shall pay the Base Figure to which it relates **PROVIDED ALWAYS THAT**

- 5.2.1 If the reference base used to compile the Index shall change after the date of this Deed then the figure taken to be shown in the Index after the change shall be deemed to be the figure, which would have been shown in the Index if the reference base current at the date of this Deed had been retained
- If it becomes impossible by reason of any change after the date of this Deed in the methods used to compile the Index or for any other reason whatever to calculate the Additional Payment by reference to the Index or if any dispute or question whatever shall arise between the Owner and the Council with respect to the amount of the Additional Payment or the construction or effect of the provisions of this clause then the determination of the Additional Payment or other matter of difference shall be determined by an Arbitrator who shall be appointed either by agreement of the Owner and the Council or (in the absence of agreement) by the President for the time being of the Royal Institution of Chartered Surveyors (or any person authorised by him to make appointments on his behalf) on the application of either the Owner or the Council and who shall have full power to determine on such date as he shall deem appropriate what would have been the increase in the Index had it continued on the basis and in view of the information assumed to be available for the operation of this Schedule or (if that determination shall also be impossible) to determine a reasonable Additional Payment having regard to the purposes and intent of the provisions of this clause
- 6. Monitoring Fee renumber this paragraph if necessary *note 7*

The Owner covenants that, upon receipt of a notice in writing from the Council, the Owner shall pay to the Council the sum of state sum - *note 8* as a contribution towards the Council's costs of monitoring the implementation of this Deed

EXECUTED as a deed by:-	
[state name - note 1]	
In the presence of :-: [note 9]	
Witness signature	
Witness name:	
Witness address:	

Appendix 2 – UDP Policies

Topic	Community Strategy Ref	UDP Policy	Associated Obligations
Development Requirements		DR1 DR3 DR4 DR5 DR7 DR10	Public art Pedestrian and cycle requirements Public transport/access Open space provision Education Protection of biodiversity Environment benefits Flood defence and alleviation
Housing		H2 H3 H5 H6 H7 H8 H9 H10 H13 H19	Affordable housing Open space Landscaping Infrastructure Pedestrian and cycle facilities Children's play areas
Employment		E1 E2 E7 E8	Open space Infrastructure Landscaping Residential amenity Pedestrian, cycle and public transport access
Town Centre and Retail		TCR2 TCR20R thru TCR23R TCR25R	Improvements to the public realm Traffic management contributions Environmental enhancement scheme Pedestrian and cycle links Community safety/CCTV Affordable housing Infrastructure
Transport		T1 T6 T7 T10 T14	Traffic management measures Road schemes Pedestrian and cycle schemes Safer routes to school
Landscape		LA2 LA3 LA4 LA5 LA6	Landscape schemes including enhancement Replacement planting
Nature Conservation		NC5 NC7 NC8 NC9	Habitat protection or replacement Management of habitats and species
Archaeology		ARCH6 ARCH8	Excavations and recordings Management strategies including access
Recreation, Sport and		RST1 RST3	Establishment of new facilities Enhancement of existing facilities

Tourism	RST4	Provision standards	
		Replacement provision	
Minerals	M3	Mitigation of impact	
Community	CF5 Pedestrian and cycle access and		
Facilities	CF6	facilities	
	CF9	Alternative/new provision	

- Policy DR3 provides the access, design and layout requirements for any new development relative to vehicular and pedestrian/cyclist movements.
- Policy DR9 makes clear the air quality issues to be addressed and any mitigation measures.
- Policies S1/S2 set out the transport related requirements for new development and sustainable development.
- Policy S6 seeks to reduce the need to travel, promotes alternative modes, infrastructure implications and safeguarding land.
- Policy T1 encourages new or improved public transport facilities and interchange between all modes.
- Policy T2 sets out the requirements for park and ride schemes.
- Policies T3-T5 seek to support/safeguard additional land/facilities for rail use.
- Policies RST7 and RST9 support and protect current or previously used water corridors where their recreational use complements sustainable transport.
- Policies T6/T7/T14 support improvements and access to existing and new walking/cycling routes.
- Policy T10 protects land for road improvements/new roads to ease congestion.
- Policies T11/T12 set out the requirements for parking provision support to re-use of private parking areas and the limitation of non-residential provision within Hereford central area.
- Policy T13 outlines the benefit of traffic management schemes to improve traffic flow, safety and the local environment.
- Policies TCR20-TCR23 make up the land use proposals for the Edgar Street Grid area setting out access and urban design requirements.

Stage	Action	Responsibility
Pre Application	Applicant to consider relevant SPD and UDP policies prior to submitting application and submit draft Heads of Terms for planning obligations if appropriate.	Applicant/ Officer
	—	
Application Submitted	Application on hold until draft Heads of Terms received	Case Officer
	•	l I
	Notify Members, Parish Councils and other interested consultees of likely planning obligations.	Case Officer
	\downarrow	
	Major Development Project Board meets to consider proposal and identify areas for negotiation and agreement.	Officer Group
	—	•
	Heads of Terms finalised for inclusion in Committee report	Case Officer
	•	
Committee	Consider application with Heads of Terms included in Committee report. If proposal acceptable grant permission subject to completion of planning obligations with time frame for completion imposed.	Committee
	V	
Post Legal Agreement Completion	Copy of legal agreement, planning permission sent to applicant, Planning Obligations Monitoring Officer and other officers as necessary.	Legal/Case Officer
	<u> </u>	•
	Statutory Register updated to show permission granted, copy of S106 placed on register.	Admin
	•	ı
	Agreements and consents registered as local land charges.	Legal
	•	•
	Agreement registered as a charge against the title at HM Land Registry (if appropriate).	Applicant
	V	I
Monitoring	Details of agreement including clauses and triggers recorded on database and linked to implementation of planning permissions.	Monitoring Officer
	<u> </u>	•
	Fulfilment of applicant's and Council's obligations monitored and recorded on database along with UDP policy ref. Compliance enforced as necessary.	Monitoring Officer

Appendix 4: Costs of Providing CCTV

HEREFORDSHIRE CCTV

BUDGETARY COSTS FOR THE INSTALLATION OF CCTV

Please note the following price information is for guidance only and is subject to detail site survey and clarification of individual requirements. Additional camera sites may or may not involve additional monitors, display devices and recording systems, dependant on usage of spare capacity of the existing system or requirement to maintain spare capacity. Prices exclude additional control protocol driver equipment or data distribution equipment, as this will depend on system size at time of camera addition.

		£
1	20" Colour Photo-Scanner Camera on Building	3,840
2	20" Colour Photo-Scanner on 6m TC Pole	6,105
3	20" Colour Photo-Scanner on 8m TC Pole*	6,860
4	20" Colour Photo-Scanner on 10m TC Pole*	7,208
5	Adjustment for "Heritage" style top cowl on dome	+170
6	Adjustment for pole base by other	-700
7	General Control Room works and Project Management	1,620
8	Additional Quad Display Unit	694
9	8 x Channel Multiscope III System DVR	13,750
10	16 x Channel Multiscope III System DVR	16,290

^{*}Combination camera / lamp poles

In addition to the above one off capital costs a contribution towards annual running costs would be levied. As a budgetary guide this figure would be in the region of £3,000 per annum.

Pricing Notes

- 1. Pricing within the above schedule has been provided as <u>BUDGETARY GUIDANCE</u> <u>ONLY, SUBJECT TO CONFIRMATION OF DETAIL AND DOES NOT FORM A FORMAL QUOTATION.</u>
- 2. Please note that Fibre Optic links are supplied under direct contract with BT RedCare Vision and are excluded from the above prices.
- 3. It is assumed that all wayleaves, permissions and searches would be undertaken by others, where necessary.
- 4. Price excludes any costs for Street Licences, if applicable
- 5. Prices exclude new electricity supplies, where required.

Appendix 5 Summary of Planning Obligations

Subject	Contributions sought from	Formulae	Contribution to go towards
Accessibility, Transport and Movement	All developments that cause increased trips and have a wider transport impact can be expected to contribute All developments of 6 or more dwellings	Each contribution is based on the number of person trips created from each new development. In line with government guidance, the charges indicated in Figure 1 will not be applied rigidly in all circumstances without regard to the context of an individual application and site	Contributions to on/off site mitigation measures; transport infrastructure; LTP measures; UDP policies.
Affordable Housing	Where 15 or more dwellings are proposed in Hereford and the market towns (except Kington) or 6 or more dwellings are proposed in the Main Villages (including Kington).	The Council will seek an indicative target of 35% affordable housing. In circumstances where a financial contribution is offered to provide affordable housing elsewhere in the County, the following formulae will be applied: Cost of constructing affordable element of proposed scheme + cost of serviced land in the area of the application site + professional/legal fees (See Figure 2 on page 26).	Providing affordable housing on site. Providing a contribution to an affordable housing scheme elsewhere
Community Services	Any proposal that results in the loss of a community service and/or involves a proposal of 6 or more dwellings Commercial schemes where floor space is greater than 1000m² or involving sites of 1 hectare or more. Smaller schemes may also be expected to contribute if they have an identifiable impact	Based on need, assessed on a case by case basis	Contributions towards providing community buildings/infrastructure — including equipment and maintenance
Community Centres/Youth Centres/Halls Library Services	Typically residential development exceeding 200 dwellings All developments of 6 or more dwellings	Based on need, assessed on its scale and impact on a case by case basis For residential development, provision is	Contribution to new/improved community buildings/facilities/equipment Contributions towards new/improved library
		based on 30sq.m of library space per 1,000 population. Where a financial contribution is made, it is calculated on the basis of construction and equipment cost of £2880 per sq.m. The contribution required is	services/buildings/equipment

		therefore:	
		Number of persons generated x £86 per person (£2880 x 30/1000)	
Educational Contributions	Residential developments of 6 or more dwellings	Cost per dwelling = Pupil Yield x No. of year groups x Building Cost Multiplier	Not all residential developments will create a need for school places. Therefore, the following types of residential accommodation will not be subject to education contributions: sheltered housing, rest homes, nursing homes, hostels, student accommodation, holiday homes, or one bedroom units. Rural exception sites will also be exempt.
Employment and Training	Commercial schemes with a gross floor area of 2500 sq m or more, both new developments (including extensions) and changes of use.	Each proposal will be assessed on its scale and impact	Employment/training schemes/programmes and/or facilities
Flood Risk and Air Quality	Any development where conditions are inadequate	Where flood risk assessment identifies mitigation measures are necessary	Flood/air quality assessments/mitigation measures/improvement schemes/infrastructure
Heritage and	Where development	Assessed on a case by	Mitigation measures/
Archaeology Landscape and	conditions are inadequate For any development which	case basis Assessed on a case by	enhancement schemes Mitigation, compensatory
Biodiversity	would adversely affect an identified Special Wildlife Site (SWS), Site of Importance for Nature Conservation (SINC), or an important ecological area or feature	case basis	measures/ enhancement schemes
Open space	Residential developments of	The calculation for	Provision of new/improved
and sports facilities	6 or more dwellings Commercial developments exceeding 1000 sq m / 1ha or	residential development will be based on the following information:	sport/recreation facilities and/or their maintenance either on site or elsewhere
	more	 Average number of persons per dwelling – currently 2.32 from the 2001 Census The NPFA standard for the provision of outdoor playing space of 28m² per person The provision cost and maintenance per m² of outdoor open space The calculation for commercial development will be based on the following: 	

Public Realm	All developments of 10 or more dwellings	The number of employees expected to be working in the proposed development The NPFA standard for provision of outdoor open space less children's equipped play space The provision cost and maintenance per moderate of outdoor open space Based on the location, nature, scale and impact of	Contributions towards enhancement/improvement
	Commercial/Retail Schemes incl extensions/changes of use over 200 square metres gross floor area; Retail and leisure uses (A3/A4/A5/D2) uses over 100 square metres gross floor area; For major developments (1000 sq m or above), developers will be expected to make direct improvements to the public realm to a standard satisfactory to the Council, in lieu of making contributions	the proposal. Assessed on a case by case basis	schemes/public safety/public art/infrastructure/equipment and/or maintenance, either on site or elsewhere
Community Safety	All new major development proposals for leisure, entertainment and hotel developments, which are likely to attract clientele beyond 8.00pm at night; All late night cafes/restaurants, public houses and nightclubs which seek to attract clientele beyond 8.00pm at night; or Major town centre developments that will generate significant visitor numbers and trip movements, assessed on a case-by-case basis.	The costs of providing the necessary safety and security measures will be negotiated on a case-by-case basis pursuant to the location, nature and scale of the development and the type of safety and security measures which are identified as being necessary	Contributions towards enhancement/improvement schemes/public safety/public art/infrastructure/equipment and/or maintenance, either on site or elsewhere
Public Art	All developments of 10 or more dwellings Commercial developments exceeding 1000 sq m	The Council will seek to ensure that the cost of public art provided in association with new developments equates to approximately 1% of gross development cost.	Contributions towards enhancement/improvement schemes/public safety/public art/infrastructure/equipment and/or maintenance, either on site or elsewhere
Waste Reduction and Recycling	All developments of 10 or more dwellings On residential development of 50 or more dwellings the Council will normally require the provision of a local recycling facility	Contribution towards the cost of a local recycling facility if the proposed development is in a location where there is an existing deficiency Contributions towards	

The inclusion of a neighbourhood recycling centre may be justified in larger developments (i.e. more than 200 units)	recycling and household waste facilities will be sought in accordance with the guidelines outlined above. The financial contribution, in lieu of onsite provision, is £120 per dwelling.	
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Herefordshire Local Development Framework

Draft Planning Obligations SPD - Sustainability Appraisal Report





February 2007

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A. Non-Technical Summary

- A.1. As the role of an SPD is to expand on the provisions of existing policies, the Sustainability Appraisal of the Planning Obligations SPD has focussed on assessing the effects of the SPD over and above the policies to which it relates.
- A.2. Planning obligations are a valuable way of bringing development in line with the objectives of sustainable development. The SPD is therefore expected to have a very positive impact on those matters that obligations would seek to address, such as the supply of affordable housing and sustainable transport.
- A.3. A Scoping Report for the Sustainability Appraisal was prepared in October 2006. This was based on the General Scoping Report prepared for the Sustainability Appraisal of the LDF. The Planning Obligations Scoping Report provides a review of a range of national, regional and local strategies and baseline data and was used to identify key sustainability issues for the SPD. The Scoping Report was consulted on in November 2006, comments received have been incorporated into this appraisal.
- A.4. A requirement of the appraisal is to develop and consider the sustainability or otherwise of options in relation to the SPD production. Four options were outlined in the Initial Consultation Paper on the Planning Obligations SPD and Planning Obligations Scoping Report:
 - Option 1 No SPD approach, 'ad-hoc' negotiations on a case-by-case basis
 - Option 2 Qualitative guidance, using comprehensive framework of guidance specifying type of contributions, in respect of particular forms and size of development.
 - Option 3 Quantitative guidance, comprehensive guidance not only on type of contributions but the size of contributions using a formulae to calculate.
 - **Option 4** Tariff Approach, a calculation of a tariff that is to be given to each new unit built.
- A.5 Consultation on these options was carried out under Regulation 17 of the Local Development Regulations in Summer 2006. The results of that consultation are contained in the Consultation Statement accompanying the draft SPD.
- A.6 The strengths and weaknesses of each option have been appraised as part of this report and are summarised in Figure 1. The appraisal set out in Appendices 2-4, confirms that the use of Planning Obligations can have a positive impact on those matters which obligations seek to address. The decision to choose Options 2 & 3 as the preferred approach is based on more practical considerations and issues of transparency, rather than on sustainability considerations.
- A.7 Further information on the production of a SA or SEA can be found in the following documents:
 - PPS 12 Local Development Frameworks (ODPM)

- Sustainability Appraisal of Regional Spatial Strategies and Local Development Frameworks (OPDM November 2005)
- SEA Directive 42/2001 on the Assessment of the Effects of Certain Plans and Programmes
- The Environmental Assessment of Plans and Programmes Regulations (2004)

A.8 All the document referred to in sections A1-A7 can be found on the Council's website.

<u>Figure A1 – Appraisal of likely significant effects of the Planning Obligations SPD</u>

SA Objective	Cumulative Effect
To support, maintain or enhance the provision of high quality, local or easily accessible employment opportunities	©
Secure a more adaptable and higher skilled workforce	©
Maintain or enhance conditions that enable sustainable economic growth and investment without environmental damage.	☺
Reduce road traffic and congestion, pollution and accidents and improve sustainable transport choices	☺
Improve the health of the people of Herefordshire, reduce disparities in health	©©
Improve access to and engagement in quality cultural, educational, leisure, recreational and community activities for all	©©
Enhance the function and vibrancy of town centres	☺
Raise educational achievement levels across the County	©©
Reduce and prevent crime/fear of crime and antisocial behaviour in the County	©
Provide everyone with the opportunity to live in decent, affordable housing	©
Reduce the amount of waste requiring disposal and minimise the use of non-reusable materials and encouraging recycling	©©
Conserve and enhance Herefordshire's habitats and biodiversity	©
Use natural resources and energy more efficiency	⊜
Maintain and enhance the landscape quality of Herefordshire, including its rural areas and urban open spaces	⊜
Reduce Herefordshire's vulnerability to the impacts of climate change as well as its contribution to the problem	©
Minimise local and global pollution and protect or enhance environmental quality	©
Ensure integrated, efficient and balanced land use	©
Protect and enhance the built quality of settlements and neighbourhoods and the historic heritage of the County	©
Reduce poverty and promote equality and social inclusion	©

Consultation Arrangements

The consultation of this document is being undertaken in accordance with the SEA Directive, (2001/42/EC) to ensure the views of stakeholders help shape a more informed and inclusive Supplementary Planning Document (SPD) on Planning Obligations.

Consultation will take place over a six-week period. We welcome comments on any aspect of this document, but in particular your views on the following questions:

Are there any inconsistencies or errors within the SA?

Have any potential sustainable impacts been overlooked?

Any comments or suggestions you have should be returned to the address below, or e-mailed to ldf@herefordshire.gov.uk by ??????? A copy of this document can be found on our website at www.herefordshire.gov.uk, in the Planning/ Forward Planning/ LDF/ Supplementary Planning Documents page; or is available from Jo Harthen at:

Herefordshire Council Forward Planning PO Box 4 Plough Lane Hereford HR4 0XH

Tel: 01432 383617 Fax: 01432 383031

1. Appraisal Process

- 1.1 A Scoping Report for the SA of the Planning Obligations SPD was prepared in October 2006. This was based on the General Scoping Report prepared for the Sustainability Appraisal of the Local Development Framework (September 2006). It included a proposed framework of objectives and indicators to be used to assess the sustainability impacts of the SPD and discussed the options to how the SPD could be approached. Other sections of the SPD Scoping Report provided further information on how the objectives and indicators had been chosen, and how the sustainability appraisal would be carried out, including:
 - other relevant plans and policies considered;
 - baseline information about the main characteristics of the County and what some of the main sustainability issues are;
 - the broad options being considered for the SPD at this early stage;
 and
 - the proposed structure and level of detail to be included in the final SA report
- 1.2 The Scoping Report for the SA was released for consultation in November 2006, to the four main environmental bodies. Comments received have been considered and incorporated within this Sustainability Appraisal and used to extend the key issues section.

2. Background

- 2.1 In accordance with the Planning and Compulsory Purchase Act 2004, all planning documents that make up a Councils Local Development Framework must undergo a Sustainability Appraisal (SA).
- 2.2 The main purpose of sustainability appraisal is to promote sustainable development through the better integration of sustainability considerations into the preparation and adoption of plans. This is done through appraising the social, environmental and economic effects from the outset of the preparation process so that decisions can be made which accord with the objectives of sustainable development. Sustainability Appraisal offers a systematic way of checking and improving plans as they are developed.
- 2.3 There is also an EU Directive which requires a 'Strategic Environmental Assessment' (SEA) of plans and programmes, including development plans. The Office of the Deputy Prime Minister has issued guidance on how to incorporate the two processes. The scope of the process has been extended to include social and economic issues and has been designed so that by carrying out one appraisal process, local authorities can satisfy the requirements of both SA and the European SEA Directive. In this report, SA should be taken to mean SA incorporating SEA. The aim of this Directive is to ensure the compatibility of all land use plans with the environmental and conservation aims identified at a European level. (Appendix 1 details how this report complies with the SEA Directive)

2.4 Purpose of the report

This report represents the SA of the Planning Obligations SPD which is intended to be adopted July 2007. It's aim is to assess the SPD against social, environmental and economic objectives, and to set out the information on which the appraisal is based. Readers should refer back to the General Scoping

Report published in September 2006 in order to gain a fuller understanding of the approach to SA the Council is taking for all of the documents in the LDF. The General Scoping Report contains much of the background work that has informed the appraisal of the Planning Obligations SPD and some of the requirements of the SEA have been met in that work. All documents are available on the Local Development Framework pages of the Herefordshire website.

2.5 The Planning Obligations SPD provides advice to developers and applicants for planning permission on the use of planning obligations particularly when implementing UDP policies. It provides the further guidance to policies, particularly Policy S2 (Development Requirements) and Policy DR5 (Planning Obligations).

Revised Deposit Draft UDP May 2004 S2 – Development Requirements

The contribution that developments can make to a sustainable pattern of land use and development which respects the County's environmental resources will be secured by:

9. making use of planning conditions and planning obligations to further the strategy of the plan.

DR5 – Planning Obligations

To further the strategy of the Plan planning obligations will be sought to achieve community, transport and environmental benefits where these benefits are reasonable, necessary, relevant, and directly, fairly and reasonably related to the proposed development. The circumstances in which such benefits will be sought will be identified in relevant Plan policies and may be further detailed in supplementary planning guidance.

- 2.6 Planning Obligations are a legal agreement between the planning authority and a developer and are entered into when granting planning applications. They are a method of securing contributions to address community and infrastructure needs associated with development which would otherwise be deemed unacceptable in planning terms.
- 2.7 The overall objective of the SPD is: "that in the interests of sustainable development, it is reasonable to expect developers to contribute towards the financing of new or improved infrastructure directly related to new development proposals."
- 2.8 The SPD will clarify when planning obligations would be negotiated and what benefits would be sought. It covers a range of topics including Affordable Housing, Accessibility, Transport and Movement, Community Facilities, Community Safety, Economic Development, Training and Employment, Education Facilities, Leisure Facilities and Open Space, Safeguarding/Enhancing the Built Environment, Safeguarding/Enhancing the Natural Environment and Town Centres.

2.9 Following consultation on both the SPD and this SA, a final SA report will be published to coincide with publication of the adopted SPD. The impact of the SPD will be monitored against the indicators as set out in Appendix 4. This will indicate to what extent the SPD is meeting it's purpose and whether the policies need adjusting to more efficiently deliver its targets.

3.0 Sustainability Objectives, Baseline and Context UDP Policy Appraisal

3.1 There is a requirement to appraise the base policy of an SPD to determine its sustainability impacts. The policies in the UDP underwent SA at the First and Revised Deposit stages. It assessed the sustainability issues relating to the policies in a similar way, by setting out the effects of the policy on a number of sustainability objectives. Given the existence of this prior assessment and the fact that the policies cannot be altered at this stage of the plan making process, it was not deemed constructive to undertake a further assessment of these base policies. After a review of that appraisal, the SA of the Planning Obligations Supplementary Planning Document itself focused on assessing the effects of the SPD over and above the provisions of the policies, using the assessment criteria set out in the General Scoping Report for the LDF and the Subsidiary Scoping Report on Planning Obligations.

3.2 Links to other strategies, plans and programmes and sustainability objectives

The General Scoping Report contains a comprehensive review of all plans, strategies, guidance and legislation which relate to sustainability. documents range from international guidance and legislation at the highest level, through UK government policies and guidance, to corporate policies and strategies at the local level. They also include targets and objectives of regulatory and advisory organisations, e.g. Environment Agency. information is set out in Appendix A1 of the General Scoping Report. Although all of the documents have implications for sustainability, not all of them are relevant to the preparation of the Planning Obligations SPD. Those plans and programmes, which are of particular relevance were extracted from the database and set out in the subsidiary Scoping Report for the SPD. A new document which has emerged since the Planning Obligations Scoping Report was published, is the Consultation report on Planning Gain Supplement (December 06), this document suggests further options for how planning gain supplement will be introduced, and mainly affects affordable housing and transport contributions. It is not considered to affect the draft Panning Obligations SPD. Another two documents which have recently been published is PPS3 and PPS 25, but neither of these documents are believed to have a significant impact on the sustainability appraisal of the draft Planning Obligations SPD.

3.3 The social, environmental and economic baseline

There are many sources of baseline information about the County covering a range of environmental, social and economic issues. As part of the preparation of the General Scoping Report, a wide variety of information relating to a number of different sustainability issues was collected. Most of this was presented at county-wide level. This provided a broad overview of the key sustainability issues affecting the county as a whole in order to inform the preparation of the LDF. This information is set out in Appendix A2 of the General Scoping Report. As the SPD is of countywide relevance, it was not

deemed necessary to collect any further baseline data relating to specific areas. This baseline information will be updated regularly.

3.4 Key Sustainability Issues

The review of plans, policies and programmes (Task A1) and the collection of baseline data (Task A2) provides the basis for determining key sustainability issues which need to be considered as part of the production of the SPD. The SA provides a mechanism to assess the impact the SPD can have on addressing these issues. The review of plans and data outlined in the scoping report is not exhaustive but represents the Council's view on the information, which is most relevant to the SPD process. The identification of the key issues provides the basis for development of SA and SPD objectives to ensure that they are addressed as part of future policy making decisions.

Figure 1: The key issues outlined within the Scoping Report include:

Key Issue	Summary
Employment	Reduce and manage reliance on traditional employment sectors and ensure Herefordshire can attract business in technology and knowledge intensive sectors.
	Lower average wages than region or nation.
Skills	Lack of skilled workforce could affect investment potential and increase "commuting in" from other areas to bridge the skills gap.
Transport and Travel	High reliance on the private car Low usage of public transport Traffic Congestion
III-health	Ageing population Disparities in health geographically and demographically
Access to essential facilities	Many small rural settlements without access to health, education, employment, retail or recreational facilities and with little public transport availability Desire to get more public participation in decisions affecting community particularly by hard to reach groups such as young people and gypsy travellers.
Town Centres/Market Towns	Strengthen vitality and viability Strengthen role they play as focus for community activity
Education	Improve educational attainment across all age groups Lack of university in district
Provision of Affordable Housing	High ratio of property price to household earnings Shortfall of provision of affordable dwellings / increase in number of people on Home Point register Decline in average household size Lifetime homes needed and greater range of size and mix of tenure. Provision of gypsy sites
Reduction in waste/increase in recycling	Recycling targets not being met Increase in the amount of waste to landfill over time Reduced capacity of current landfill sites
Biodiversity	Protect and enhance sites and species of national, regional and local importance and minimise loss of biodiversity
Energy Use	Promote zero carbon development through energy efficiency and renewable generation

Other key issues were subsequently considered of relevance as part of the appraisal and include: Built Environment, Crime / Fear of Crime, Water Usage, Climate Change and Flood Risk, Reducing Poverty and Social Inclusion. These also stem from the General Scoping Report (September 2006).

3.5 SA Framework

This was identified in the Scoping Report of the Planning Obligations SPD. Subsequently, it was considered relevant to include all the 19 objectives that

were detailed in the General Scoping Report of the SA of the LDF. (See Appendix A3 of that report)

4.0 Issues & Options

4.1 Outcome of the SA process

The Scoping Report stated that it was intended to appraise the options and then the SPD as a whole rather than appraising the individual elements of the guidance. The results of the appraisal, which assesses the expected outcomes of implementing the SPD against the option of no SPD and the sustainability objectives are set out in this report.

4.2 Appraisal Of Options

The Council consulted on a number of policy options in preparing the SPD. In accordance with the ODPM's SA guidance, the options included the 'do nothing' option (Option 1), essentially resulting in a continuation of the existing UDP policies and related Supplementary Planning Guidance. Other Options were:

- extending the range of infrastructure for which planning obligations would be sought, but not quantifying the contributions (Option 2)
- quantifying the likely levels of contribution to be sought for particular types of infrastructure (Option 3); and
- applying a general tariff to all new developments (Option 4)

From an assessment of the Initial Consultation paper responses and emerging government guidance, it became apparent that the 'do nothing' approach was not a viable option. Option 2 was considered favourably but lacked transparency and consistency. Option 3 was viable and considered most suitable for Herefordshire in the light of existing development patterns and obligation procedures. In result a combination of options 2 and 3 has been favoured in the draft SPD.

Appraisal of Option 1 – 'do nothing' or continuation of existing policies, as set out in Appendix 2, identifies no true negative effects. However, positive effects are assessed against three of the sustainability objectives; the provision of affordable housing, access to essential facilities and transport and travel. In respect of the other objectives, the effect was assessed as 'neutral' or 'uncertain' in the absence of specific guidance on the role of planning obligations.

In contrast, the appraisal of Option 4 – the tariff approach is assessed as positive against all but a couple of the sustainability objectives.

It is apparent from the appraisal that both the preferred option (options 2 & 3) and Option 4 score significantly better than Option 1 –the "do nothing" approach. Option 4 scores marginally better than the preferred option in terms of the sustainability objectives, however, the risk factors inherent in Option 4 are considered to be significant factors to be weighed against the marginal benefits of the "roof tax" approach.

4.3 The Appraisal of the Objective of the Draft SPD (Preferred Option)

It is recognised that no development is 100% sustainable; however it is sometimes possible to remove or reduce any potentially negative impacts by

certain mitigation measures. It is in fact the aim of the Planning Obligations SPD to address the impacts of development by securing the provision of community infrastructure. (See Section 1.1.4 of the SPD). Specific objectives of the preferred option are to secure contributions particularly (but not exclusively) for the topics listed in section 1.2.3 of the draft SPD. Where relevant, planning obligations will also be required to provide appropriate compensation and/or mitigation wherever development would harm an environmental or community resource. The appraisal in Appendix 3 demonstrates that the objective of the SPD are compatible against the sustainability objectives as set out in the LDF SA Framework, with no negative effects being identified.

4.4 Significant social, environmental and economic effects of the SPD

It is expected that the SPD will have a positive effect on matters such as open space, biodiversity, supply of affordable housing and sustainable transport as well as other matters the SPD seeks to address. It will do so by clarifying for applicants and developers what they can expect in terms of financial implications on planning obligations necessary for a particular development and thereby increasing the speed, transparency and efficiency of the planning process. (See Appendix 4)

4.5 Uncertainty and Risks

When assessing the SPD against most of the sustainability objectives there are obvious positive or negative effects and where there is such a precise effect this has been identified and explained in Appendix 4.

However, the issue of uncertainty is a common theme in the SA process. The nature of the Planning Obligations SPD hopefully helps reduce uncertainty by providing general guidance regarding the contributions that the Council would expect from typical forms of development. Since the need for planning obligations has to be considered on a case-by-case basis, not all development proposals may give rise to them; conversely, certain types of development may, perhaps because of size or complexity, create impacts that give rise to more extensive obligations than are set out in the guidance. It is therefore more difficult to predict the scale of the effects on the sustainability objectives and indicators.

4.6 Mitigation

Although the appraisal has not demonstrated any negative effects on the sustainability objectives it should be noted that the SPD can only give general guidance and may not identify specific mitigation measures required to deal with the impacts of development. Other measures may be sought through more detailed policies or proposals or through the consideration of individual planning applications.

5.0 Further Work

5.1 Following consultation on both the SPD and this draft Sustainability Appraisal, a final SA report will be published to coincide with publication of the adopted SPD. The initial aim of the SA process is to ensure that the Planning Obligations SPD is sound in meeting social, environmental and economic sustainability objectives. When adopted the Planning Obligations SPD will form part of the Herefordshire Local Development Framework. It will be used in conjunction with the Unitary Development Plan in determining planning applications and the assessment of the impact of development. The use of the

SPD will provide a clear, transparent approach, early in the development process ensuring that any adverse impacts of development are mitigated against and that development meets the sustainability objectives of the UDP and emerging LDF.

5.2 Monitoring

It is anticipated that a monitoring officer will track compliance of each obligation in an agreement as the development proceeds. All agreements/undertakings will be monitored through the use of a Planning Obligations database. An Annual Report on planning obligations will be produced detailing the status and the use of planning agreements, monies received and spent, works carried out and future priorities. This will form part of the Corporate Plan process within the Council and the Scrutiny Committee will also consider the Report. The planning obligation database will also refer to the UDP policies used in determining the application. This can then be used for monitoring the policies of the UDP in appraising their effectiveness in working towards sustainable development and referred to in the UDP Annual Monitoring Report. The sustainability or otherwise of the SPD will be renewed through an annual renew of the objectives, indicators and targets detailed in Appendix 4.

 $\begin{array}{l} \textbf{Appendix 1} - \text{Compliance with the requirements for the environmental report under the SEA Directive} \\ \end{array}$

Information to be included in an Environmental Report under SEA Regulations	Relevant Sections in the SA Report
An outline of the Contents, main objectives of the plan and its relationship with other relevant plans and programmes.	2.4, 2.7, 3.2
The relevant aspects of the current state of the environment and the likely evolution thereof without implementation of the plan.	Appendix 2
The environmental characteristics of areas likely to be significantly affected.	4.4
Any existing environmental problems which are relevant to the plan, including in particular, those relating to any areas of a particular environmental importance, such as areas designated pursuant to Directives 79/409/EEC and 92/43/EEC.	3.2, 3.3, 3.4
The environmental protection objectives, established at international, Community or national level, which are relevant to the plan and the way those objectives and any environmental considerations have been taken into account during its preparation.	3.2, 3.3
The likely significant effects on the environment, including on issues such as biodiversity, population, human health, fauna, flora, soil, water, air, climatic factors, material assets, cultural heritage, landscape and the interrelationship between the above factors.	4.4 and Appendix 4
The measures envisaged to prevent, reduce and as fully as possible offset any significant adverse effects on the environment of implementing the plan.	4.6, 5.1
An outline of the reasons for selecting the alternatives dealt with and a description of how the assessment was undertaken including any difficulties.	4.2, 4.3, 4.5
A description of monitoring measures.	5.2
A non-technical summary of the information in the SA 1.0	A1 – A8

Appendix 2 - Comparison of Options

SA Objective	Option 1	Option 2 and 3	Option 4
Employment	Would not address the need for small business/ starter units, training or business support.	Contributions could provide small business/ starter units and business support programmes.	Would encourage inward investment.
Skills	No specific requirements for training, college etc.	Training programmes could be provided along with establishment provisions.	Requirements can be provided for training centres.
Economic Growth	No specific requirements currently	??	??
Transport & Travel	Some contributions would be given to sustainable transport infrastructure, although only in specific areas.	Would result in contributions to sustainable transport infrastructures in all areas.	Would provide contributions to sustainable transport infrastructure.
III-Health	Effects on health would be uncertain.	Formulae could be established.	Would provide contributions to health and well being.
Access to essential facilities	A degree of community facilities would be provided. However, it would not generally address community safety.	Community safety would increase and an increase in provision of community facilities, ie community buildings/infrastructure.	A range of community facilities could be provided.
Town Centres / Market Towns	Effects would be uncertain on the whole. However, limited provisions would be provided through current practice.	Provisions can be made where needed for enhancement and protection.	Unsure as to the effect.
Education	Current adhoc system would continue	Provide more certainty to the provision of school places and educational facilities.	Would encourage higher and further education provision.
Provision of affordable housing	There would be some provision of affordable housing, which would follow the 35% policy currently used.	Existing policy would continue to be used.	Affordable housing would be provided in tariff system.

Reduction in Waste / recycling	No particular criteria would be met due to no specific guidance available.	More provisions would be made to waste and recycling provisions.	Contribution would be made towards waste/recycling facilities.
Landscaping and Biodiversity	Effects would be dependable upon location and type of proposals coming forward.	Effects on biodiversity are dependant on the location and type of proposals coming forward.	Effects on biodiversity are dependant on the location and type of proposals coming forward.
Energy use	Uncertain as to the effect.	Formulae would be established	Uncertain Impact
Climate Change and Flood Risk	No provision currently allowed.	More provision could be provided depending on proposals coming forward.	More provision could be provided depending on proposals coming forward.
Social Inclusion and Reducing Poverty	Uncertain as to the effects	A more pro-active approach to community facilities would enhance community identity/reduce social deprivation.	Would reduce social deprivation and enhance community identity.
Heritage, Archaeology and Built Environment	Uncertain of the effects.	Contributions will be made towards public realm, landscaping and public art to improve and maintain our local heritage.	Better provision towards public art and landscaping to maintain local heritage and protect archaeological sites.
Crime and Fear of Crime	No provision currently provided	Would encourage contributions towards CCTV provision and other security measures	Would encourage contributions towards CCTV provision
Natural Resources	Effects would be dependable as to the location and type of proposals coming forward	Increase in development on existing brown field land	???
Balanced Land Use	Density levels would be in accordance to current policies	Existing policy would continue to be used, with improvements to the Sustainable Transport infrastructure	Density level targets would be reached
Pollution	Uncertain as to the effects	Improvements to water quality and air quality	Uncertain as to the full impact

Appendix 3 –Testing Plan Objectives against SA Objectives

Plan: Planning Obligations Supplementary Planning Document

Plan Objective: To expect development to contribute towards the financing of new or improved infrastructure, directly related to and necessary for new

development proposals, in the interests of sustainable development.

SA Objective	Possible Effect (please tick)				Explanation	Mitigation and	
	Positive	Negative	Neutral	?		Enhancement	
To support, maintain or enhance the provision of high quality, local or easily accessible employment opportunities, suited to the changing needs of the local workforce	√				Better employment facilities maybe provided, as well as transport links.		
Secure a more adaptable and higher skilled workforce; maintain or enhance conditions that enable sustainable economic growth and investment without environmental damage.	√				Possible contributions to skills development		
Reduce road traffic and congestion and improve sustainable transport choices	✓				Improvements in road infrastructure, public transport etc.		
Improve the health of the people of Herefordshire, reduce disparities in health geographically and demographically and encourage healthy living for all	√				More health services provided. Encourage better links.		
Improve access to and engagement in quality cultural, educational, leisure, recreational and community activities for all	√				More services provided. Improve current services.		
Enhance the function and vibrancy of town or district centres	√				Improvements to city centre and town.		
Raise educational achievement levels across the County	✓				Provision of school places		
Reduce and prevent crime/fear of crime and antisocial behaviour in the County	√				Improve security / CCTV		
Provide everyone with the opportunity to live in decent, affordable housing	✓				Provide affordable housing as part of new development.		
Reduce the amount of waste requiring disposal and minimise the use of non-reusable materials and encourage recycling	✓				Improve waste disposal, recycling centres.		
Conserve and enhance Herefordshire's habitats and biodiversity	√				Biodiversity enhancement, enhance landscape surrounding development		
Use natural resources more efficiently	✓				Provide renewable sources of energy or restrict use through design techniques.		
Maintain and enhance the landscape quality of Herefordshire, including its rural areas and urban open spaces	√				Protect and enhance open spaces. Provide new open spaces.		
Reduce Herefordshire's vulnerability to the impacts of climate change as well as its contribution to the problem	✓				More sustainable houses, more sustainable modes of transport, flood risk reduction.		
Minimise local and global pollution and protect or enhance environmental quality.	✓				Improve public transport, more sustainable modes of transport, better infrastructure, carbon reduced houses.		
Ensure integrated, efficient and balanced land use	√				Community Facility		
Protect and enhance the built quality of settlements and neighbourhoods and the historic heritage of the County	√				Better infrastructure, services provided and provide protection to historic heritage.		
Reduce poverty and promote equality and social inclusion	√				Affordable housing, community facilities		

Appendix 4 – Predicting and evaluating the impacts of the whole SPD

SA Objective and Appraisal Questions	Assessment of Effect (-2,-1,0,1,2,?)	Explanation of Assessment	Indicators	Target
01 To support, maintain or enhance the provision of workforce	high quality, loca	al or easily accessible employment opportun	ities, suited to the changir	ng needs of the local
1.1 Will it maintain or increase current employment rates in knowledge and technology intensive sectors?	+1	Contributions may support new employment opportunities.	knowledge and technology intensive industries	Increase the number of people employed in knowledge and technology intensive industries from 9339 to 10,286 by 2007/8
1.2 Will it provide employment land near to the workforce or provide opportunities easily accessible by public transport?	+1	Possible impact in Edgar Street Grid.	Employment land developed by type	
1.3 Will it encourage fair and decent work conditions and increase average salaries?	0		earnings compared to the West Midlands region	Close the gap between Herefordshire and the rest of the West Midlands and nationally
1.4 Will it help to increase diversity of job opportunities?	+1	Contributions would support the development of new employment.	Employment by sector	
02 Secure a more adaptable and higher skilled work				
2.1 Will it provide or facilitate appropriate training and learning to help build, attract and retain a highly skilled workforce that meets existing and future needs?	+1	New training programmes could be provided	Number of 16-19 year olds in education or training	
2.2 Will it reduce inequalities in skills across the county?	0	New training provision.	without basic numeracy/literacy skills	By 2010 reduce the proportion of adults with low basic skills from 17% to 10%
03 Maintain or enhance conditions that enable susta considered under the "Safer and stronger communit	inable economic ies " theme	growth and investment without environmen	tal damage NB "Environm	ental Damage" is
3.1 Will it improve the resilience and/or diversity of business and the economy?	0	More business initiatives introduced.	GVA per head	To raise GVA per head above the national average (RSS)
3.2 Will it provide or facilitate availability of appropriate sites and properties for new business opportunities?	+1	Provide employment sites and new business opportunities on the Edgar Street Grid for example.	Amount/area of allocated employment land available for development	
3.3 Will it support social enterprise or the voluntary sector?	0			

Key: - 2 = major negative, -1 = minor negative, 0 = neutral, 1 = minor positive, 2 = major positive, ? = unknown

04 Reduce road traffic and congestion, pollution and	accidents and i	mprove sustainable transport choices		
4.1 Will it maintain or provide facilities, services, housing and employment in locations that reduce the need to travel, especially by the private car, or are accessible by sustainable transport modes?	+1	Improved pedestrian/cycle links. Improved public transport / transport infrastructure	Mode of travel to work	
4.2 Will it promote more sustainable transport patterns in areas suffering from congestion?	+1	Improved road network, transport technologies especially around new developments, e.g Edgar Street Grid.	Change in annual average daily traffic volumes in Hereford and on the principle road network	Restrict annual growth to 1%
4.3 Will it improve the quality and/or provision of integrated transport options in areas of need and that are accessible for the disabled?	+1	Improvement to disabled access and routes to be used by disabled. Improve cycle routes and pedestrianisation.	Public transport patronage volumes	Increase by 16% the no. of passenger bus journeys per year
4.4 Will it make it more attractive for pedestrians and cyclists?	+1	Better provision of footpaths and cycleways.	Percentage of resident population that travels to work by public transport, on foot or on cycle	Increase by 18% by 2010/11 (LTP2)
4.5 Will it secure the implementation of green travel plans?	+1	Contributions will be made to go towards green travel plans.	Travel Plan coverage	
4.6 Will it minimise risks associated with car travel?	+1	Improvements to road network and junction should improve safety.	No. of people killed or seriously injured on Herefordshire's roads	Reduce by 30% (from 154/yr to 108/yr by 2010)
05 Improve the health of the people of Herefordshire.	, reduce disparit	ies in health		
5.1 Will it help to ensure there is adequate provision of healthcare services appropriate to local needs, which are accessible by sustainable modes of transport?	+1	Contribution towards health centres and improved sustainable transport infrastructures. Need to establish formulae.	Percentage of households in rural towns, villages and dispersed areas from key services	
5.2 Will it help to reduce inequalities in health?	+1	Health centres provided in deficient areas.	Life expectancy in males and females	
5.3 Will it encourage healthy lifestyles? E.g. reducing car use and maintaining or enhancing access to physical sports, green space, and recreation?	+2	Provision of open space facilities and sustainable transport infrastructure.	Measures of healthy lifestyles, e.g. physical activity, smoking rates, etc	Reduce smoking rate in 11-15yr olds by 50% from 1998 by 2010
06 Improve access to and engagement in quality cult			ties for all	
6.1 Will it maintain or increase the type or quality of facilities in areas where there is need, which are accessible by sustainable modes of transport?	+2	Open space facilities, community, education and leisure.		

6.2 Will it promote Herefordshire's facilities to local	0		Percentage of	
people and tourists encouraging participation by all?			residents using	
			authority's cultural	
			and leisure facilities	
6.3 Will it promote the use of inland waterways for	+1	Edgar Street Grid.	Number of	
leisure, recreation, telecommunication, freight		Lagar Stroot aria.	regeneration projects	
transport and/or as a catalyst for urban and rural			Togonoration projects	
regeneration?				
07 Enhance the function and vibrancy of town centre	00			
		T		
7.1 Will it support viability or develop services and	+1	Edgar Street Grid.	Commercial yields	
facilities appropriate to the community, function,				
character and scale of the centre and existing				
facilities?				
7.2 Will it help create an appropriate range of	0			
independent, competitive and national retailers?				
7.3 Will it help reduce the number of vacant properties	0		Vacancy rate of	
and support vitality?			Hereford and the	
			Market Town	
			premises	
7.4 Will it support or create high quality public realm	+2	Improvements to landscaping, public space,	Planning Obligations	
and community/amenity space that is safe and	'-	crime prevention etc.	received towards	
encourages positive community interaction?		Chine prevention etc.	improvements to town	
encourages positive community interaction:			centres e.g. CCTV	
08 Raise educational achievement levels across the	County		centiles e.g. CCTV	
8.1 Will it ensure that education infrastructure meets	+2	Contributions towards school places	Percentage of pupils	Increase from 93% to
	+2	Contributions towards school places		
projected future demand and need?			achieving 5+ GCSE's	95% by 2008
			or equivalent at	
			grades A* - C	
09 Reduce and prevent crime/fear of crime and antis		-		
9.1 Will it enhance safety, security and reduce crime	+2	Increase in crime prevention through use of	Violent crimes per	Decrease from 2844 to
or fear of crime through design or other measures?		CCTV's. Designing out crime.	1000 population	2533
9.2 Will it help improve quality of life and address the	+1	Increase in crime prevention through use of	Number of planning	
causes of crime or anti-social behaviour?		CCTV's. Designing out crime.	applications	
			addressing "designing	
			Out Crime" issues	
9.3 Will it encourage respect for people and property?	0		Percentage of people	Increase proportion of
3.0 Will it choodrage respect for people and property:	0		satisfied with their	adults satisfied with
			community as a place	their community as a
			to live	place to live

10 Provide everyone with the opportunity to live in	decent. afforda	able housing		
10.1 Will it increase access to good quality housing meeting people's needs? E.g. tenure, aspirations, location, affordability, size and type, accessible to disabled people?	+1	Direct impact in terms of policy already exists, but promoted in SPD	Average property price against median weekly earnings	
10.2 Will it increase the supply of affordable housing?	+1	Policy already exists but promoted in SPD.	Number of affordable housing provided in the County each year as a percentage of all new completions	2300 to be provided up to 2011 (UDP)
10.3 Will it reduce the percentage of unfit homes?	0		Number of unfit and borderline unfit homes	
10.4 Will it improve the energy efficiency of homes and reduce fuel poverty?	+1	Positively promoted in SPD.	Energy efficiency for Decent Homes	Raise to current Building Regulations
10.5 Will it promote the renovation and re-use of existing stock (reduce the number of empty homes?)	0		Empty homes brought back into use	
11 Reduce the amount of waste requiring disposal	and minimise	the use of non-reusable materials and encoura	ge recycling	
11.1 Will it minimise the use of non re-usable materials?	+1	Waste and Recycling section		
11.2 Will it minimise waste from households, businesses etc including hazardous waste?	+2	Provides adequate facilities for storage and collection of waste/recycling at each dwelling and sink waste disposal units.	Amount of household waste collected per person per annum	Limit increase p.a. to 530.87kg per head
11.3 Will it promote re-use, recovery and recycling of waste?	+2	Actively encourages the recycling of waste.	Amount/percentage of all household waste that is recycled	
11.4 Will it deal with waste locally and/or through the best Practical Environmental Option?	0	Not covered in the SPD.	Number and location of recycling sites	
12 Conserve and enhance Herefordshire's habitats	and biodiversi	ity		
12.1 Will it protect or enhance habitats of international, national, regional or local importance – is an Appropriate Assessment required?	0	AA not required	No., area and condition of international, national, regional and locally designated sites	To halt the loss of biodiversity by 2010
12.2 Will it protect international, national, regional or locally important terrestrial or aquatic species	0	Covered by UDP policies.	Changes in area and population of protected species	By 2010 achieve a sustained increase in the regional wild bird population

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15.2 Will it prevent inappropriate development of the floodplain and include flood protection systems?	+1	Off site infrastructure works will be required.	No. of planning permissions granted contrary to the advice of the Environment Agency on flood defence grounds	
15.3 Will it promote sustainable urban drainage systems where appropriate?	+1	The disposal of surface water will be a material consideration.	No. of additional developments granted planning permissions with SUDs incorporated	
15.4 Will it increase the proportion of energy generated from renewable and low carbon sources including by micro-generation, Combined Heat and Power (CHP), district heating and in transportation?	0	Not directly covered in SPD	Renewable electricity and CHP generated as percentage of total electricity	Renewables should supply 10% of electricity by 2020
16 Minimise local and global pollution and protect	or enhance env	ironmental quality		
16.1 Will it minimise water, air, soil, groundwater, noise and light pollution from current activities and the potential for such pollution?	+1	Contaminated land and flooding.	Annual levels of particles and ozone tranquillity (CPRE)	
16.2 Will it protect and enhance the quality of watercourses?	+1	Through sustainable urban drainage and improvements to contaminated land.	Water Quality	All inland waters to reach good ecological and chemical status by 2015
16.3 Will it reduce contaminated land?	+1	Direct benefits.	No. of known sites affected by contamination	
16.4 Will it help achieve the objectives of Air Quality Management Plans?	+1	Through direct mitigation measures sustainable transport options.	No./percentage population living within Air Quality Management Areas	
16.5 Will it encourage the use of clean technologies?	0		No. of businesses with Environmental Statement ISO 14001/EMAS accreditation	
17 Ensure integrated, efficient and balanced land u	ise			
17.1 Will it ensure new developments are in appropriate locations and are accessible by walking, cycling or sustainable transport and/or will increase the share of these transport modes?	+2	Improvements to public transport, road networks, cycle paths and footpaths.	Access to key services	

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Statement of Consultation for Draft Supplementary Planning Document on Planning Obligations

February 2007

Background

The Planning and Compulsory Purchase Act 2004 sets out the requirements of a Local Development Framework as part of the new planning system. This enables Supplementary Planning Documents (SPD) to be prepared to further planning policy. The draft SPD on Planning Obligations outlines in more detail policies contained within the Unitary Development Plan (UDP) regarding the use and implementation of planning obligations.

Regulation 17 of the Town and Country Planning (Local Development) (England) Regulations 2004 relates to public participation and states that the Local Planning Authority should prepare a consultation statement when preparing or developing planning policy. The requirement is for the consultation statement to set out the standards to be achieved by Herefordshire Council in involving the community in the preparation, alteration and continuing review of planning policy.

In furtherance of community involvement, the Council has prepared its Statement of Community Involvement to show how it will involve the community in its Plan making process.

This statement details how and when the community were involved in the preparation of the draft SPD on Planning Obligations.

It sets out:

- evidence gathering and initial consultation undertaken in preparing the draft so far
- the programme for public participation
- who was consulted in the initial stages of preparing the draft
- the forms of consultation and how further consultation will take place; and
- a summary of the main issues raised in the initial consultation and how they have been addressed in the SPD to date.

Consultation undertaken in preparing the Draft SPD

Extensive public consultation has been carried out during the preparation of the Herefordshire Unitary Development Plan (UDP) (which is nearing adoption) on Policies S2 (9) & DR5 on Planning Obligations. The Inspector at the Public Inquiry into the UDP endorsed these policies subject to reference to the new Circular 5/05.

In addition, an Initial Consultation paper detailing four options to approaching an SPD on Planning Obligations was prepared in Summer 2006. The four options listed below, were

developed from an analysis of the current situation within Herefordshire Council and situations used by other authorities.

The options considered through consultation were:

- 'No SPD Approach'
- 'Qualitative Guidance'
- 'Quantitative Guidance'
- 'Tariff Approach'

The detailed options can be found in Appendix 1 – an extract taken from the Initial Consultation Paper. This initial consultation exercise took place over a four-week period ending on 31st August 2006.

Each consultation response was considered and helped the preparation of the draft version of the SPD. Comments made from this consultation can be found in summary in Appendix 2 and in detail in Appendix 3.

In addition, a Member Seminar was held on 13th November 2006 to inform members on the procedure for the Planning Obligations SPD and the options being considered. Internal consultations between departments of the Council on the production of a draft SPD on Planning Obligations were also carried out. These involved discussions on affordable housing, open space and education provision, issues around economic development, biodiversity and nature conservation as well as highway infrastructure.

Main Issues arising as a result of the initial consultation and how the issues have been addressed in the SPD.

Following the initial consultation period, all written comments were recorded in a single document, along with a response as to how the issue had been addressed in the draft SPD - see Appendix 3.

The main issues arising from the consultation can be summarised as:

- 1. There is general agreement that a Code of Practice on Planning Obligations is necessary;
- 2. There is general support for Option 3, in the initial consultation paper, to be followed, which proposes a quantitative approach on the size and type of contributions to be sought;
- 3. Many responders considered thresholds for obligations should be considered on a case-by case basis; and
- 4. There is general agreement as to the type of contributions to be sought.

Next Steps

The draft SPD on Planning Obligations along with a Sustainability Appraisal, is being published for formal public consultation in accordance with the programme set out in the Council's Local Development Scheme (as amended, Jan 2007). Comments received from the formal consultation exercise will be considered and reported along with a final SPD in accordance with the timetable below. (All documents can be viewed on the Councils website at www.Herefordshire.gov.uk).

Table 1: Timetable for SPD production

Timetable for SPD	2006						2007															
production	J	F		М	Α	М	J	J	Α	S	0	N	D	J	F	М	Α	М	J	J	Α	S
Information gathering																						
Initial Consultation on options for SPD and Scoping SA																						
Preparation of draft proposals												_	_									
Public Participation on Draft SPD and SA															1							
Consideration of representations																						
Adoption of SPD																						

Source: Local Development Scheme

Appendix 1 – SPD Options

6. Developing the Options

6.1 This section describes options developed from analyses of the existing situation at the Council as well as plans and proposals used by other authorities, highlighting their key features, advantages and disadvantages. Each option is illustrated by an example with references to websites where further information can be obtained.

6.2 Option 1 – "No SPD approach"

Key Features

This option is generally characterised by 'ad hoc' negotiations on a case-by-case basis on what is necessary to overcome a specific obstacle to development or secure compliance with an adopted national or local planning policy. Although policy and/or established practice may be developed in one or two areas e.g. affordable housing, it is not comprehensive and there is no clear process for identifying other service requirements or prioritising the contributions sought. This can often lead to protracted negotiations and lack of clarity for all parties concerned.

6.3 Advantages and Disadvantages.

It can be argued that this option allows the authority to concentrate on its key priorities at the time, and channel a greater proportion of contributions received into these areas. Officers may build up considerable expertise in negotiations, and there is clearly compliance with the tests for planning obligations set out in government guidance. On the other hand, the process is often time-consuming and may have a detrimental effect on development control performance. The approach places considerable responsibility on planning case officers and policy officers in other services to recognise opportunities as and when they arise, and have sufficient expertise to negotiate without the benefit of comprehensive policy guidance and established procedures. The absence of comprehensive policy guidance means the process is not fully transparent, resulting in uncertainty for developers and the public. It is also likely that the limited range of contributions sought leads to the full potential of developer contributions from planning obligations not being met.

Example: Herefordshire Council (Current Situation)

The Council's current approach reflects many of the characteristics of Option 1. Although detailed policy has been developed for affordable housing and systems are in place for collecting contributions, guidance in other areas is less well developed or absent. Discussions on planning obligations have identified a number of other areas where developer contributions might be appropriate, but there is as yet no formal mechanism for evaluating or prioritising them.

6.4 Option 2 – 'Qualitative Guidance'

Key Features

This option is characterised by a comprehensive framework of guidance, often in the form of a portfolio of documents, specifying the type of contributions that will be sought in respect of particular forms and sizes of development. However, there is generally a lack of information on how contributions will be calculated or the use of standard formulae, and often a lack of guidance on how particular needs will be prioritised. As with Option 1, this can lead to lengthy negotiations and uncertain outcomes.

6.5 Advantages and Disadvantages.

Option 2 can facilitate inter-departmental working in the process of identifying and justifying the types of contributions sought and the development of formal channels of communication to ensure that a wide range of community needs are considered in seeking developer contributions from planning obligations. The testing of Supplementary Planning Guidance (SPG) or SPDs through public consultation can also contribute to community involvement and test compliance with government and regional guidance. However, as with Option 1, the process of negotiation is often time-consuming and may have a detrimental effect on development control performance. The lack of quantitative information on contributions sought results in uncertainty for developers and the public and a lack of transparency. Circular 5/05 encourages local authorities to use formulae and standard charges as part of their framework for negotiating and securing planning obligations.

Example: London Borough of Hillingdon

The Council has published SPG (currently being updated) in the form of a portfolio of papers on specific issues brought together under an umbrella document setting out the Council's overall strategy for planning obligations. Of the areas covered by the SPG, only education, health facilities and particular elements of employment training include figures for contributions likely to be sought. (Information can be viewed at www.hillingon.gov.uk following links to Environment & Planning, Planning, and Planning Publications).

6.6 Option 3 – 'Quantitative Guidance' Kev Features

This approach involves comprehensive guidance not only on the type of contributions that will be sought but also on the size of contribution to be sought. SPG/SPDs provide precise information on the particular elements of infrastructure and community facilities for which contributions will be sought in respect of particular forms and sizes of development, and how contributions will be calculated (generally following a formula). The information can be conveniently set out in the form of a matrix.

6.7 Advantages and Disadvantages.

Like Option 2, Option 3 can facilitate inter-departmental working and the development of formal channels of communication to ensure that a wide range of community needs is considered in seeking developer contributions from planning obligations. The testing of SPG/SPDs through public consultation can contribute to community involvement and test compliance with Government and Regional guidance. Once the guidance is adopted, contributions can be easily calculated, reducing the need for extensive negotiations and contributing to improved development control performance. There is greater certainty for developers on what contributions will be sought, and it becomes relatively easy to pool contributions for specific projects. However, the approach requires a considerable amount of work to identify, justify and cost the infrastructure requirements.

Example: Wycombe District Council

The Council has published Draft SPD in the form of a single document in three parts addressing context, strategy and then separate "topic papers" on different areas where developer contributions will be sought. The approach lists the infrastructure and facilities which will normally be sought and their relationship to the type, scale and impact of the development. Formulae for off-site contributions are detailed for all types of proposal with related thresholds. Information can be found at www.wycombe.gov.uk and following the links to consultation for the new LDF via Imagine the Future3.

6.8 Option 4 – 'Tariff Approach'

Key Features

This scenario is being pioneered in the Growth Areas identified in the government's Communities Plan. In essence, it involves identification of all the elements of infrastructure expected to be required in an area, and costing those elements that are attributable to growth in housing and employment. After discounting those elements, which are funded from other sources, the remaining costs are divided by the number of new houses (and/or commercial premises) to be built in the plan period. The resultant sum is then applied to each new unit built.

6.9 Advantages and Disadvantages.

The comprehensive nature of the approach ensures that a wide range of community needs and infrastructure requirements are considered in seeking developer contributions, and partner organisations are involved in the process. In some cases contributions can overcome a particular constraint and allow development to proceed earlier than would otherwise be possible. Once the guidance is adopted, contributions can be easily calculated, reducing the need for extensive negotiations and contributing to improved development control performance. There is greater certainty for developers from the outset and contributions can be earmarked for specific projects. However, the approach requires a considerable amount of work to identify, justify and cost the infrastructure requirements reflecting the range of infrastructure to be provided for, and the need to involve service providers outside of local government. Furthermore, the approach is at an early stage of development, and is also questionable whether it is appropriate to areas outside defined 'Growth Areas.'

Example: Milton Keynes Growth Area

The Milton Keynes Partnership – the delivery vehicle for housing growth in the city, has developed the approach. It applies specifically to the designated MK Urban Development Area; although it is possible it may be rolled out to a wider area in the future. Agreement has been reached with developers to pay a charge of £18-29k per dwelling. Under the system, developers would not only pay the tariff, but also provide land for local requirements such as schools and health centres. They would have to agree to make 30% of all homes in their schemes affordable. In return, developers and landowners would be guaranteed that no further contributions would be expected of them, either through traditional s106 or by planning gain supplement. Half the money raised by the tariff would be used to fund local infrastructure needs, whilst half would be spent on strategic infrastructure. The government has agreed to initially fund the infrastructure and recoup the expenditure through tariff contributions.

Appendix 2: Summary of responses to Initial Consultation Questions

Q1. Should the Council develop a Code of Practice setting out the processes it intends to follow in seeking planning obligations and the standard of service developers can expect in dealing with planning applications?

There is a unanimous agreement that a Code of Practice should be developed.

Q2. Which of the scenarios set out in Options 1-4 should the Council follow, or do you have any suggestions for different scenarios?

There is a general preference towards Option 3, with some organisations also suggesting a move towards Option 4. Overall a combination of different options is suggested, depending on individual situations. A number of organisations have also stressed the need for transparency and clarity whatever option is decided upon.

Q3. What is an appropriate threshold size of development for housing proposals at which planning obligations should be requested?

Some organisations feel that obligations should be sought for all developments, although there is a large agreement that obligations should be looked at on a case-by-case basis and related to the expected impact.

Q4. Should the threshold vary for different locations e.g. between urban and rural?

It is largely agreed that thresholds should not vary between locations; however it has been pointed out that situations should be looked at on a case-by-case basis, with different areas requiring different obligations depending on the infrastructure and expected impact.

Q5. At what threshold should planning obligations be sought from commercial development?

It is largely agreed that planning obligations should be sought for all commercial development; however it has been pointed out that development should be looked at on a case-by-case basis, and obligations sought should depend on the expected impact of the development. It is also suggested that a highly desirable development should not be deterred by excessive costs.

Q6. Should the number of topic areas for which contributions are generally sought be extended? If so, which particular topic areas should be brought within the scope of the SPD?

It is largely agreed that the number of topic areas currently listed is adequate. Some point out however, that there should be an emphasis on highway safety and affordable housing along with other topic areas in accordance with Parish Plans. In contrast, others note that the extent of contributions sought should depend on whether they are actually required to allow the development to proceed, and that contributions should directly relate to the impact of development. Furthermore, it is pointed out that planning obligations should not be a means of securing a share of the profits from development for the local community.

Q7. Could more use be made of standard agreements?

The majority agree that more use could be made of standard agreements. It has been pointed out that agreements should be common within a County so no area is disadvantaged, and should follow the advice laid out in Circ 05/05.

Appendix 3: Individual Comments Received from Consultees and Council's Response

Organisation	Question No.	Comments Made	How addressed in the SPD
Hereford City Council	1	Yes	Noted
(Town Clerk's Office)	2	Members feel there is scope for different scenarios with a tariff being applicable south of the river, whilst the north should be subject to options 2 & 3.	County-wide approach considered most consistent / applicable.
	3	This can be varied according to the type of scheme, i.e. is it through a developer (cumulative basis) or just on an individual basis.	Varied according to type.
	4	This would be dependent on factors such as infrastructure availability.	County-wide approach considered most appropriate.
	5	This could be as low as a single threshold in respect of any commercial development.	Dependent on life of scheme.
	6	Among potential areas suggested - were road safety, parish plans, area regeneration programmes, to meet transport needs & non-catchment schools.	Noted
	7	Yes.	Noted
		1,000	1000
	General	An overall well-balanced document.	Noted
Hawafawalahiwa O	2		
Herefordshire Council		Option 3 provides the best combination of clarity & flexibility	Noted
	1 0		
Herefordshire Council	General	Other documents produced by Hereford Planning Dept. have been easier to follow. Language used in the document is impenetrable in places.	Noted
(Cllr. WJ Walling)	2	Option 1 is best, although it seems unimaginative. The other options are not suitable for Hfdshire. The Milton Keynes example seems demanding & high handed.	Need to make approach more transparent than current system.
	1	(para 4) Yes - code of practice (DR5).	Noted
Herefordshire Council	2	(para 7.3) Yes.	Noted
(Cllr. J Guthrie)	4	Most development should be in Urban areas with some in main villages for affordable housing. Open country should not be included.	Noted
	1	Yes.	Noted
	2	Option 3.	Noted
Herefordshire Council	3	One.	Considered administration costs would outweigh benefits.
(Cllr. Wilson)	4	No.	Noted
•	5	All.	See 3
	6	No.	Noted
	7	Yes.	Noted
Herefordshire Council	1	(Para 4.1-4.7) Yes. UDP commits the Council to producing such guidance. It is in effect supplementary planning	
(CIIr. KG Grumbley)		guidance.	Noted
(Cllr. KG Grumbley)	2	guidance. (Para 6.6-6.8) All of the options are too prescriptive and are effectively stealth taxing of building and development.	
(Cllr. KG Grumbley)		guidance. (Para 6.6-6.8) All of the options are too prescriptive and are effectively stealth taxing of building and development. (Para 6.2-6.5) Possibly a combination of options. Contributions should relate to requirements in areas where applications are made.	Noted – scheme of works proposed
(Cllr. KG Grumbley)	3	guidance. (Para 6.6-6.8) All of the options are too prescriptive and are effectively stealth taxing of building and development. (Para 6.2-6.5) Possibly a combination of options. Contributions should relate to requirements in areas where applications are made. There should be no prescribed thresholds. Obligations should be related to expected impact of a planned development.	Noted – scheme of works proposed Noted – scheme of works proposed
(Clir. KG Grumbley)		guidance. (Para 6.6-6.8) All of the options are too prescriptive and are effectively stealth taxing of building and development. (Para 6.2-6.5) Possibly a combination of options. Contributions should relate to requirements in areas where applications are made. There should be no prescribed thresholds. Obligations should be related to expected impact of a planned	Noted – scheme of works proposed. Noted – scheme of works proposed. Considered needed for transparency
(Clir. KG Grumbley)	3	guidance. (Para 6.6-6.8) All of the options are too prescriptive and are effectively stealth taxing of building and development. (Para 6.2-6.5) Possibly a combination of options. Contributions should relate to requirements in areas where applications are made. There should be no prescribed thresholds. Obligations should be related to expected impact of a planned development. There should be no threshold, although Urban and Rural	Noted Noted — scheme of works proposed. Noted — scheme of works proposed. Considered needed for transparency Considered needed for transparency Considered needed for transparency

Organisation	Question No.	Comments Made	How addressed in the SPD
	7	(7.4-7.5) Not likely that a 100% standard agreement could be achieved. Outlines would however be helpful. Monitoring would need to be done using existing resources; contributions should not be used to fund more Council staff.	Disagree, requirement to monitor will need Monitoring Officer to be appointed.
	1	A code of practice may be necessary to protect the Council from allegations of unfair treatment by developers?	Noted
	2	A combination of options should be used to ensure the best possible outcome, depending on situation.	Options2 and 3 favoured.
	3	All housing developments should contribute to planning obligations, even if only a modest tariff payment.	Administration costs would outweigh benefits.
Herefordshire Council (Cllr. M Cunningham)	4	Tariff threshold should be governed by ratio of development cost to approximate value of the finished development.	All obligations will be calculated using transparent formulae where possible, but these will still form basis for negotiation.
	5	Similar to above. A highly desirable development e.g. a factory, must not be deterred by excessive additional costs. Greater risks taken by developers of commercial property should be reflected in lower contributions.	Noted
	6	No additional topic areas needed. Greatest emphasis along with highway safety, should be on affordable housing for low-paid workers.	Noted
	1	Yes.	Noted
	2	(para 6.2) Option 1 - should be a basic policy for development contributions but with room to manoeuvre in different parts of the county depending on community type.	Option 2 and 3 favoured with proviso that contributions will still be negotiable. Option 2 and 3 favoured with proviso
		(para 6.4) Option 2 - would be easy if only one element was being considered. A list of obligations would be desirable.	option 2 and 3 favoured with provise that contributions will still be negotiable. Option 2 and 3 favoured with proviso
		(para 6.7) Option 3 - Agree with para 6.7 but worry about the use rigid formulae in very rural areas. (para 6.9/7.4) Option 4 - Milton Keynes example ok for such	
Herefordshire Council (Cllr. A.L.Williams)		an area, but average Hfdshire wages are not the same and must be taken into consideration. Developers should have an idea of the contributions required	that contributions will still be negotiable.
		by planning authorities. Will require a lot of work to be fair to all.	that contributions will still be negotiable.
	3	As it is presently in Herefordshire.	No threshold at present – need to determine.
	4	Yes.	County-wide approach considered most appropriate
	5	Discussion needed.	Noted
	6	No.	Noted
	7	Yes.	Noted
	1	Yes.	Noted
	2	(para 8) This should make for transparency so developers and the Council are aware of contributions, and can plan accordingly.	Noted
	3	Parish councils should be involved in where the income is spent.	Noted See SRD determined by evicting
Ross Town Council		5 houses.	See SPD – determined by existing policies.
	4	Can see no reason to differentiate between urban & rural.	Noted
	5	All commercial developments above privately owned, single projects.	Noted
	6 7	Yes, for large developments.	Noted
		Definitely, all developments affect the local community, so the community should benefit.	Noted
Leominster Town Council	1	(para 4.1) Yes. Parish Council should be consulted on community & infrastructure needs prior to any negotiations.	Consultation allowed for in 'Figure 2' procedure.
		A 'wish list' could be held by the Planning dept. for each parish, updated annually & used each time an application of suitable size is made - contents to be constrained to the Council priorities set out in para 5.1.	Scheme of works is proposed in SPD (page 4).

Organisation	Question No.	Comments Made	How addressed in the SPD
	2	(para 6.4) Option 2	Option 2 and 3 considered most appropriate.
	7	(para 7.4) Yes	Noted
Colwall Parish Council	2	Option 1 is preferred as greater flexibility for all can be achieved using this option. Parish & Town Councils should have input to, and make use of, Planning Gain opportunities.	Options 2and 3 considered most transparent and appropriate, see Figure 2.
	1	Yes	Noted
	2	Option 4	Options 2 and 3 considered most appropriate.
Bromyard & Winslow Town	3	One - Every property or development	Higher threshold considered most appropriate for administrative reasons.
Bromyard & Winslow Town Council	4	Yes	Noted
	5	Big businesses	Noted
	6	Yes all topics, especially those contained in any Parish Plan	Noted
	7	No, each Parish is different - requiring different needs.	Noted
	1	lv	Niete d
	2	Yes. Option 4 is the best scenario, as it is more defined and	Noted Options 2 and 3 considered to
	3	In Rural areas one dwelling should be the threshold for the requirement of housing proposals.	provide greater flexibility Administration costs considered prohibitive.
Ohah dan Bariah Oarmail	4	Yes, the threshold in Urban areas should start at 2/3 dwellings.	Administration costs considered prohibitive.
Shobdon Parish Council	5	Any commercial development should have planning obligations.	Administration costs considered prohibitive.
	6	The list of topic areas as shown in para 5.1 should be adequate.	Noted
	7	Standard agreements are in essence a transparent way of informing all upfront about intended aspects of planning. Must be common within a County so that no area is	Nessed
		disadvantaged.	Noted
	1	Voc	Nistad
		Yes. Any code of practice should follow the planning guidance published by the Dept. for Communities & Local Government. (In particular ch.4 of the guidance)	Noted Noted
	2	Refer to the Practice Guide & Para B33 of Circular 05/05, also B34 & B35. Levels of charges must be transparent & related to actual impact of proposed development. Not applied in a blanket form regardless of impact.	Done – Section 1.5.4.
		The document should also be subject to independent scrutiny for true transparency.	Formal consultation will be carried out.
Crest Strategic Projects Ltd.	3	There should be no threshold size applied. Request of planning obligations depends on impact of proposal on community. Each case should be considered individually.	Threshold considered necessary for administrative purposes.
,	4	As above.	Threshold considered necessary for administrative purposes.
	5	As above.	Threshold considered necessary for administrative purposes.
	6	The extent of topic areas depends on the impact of a proposal. The inclusion of a topic area depends whether it is	
		reasonable & necessary for a development to proceed. A danger of widening topic areas is that contributions will be sought where they are not required.	Agree – flexibility exists in document. Noted
	7	(Refer to B36 of Circ 05/05 & para 6.6 of Practice Guide). The Council's approach is to be welcomed, but it must follow the advice in Circ 05/05 & the Practice Guidance. In addition,	
		more use could be made of unilateral undertakings.	Noted
	1		
	2	Yes, as this is in line with current Government advice. Each case should be looked at individually but a SPD of some sort should be put into place. Option 3 is preferred	Noted
		although each has its merits.	Agree

Organisation	Question No.	Comments Made	How addressed in the SPD
Sport England	3	Planning obligations should also be applicable to retail, commercial & industrial developments, not just housing - (See para 2 of PPG17). Each case should be looked at on its own merits. The needs of those working in and visiting areas, as well as	Noted - Agree
open inguine		residents should be included. (ref to Redditch UDP -31 May 2006, in policy R5 para 3).	Noted
	4	Each case should be looked at on its own merits.	Noted – although County-wide approach favoured.
	5	Each case should be looked at on its own merits, but in some cases it could be based on the number of people occupying a building, rather than on its 'footprint'.	This was considered, but a formula for commercial uses was not considered appropriate.
	6	No	Noted
Sport England	7	Yes. We have examples on our website which a number of LPA use.	Noted
	General	As contributions are sought for maintenance of playing pitches, play areas (etc), they should also be sought for new facilities which are provided.	Noted
		Contributions could also be used to fund sports development officers and community liaison workers.	Noted
		A full PPG17 audit should be undertaken and constantly reviewed, in order for the SPD to work with respect to sports & open space.	Noted – this is being carried out.
	1	Yes.	Noted
	2	Option 3 - quantitative guidance would be a fair & reasonable approach.	Agree
Hereford Access Group &	3	Threshold for housing developments would need to be agreed in line with National guidelines.	No guidelines provided nationally, need to determine.
Pedestrian Forum	4	Yes. Urban & Rural requirements would be different.	Consider County-wide approach mos appropriate.
	5	Commercial developments like supermarkets & larger commercial schemes	Agree
	6	Yes. Affordable housing, Accessible environments including leisure facilities & Canal developments.	Agree
	7	Yes.	Noted
	General		
Countryside Agency (LAR)		Welcome the topic reference: Safeguarding/Enhancing the Natural Environment, and encourage specific references to the Malvern Hills AONB & Wye Valley AONB throughout the SPD.	Will consider incorporating post consultation.
	2	In principle yes, but it would depend on the content. Option 3 seems the most transparent, consistent and	Noted
	_	suitable, so we support this. Quantitative approaches only practical where impacts can be identified and measured in advance (i.e. generic developments that are broadly unchanging, such as housing).	Noted – Options 2and 3 favoured at this stage.
		For other development types, impacts should be assessed case by case in the form of Option 2.	Noted – Options 2 and 3 favoured at this stage.
		Impact of retail & office development may be quantified in same way as housing, but only makes sense in areas where they are the predominant economic activity. Hfdshire has a varied economy in terms of size, type & location so Countywide formulae would be inappropriate. Formulae for specific	
		areas could come under the Area Action Plan. A general formula for retail & office development would	Noted
		introduce bias in comparison to other economic activity for which formulae are inappropriate.	Noted
CPRE		Whatever option, there needs to be clear proposals for dealing with impact. Also needs to be clear audit trails	
		linking developer's contributions to associated development impacts, to avoid undermining public confidence in the process.	New database will be set up to monitor contributions.
		Option 1 is not favoured, as it does not appear to be transparent, consistent or suitable.	Agree

Organisation	Question No.	Comments Made	How addressed in the SPD
		Option 4 is not favoured as it may be suitable for very large- scale development from scratch, but otherwise would lead to distancing between developments and their impact, and encourage the view that planning permission can be 'bought'.	Agree
	3	We assume that any formula under option 3 will identify the marginal impact per dwelling - in which case it should apply to every dwelling and thus a threshold would be inappropriate. Some types of dwellings could be excluded such as homes	Disagree – administrative costs would be prohibitive.
		for students the elderly or lone individuals that are unlikely to generate pressure on social infrastructure - in-line with DCLG Practice Guidance.	Agree
	4	We oppose a threshold, but if one is used it should be kept low in rural areas, as dwellings are often built in small batches and so rural infrastructure would miss out on critical funding; also the relative impact of development in rural areas is greater, as rural infrastructure is commonly smaller than in urban areas.	Consider County-wide approach is most consistent.
		For any threshold it would be essential to include a policy that identifies and prevents attempts to evade it by breaking down developments into smaller batches.	Noted – see Affordable Housing section.
	5	We do not favour the use of thresholds - as above.	Noted
CPRE	6	The implication of this question and of Section 5 is contrary to Circ 05/05 and mis-leading to consultees.	Noted
OFFICE		The Circ states that 'planning obligations should never be used purely as a means of securing for the local community, a share in the profits of developments' (para B7)	Noted
		We can find no reference to the government suggesting that development contributions should be 'based on achieving the policy priorities for a particular area.' Planning obligations	
		should be identified by ref to LDF (para B8) and by reference to tests set out in para B5 of the Circ (also in para B5 of consultation doc) - making it clear there must be a direct link between the impact of development and the obligation.	on locally defined needs – only when
		The Consultation document also fails to make clear that planning obligations are not the primary or preferred method of rendering developments acceptable.	This is made clear in the consultation draft – section 1.1.4 and 1.4
		We question the statement at para 4.1. as Circ 05/05 (para B4) states that 'planning obligations are unlikely to be required for all developments'	This is made clear in the consultation draft.
		The Council should first consider if negative impacts can be avoided or mitigated by planning conditions. Only after should planning obligations be considered, and if the impacts still conflict with LDF policies, the development should be refused outright.	This is made clear in the consultation draft – section on Code of practice
		The aims of the community strategy listed in para 5.2 are irrelevant to determining planning obligations unless they coincide with the impacts of a development. i.e. reduced levels of crime, drugs etc are extremely desirable - but should only be funded through planning obligations to the	Agree – no changes considered
	7	extent that the development generates increases in these. No comment.	necessary however.
	'	TO COMMON.	
	2	The SPD should incorporate both options 3 (quantitative) and 4 (tariff approach), where applicable.	Options 2 and 3 preferred.
	SEC 3.1	We would welcome consultation on the SA Scoping Report, to provide comments on relevant key issues, baseline data, plans and programmes, indicators, objectives etc.	Done
	SEC 5.1	We support the inclusion of open space and safeguarding/enhancing the built and natural environment. The need to ensure infrastructure is in place to protect from any environmental impacts is paramount.	Agree
	Flood Defence	In certain circumstances development contributions may be appropriate for the provision of defence or mitigation works. (Ref to para 61 of PPG25 for guidance).	Covered in general in Consultation Draft.
Environment Agency		It may also be appropriate for development contribution to be sought for the mitigation of fluvial flood risk for the provision of temporary or permanent flood defences.	Covered in general in Consultation Draft.

Organisation	Question No.	Comments Made	How addressed in the SPD
		It may be appropriate to seek development contribution for major applications proportionate to the increased burden on the flood warning system, and emergency services for the lifetime of the development.	Covered in general in Consultation Draft.
		A contribution should also be sought for the maintenance of flood defences for the lifetime of the development - we recommend 100 years be included for residential development and 60 years for commercial and other uses.	Covered in general in Consultation Draft.
		Contribution should be sought for 'flood risk management.' The relevant Local Plan policy is Policy DR7 of the emerging UDP.	Covered in general in Consultation Draft.
		Example: Work carried out for the Nottingham Flood Defence Scheme - the cost for maintenance of defences for 50 years was calculated at £160 per dwelling - for 100 years (with inflation) the figure may reach £500. For flood warning, the cost was calculated at £140 per dwelling for 50 years, possible £300 for 100 years. Detailed calculations could be produced to inform the SPD.	Covered in general in Consultation Draft.
Environment Agency	Surface Water	Sustainable urban Drainage Systems for surface water run- off, including adoption and long-term maintenance costs for the lifetime of the development (as above) - relevant UDP policy is DR4, point 4. The LPA could produce a figure for contribution, or deal with on a case-by-case basis.	Covered in general in Consultation Draft.
	Groundwater/ Contaminated Land/Foul Drainage	Planning obligations could be imposed to ensure that remediation works are carried out, and to require notification of any significant unsuspected contamination encountered during development.	Covered in general in Consultation Draft.
	Groundwater/ Contaminated	The need for continued groundwater and surface water monitoring and any further remediation (after planning conditions are discharged).	Covered in general in Consultation Draft.
	Land/Foul Drainage	Foul Drainage upgrades to facilitate new sewer capacity (mains sewer connections) / AMP schemes. Relevant local plan policy is Policy QL27 - sec 4.7.12.	Covered in general in Consultation Draft.
	1	Yes. The HA would welcome a code of practice SPD on	Noted
Himburana Amaman	2	planning obligations, as proposed in ODPM Circ 05/05 Given the Government's current review of planning obligations and PGS, the HA does not consider itself to be in a position to give a view to options 1-4.	Noted Noted
Highways Agency	3-5	The HA does not favour the extensive use of thresholds in determining planning obligations - on the basis that the transport and traffic impact of each scheme needs to be considered on its own merits.	Noted
	6-7	No comment	-
	T 4	Non-Kourshippe for the code of mosting chould be to	
RPS Planning	1	Yes. Key objectives for the code of practice should be to provide certainty and transparency for the Council and developers/landowners; and to speed up the delivery of planning consents.	Agree
		The code of practice should make it clear that where there is a choice between imposing conditions and entering into a planning obligation, a condition which satisfies the policy tests of Circ 11/95 is preferable - further, the terms of conditions imposed on a planning permission should not be restated in a planning obligation.	
		A planning obligation must satisfy the 5 tests set out in Circ 05/05.	Agree – covered in Consultation Draft.
		The code of practice should make it clear that where there is a choice between imposing conditions and entering into a planning obligation, a condition which satisfies the policy tests of Circ 11/95 is preferable.	Agree – covered in Consultation Draft.
	2	The use of formulae and standard charges where appropriate would provide a useful framework for negotiating and securing planning obligations. (To be used as a starting point, with an emphasis is on negotiation).	Agree
		A combination of option 2, option 3 and option 4 would be appropriate with scope for general negotiation where specific guidance is not available (option 1).	

Organisation	Question No.	Comments Made	How addressed in the SPD
		Example: Barons Cross Camp, Leominster - where Qualitative guidance (opt 2) was used to inform provision of public open space in the form of the emerging UDP. Financial contributions were the subject of pre-application negotiation with the Parks & Leisure Dept. Quantitative guidance (opt 3) was provided from the Council for the affordable housing, in the form of the adopted SPG on affordable housing, which prescribed the level & mix of affordable housing to be provided, and formed the basis of negotiations.	-
		Tariff approach (opt 4) was adopted by the Council for contributions to off-site highway works which covered matters such as off-site junction improvement, cycle & walking provision and public transport - (In Leominster £1500 was negotiated per dwelling).	-
		Where guidance not available, negotiations took place specific to requirements (opt 1), which is appropriate for flexibility. There is a duty upon the Local Authority & developer for	-
	3	planning obligations to be clearly justifiable & transparent & satisfy the tests of Circ 05/05. The imposition of a threshold would be contrary to the	Noted Thresholds considered necessary for
		provisions of Circ 05/05. Planning obligations can be applicable to any type or scale of development.	consistency, transparency and cost effectiveness.
		It will be down to the Council to decide about the formulation of a policy, in relation to the use of formulae and/or standard charges, to see how they work in relation to different sizes of development.	
RPS Planning	4	No. The threshold should not vary between different locations. (See above).	Agree
•	6	No threshold should be applied for any obligations being applicable to commercial development. (See Q3 above).	Disagree – See 3
		The topic areas listed in para 5.1 are sufficient, although we would query the relevance of the 8th bullet point (safeguarding/enhancing the built environment); and the 10th bullet point (town centres).	Noted
	7	All topic areas should be clearly identifiable & specific. Yes, more use could be made of standard agreements, both in the form of standard Section 106 Agreement and in the form of a range of standard clauses - such standardisation would assist in the drafting of legal agreements & should assist in speeding up the process.	Agree Noted
	2	Option 1 - this is not an acceptable approach, as there will be no consistency in the negotiations dealt with on a site-by-site basis -this will mean that the process is not fully transparent, and so places pressure on officers to identify opportunities and needs which could be satisfied by planning obligations.	Agree
		Option 2 - We are concerned that there would be a lack of information on how the contributions will be calculated as this will result in uncertainty for developers and the general public.	Agree
Tetlow King Planning		Option 3 - We support this method as it involves comprehensive guidance both on the type and size of contributions that will be sought. There will be greater certainty for developers and members of the public, and contributions can be easily calculated thus reducing the protracted negotiations that are involved with the other 2	
		options. Option 4 - We object to this approach, which provides no mechanism for on-site provision of affordable housing. PPG3 and draft PPS3 requires that this is normally provided on-site and in kind rather than via a financial payment - This approach would be at odds with Government advice.	Agree
	General	(Para 5) We support the areas for which planning obligations might be appropriate, in particular in the sphere of affordable housing. We consider that affordable housing units should be exempt from other planning contributions.	
		The delivery of affordable housing should not be expected to contribute to the fulfilment of other less important objectives.	·

Organisation	Question No.	Comments Made	How addressed in the SPD



SMOKEFREE HEREFORDSHIRE

PORTFOLIO RESPONSIBILITY: ENVIRONMENT/CHILDREN & YOUNG PEOPLE

CABINET

22 FEBRUARY 2007

Wards Affected

County-wide

Purpose

To note the changes made by the Health Act 2006 that will mean that from 1st of July 2007 virtually all enclosed public places and workplaces in England will become smokefree, and approve the activities of the Council and its partners in the Smoke free Herefordshire Partnership in ensuring compliance by businesses and the population of Herefordshire.

Key Decision

This is not a Key Decision.

Recommendation

THAT the action plan and funding for raising awareness and enforcement of the Smokefree England legislation be approved.

Reasons

The Health Act 2006 imposes new duties on local authorities to enforce the Act and its regulations. The regulations relating to enclosed public places and workplaces will take effect in July 2007 and every person and every business will be affected. It is imperative that the Council enforce this new piece of legislation, but it is also important that everyone knows about it and is prepared for the changes in order to obtain effective compliance.

Considerations

The new legislation follows successful implementation of smokefree legislation in Ireland and Scotland (Wales will go smokefree on 2 April). It is the most important piece of public health legislation since the Clean Air Act of 1956. The Choosing Health White Paper identified stopping smoking as one of the key priorities in improving the population's health and empowering people to chose to live healthier lifestyles. However, although Choosing Health is sometimes seen as an NHS White Paper, this is not the case, and the Paper makes clear that implementation should be done with partners, among whom the local authority is key. The new Smokefree England legislation reinforces the requirement for all

Further information on the subject of this report is available from Mrs B Hadley, Strategy and Development Officer on (01432) 261838)

public health practitioners to work together and to this end the Smokefree Herefordshire Partnership was established in July 2006. The Partnership's first activity was to consult with stakeholders and respond to Government consultation documents related to Smokefree England, the legal age for purchase of tobacco products and the use of picture warnings on tobacco products. The subsequent activity was to plan for proposed changes in the law.

- 2. The Smokefree Herefordshire Partnership is made up of officers from various divisions within Herefordshire Council, the Herefordshire Primary Care Trust, the Hereford & Worcester Fire and Rescue Service, HM Revenues and Customs, West Mercia Police and representatives from the business and voluntary/community sectors, and operates under the 'umbrella' of the Herefordshire Partnership. Responsibility for the enforcement of the new legislation through the Environment Directorate Environmental health & Trading Standards Division rests with the Cabinet Member for Environment. Given the schools' programmes the Cabinet Member for Children and Young People will also be closely involved in delivering the Council's obligations.
- 3. Whilst Smoke free England has the objective of preventing people from working or socialising where they are exposed to second hand smoke, it is also recognised that this law might be a driver for reducing smoking (as has been the case in Scotland and the Republic of Ireland). Reducing smoking is an important priority in improving public health since it remains the biggest single cause of preventable disease and early death in the UK. In Herefordshire, in 2004, coronary heart disease killed 346 people and was the second largest single cause of death; stroke was the third, killing 278 people, and lung cancer the third, killing 83 people. Smokers are at greatly increased risk of each of these "big killers".
- 4. Reducing smoking is also important in the context of narrowing the gap between the health of richer and poorer people. Smoking is the primary explanation for the gap in life expectancy between different social groups. In Herefordshire, the health gap in terms of life expectancy between electoral wards varies from 78.2 years in the lowest fifth of wards to 82.2 years in the highest fifth. Mortality data at a smaller level of analysis (Super Output Areas of 1,500 households) shows a standardised mortality ratio of 100 for Herefordshire as a whole, compared with 126 for the South Wye population, in the most deprived part of Hereford City.
- 5. Smoking has a negative impact on business and economic health too, through the sickness and absenteeism caused by both actual and second hand (passive) smoking. Second hand smoke is estimated to kill 12,000 people a year in the UK. In the West Midlands, it has recently been calculated that a 1% reduction in the number of smokers across the region would field a net saving of £64.6 million a year for the regional economy. Nationally, the Chief Medical Officer calculated in 2003 that introducing smoke-free workplaces would produce an overall net benefit to society of £2.3-£2.7 billion annually.

- 6. There are a number of national and local targets relating to smoking. Locally, these include:
 - In 2005-2006 to achieve 1,000 four week quitters (people who set a quit date with the NHS Stop Smoking Service, and have not smoked by the four week point).
 - In 2006-2007 to achieve 1,100 four week quitters.
 - Reduce overall mortality rate for deprived areas compared to Herefordshire (Herefordshire Partnership Strategy).
 - To reduce the numbers of young people (under 16s) who smoke. (Herefordshire Partnership target).
 - To reduce mortality rates from cancer, stroke and heart disease for people under 75 (Herefordshire Partnership target).
- 7. Pre-announcement of Smokefree England smoking initiatives and resources included:
 - PCT health promotion resources unit, distributing stop smoking leaflets to GP practices, hospitals, and health professionals. This will soon relocate to the ASDA site, giving greater opportunities for public display.
 - PCT Stop Smoking Service. A full-time Co-ordinator (Caron Cooke); full-time midwife; and three part-time advisors provide a range of services including one-to-one advice in clinics; intensive support for pregnant women; working in secondary schools; working in with hospital patients; and working with local businesses, offering smoke-free accreditation.
 - Publicity peak around "No Smoking Day" in March each year. This is led by the PCT team but involves other partners, for example, the Fire Service.
 - Health professionals who are trained by the Stop Smoking team to offer brief interventions to all patients who smoke. This includes GPs, health visitors, school nurses, and midwives.
 - Community pharmacists offering a stop smoking service.
 - Council enforcement of legal ages in sales of tobacco.
 - Healthy schools programme which offers support to schools to become accredited health schools. Promoting healthy lifestyles is a key part of this.

This work will continue and much of it has become part of the Smokefree Herefordshire Partnership action plan (Appendix 1).

- 8. Whilst the Smoke free England is a piece of public health legislation it is incumbent on the local authority to regulate and enforce the law through its environmental health and trading standards divisions. This will be a statutory duty and will be subsumed into the role of environmental health and trading standards annual enforcement programmes, once the initial drive has been completed.
- 9. The Department of Health has allocated funds specifically to implement the new legislation. Herefordshire Council will receive £96,253 in total, divided as £16,304 for 2006/07 and £79,949 for 2007/08. This will help provide local advertising and special events in the lead up to 1 July, and increased enforcement just prior to and after the due date, to ensure compliance. The Department of Health is also running its own advertising campaign and will contact businesses directly with

the signs that are required to be displayed by law by all businesses. The financial implications include the need to allocate this grant to the Environment Directorate budget for the Environmental Health & Trading Standards Division to ensure that this initiative is a success.

10. The Council, as a large employer with a significant number of workplaces throughout the county, is reviewing its own smoking policy to address the issues that it will face through implementing smokefree workplaces.

Risk Management

- 1. The sparseness of population and the maintenance of an up to date database may mean some businesses are not contacted directly. The local advertising campaign and 'road shows' should address this issue.
- 2. When businesses begin to acknowledge the changes they must effect there may be a capacity issue in the Council handling enquiries. A 'Smokefree Helpline' has been established to deal with these enquiries, and will pass to Info by Phone once it is operational.
- 3. Blatant non-compliance as a way of demonstrating disagreement with the Government's decision to go smokefree will have to be handled tactfully, and how such problems should be dealt with must be agreed between the regulators and the legal team. The use of fixed penalty notices versus prosecution should also be established as part of the enforcement policy on 'smokefree'.
- 4. Allowing smokers to only smoke outside businesses and places for socialising may lead to an increase in cigarette related litter, and some degree of other antisocial behaviour, particularly if people have been drinking. An anti-cigarette litter Streetscene campaign is being run in conjunction with Smokefree Herefordshire to try to mitigate this. Extra litter in public places may lead to an increase cost for street cleansing.

Alternative Options

There are no Alternative Options.

Consultees

None

Appendices

Appendix 1 - Smokefree Herefordshire Action Plan

Background Papers

None identified.

				health promotion effort following rise in age for purchase of tobacco products (16 to 18)	3 00,000
	Stop Smoking activities	PCT : Stop Smoking Service		Building to this via co-ordinated publicity campaigns through the winter, perhaps focusing on one group a month.	Complaints and Communications Manager, Stop Smoking Service, PCT
413	Reaching young people	PCT/Healthy Schools/Council	•	Closer working on publicity in school/college environment. Training teachers, social workers, family support workers in brief interventions. Using results of Lifestyles Survey to target schools with high rates, maximising school nurse input	PSHE Healthy Schools Co-ordinator, HC and Community Youth Service Manager, HC
	Supporting smoke-free workplaces/environment: Inspection/regulation/enforcem ent of workplaces	Council/PCT	•	Linking to wider PCT effort to develop smoke-free sites, to identify current smoke-free sites and explore possibilities for joint/delegation inspection. Ensuring early clarity about details of enforcement following publication of regulations.	Environmental Health Manager (Commercial), HC
	PR & Publicity	No Smoking Day done by Stop Smoking Service. New legislation publicity to be developed in line with DoH promotion	•	Joint working by PCT and Council press officers. Maximising all publicity opportunities. Consider all PCT and Council mailings for sticker/stamps etc.	Strategy and Development Officer, Environment Support Service, HC and Smoking Cessation Co- ordinator, Herefordshire

Could maximise effectiveness by:

• Targeting shops in particular areas,

• Consider wider circulation of existing

materials.Specific events

identified with partners, and linked to a

To be taken forward by:

Trading Standards

Manager, HC

Partnership, HC

Current lead/agency

Council: Trading Standards

APPENDIX 1

Under-age tobacco sales

Area of work