

Chief Executive's Office

Chief Executive: N.M. Pringle

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

Your Ref:

Our Ref: NMP/SAHC

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5th April, 2007

Dear Councillor,

**MEETING OF CABINET
THURSDAY, 12TH APRIL, 2007 AT 2.00 P.M.
: THE COUNCIL CHAMBER, BROCKINGTON, 35 HAFOD ROAD, HEREFORD**

AGENDA (07/05)

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. PUBLIC SERVICE TRUST FOR HEREFORDSHIRE

To enable the Council to take forward the proposal for a Public Service Trust for Herefordshire. *(Pages 1 - 2)*

4. PROGRESS ON IMPROVEMENT IN CHILDREN AND YOUNG PEOPLE'S SERVICES

To advise Cabinet of the position following the Government Office for the West Midlands (GOWM) Board meeting on 21st March, 2007 and for Cabinet to note and consider the next steps with GOWM. *(Pages 3 - 4)*

5. BRILLEY CE PRIMARY SCHOOL

To advise Cabinet of the decision by the Governors and Parents of Brilley C E Primary School to request transfer of pupils to Almeley Primary School, and consider the future of the school. *(Pages 5 - 8)*



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6. FUNDING ARRANGEMENTS FOR RIVERSIDE PRIMARY SCHOOL AND SUTTON ST NICHOLAS PRIMARY SCHOOL

To inform Cabinet of the key decision taken by the Leader, Cabinet Member (Children and Young People) and Cabinet Member (Resources) on additional funding arrangement for the above two schools. *(Pages 9 - 14)*

7. FORWARD LOOKING ANNUAL EFFICIENCY STATEMENT 2007/08

To inform Cabinet of the Council's draft strategy for the 2007/08 Annual Efficiency process, to indicate progress to date on procurement issues and to provide an update on future prospects for the Government's efficiency agenda. *(Pages 15 - 24)*

8. RESERVES

To provide Cabinet with further information on the level of reserves held by the Council. *(Pages 25 - 30)*

9. LGA BRIEFINGS ON THE LYONS REPORT AND BUDGET

To inform Cabinet of the contents of Sir Michael Lyons' inquiry report and the implications for Local Government of the Chancellor's budget. *(Pages 31 - 36)*

10. HOMELESSNESS UPDATE

To update Cabinet on progress made in relation to homelessness prevention in Herefordshire. *(Pages 37 - 40)*

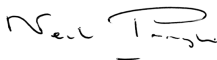
11. STRATEGIC MONITORING REPORT

To note the report of the Strategic Monitoring Committee to Council. *(Pages 41 - 50)*

12. HEREFORDSHIRE CONNECTS

To advise Cabinet of the results from the evaluation process for the three short-listed suppliers for the Herefordshire Connects Programme. This is the second round of the process and the object is to select a preferred supplier. *(Pages 51 - 68)*

Yours sincerely,



**N.M. PRINGLE
CHIEF EXECUTIVE**

Copies to: Chairman of the Council
Chairman of Strategic Monitoring Committee
Vice-Chairman of Strategic Monitoring Committee
Chairmen of Scrutiny Committees
Group Leaders
Directors
Head of Legal and Democratic Services



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COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL

BROCKINGTON, 35 HAFOD ROAD, HEREFORD.

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PUBLIC SERVICE TRUST FOR HEREFORDSHIRE

PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

12TH APRIL, 2007

Wards Affected

County-wide

Purpose

To enable the Council to take forward the proposal for a Public Service Trust for Herefordshire.

Key Decision

This is not a Key Decision because the Council will not be in a position to take a decision until the process of public consultation is complete.

Financial Considerations

The financial implications of the Public Service Trust are very significant and will need to be addressed separately, both in terms of the construction of a budget for any period of interim operation from 1st October, 2007 and for the first year of operation which will be the financial year 2008/09. Both the Council and Herefordshire NHS Primary Care Trust have recognised the need to undertake the usual due diligence enquiries though independent or external auditors before proceeding with the Public Service Trust proposal.

Recommendation

THAT in order to maintain the time table which will be proposed to the Herefordshire Public Service Trust Project Steering Group (Steering Group) on 16th April, 2007 authority be delegated to the Chief Executive and/or the Leader of the Council to enable them to give effect, if necessary, to any resolution of the Steering Group in relation to the timing of public consultation and the timing of the placing of an advertisement for the post of Chief Executive of the Public Service Trust.

Reasons

To establish authority for a process of joint public consultation and the commencement of the recruitment exercise for a Chief Executive

Considerations

1. Cabinet approved in principle the proposals for the establishment of a Public Service Trust for Herefordshire at its meeting on 26th October, 2006 and that decision was the subject of a report to Council on 3rd November, 2006. That report covered the proposals for establishing a joint Management Team operating under a joint Chief

Further information on the subject of this report is available from
N.M. Pringle, Chief Executive, on (01432) 260044

Executive and also established the principle of public consultation on the proposals.

2. The time table which will be considered by the Steering Group on 16th April, 2007 will propose that a process of public consultation commences as soon as possible but after the local elections due to be held on 3rd May, 2007. The report to the Steering Group will also propose a time table for the commencement of the recruitment process for a Chief Executive.
3. Because of the intervening local Council election, there will be a period when the Council is unable to give effect to the time table established by the Steering Group through the normal delegations to Cabinet and Cabinet Members. It is important to note that Cabinet will not be re-appointed until 25th May, 2007. The recommended delegation will, therefore, enable effect to be given to any decision of the Steering Group should such a decision be required in the intervening period. The Leader of the Council will be able to give effect to that decision acting under existing delegated powers until the date of the May election and thereafter the Chief Executive will be able to give effect to that decision, if required, up to and including the Council meeting on 25th May, 2007.
4. The decision relates to the time table only and not to the principle of whether to consult or whether to make a joint appointment to which approval has already been given.

Risk Management

The risk remains as set out in the previous report to Cabinet, namely that the formation of the Public Service Trust represents the best safeguard currently against the risk of loss of local Herefordshire decision-making and accountability on health matters.

It is also important to recognise the need for appropriate joint project planning and management to ensure that the initial proposals for formation of the Public Service Trust and the proposals shortly to be considered by the Steering Group are carried out in a way that minimises the risk to the stability of health and local authority functions across the County.

Alternative Options

There are no practical alternative options.

Consultees

Part of the decision which is to be delegated is to enable a full public consultation to take place.

Appendices

None

Background Papers

None identified.

PROGRESS ON IMPROVEMENT IN CHILDREN AND YOUNG PEOPLE'S SERVICES

PORTFOLIO RESPONSIBILITY: CHILDREN AND YOUNG PEOPLE

CABINET

12TH APRIL, 2007

Wards Affected

County-wide

Purpose

To advise Cabinet of the position following the Government Office for the West Midlands (GOWM) Board meeting on 21st March, 2007 and for Cabinet to note and consider the next steps with GOWM.

Key Decision

This is not a key decision.

Recommendation

THAT the next stage of formal engagement for Herefordshire Council be noted.

Reasons

To ensure that Cabinet is advised of the focus of the next period.

Considerations

1. The progress on the service success criteria was reported to the March GOWM Improvement Board. These areas were regarded as concluded satisfactorily and the criteria met.
2. The Minister had decided before the Board meeting that there would be continued engagement until September 2007 with possible light touch after that until the end of 2007.
3. The focus of this engagement will be confidence in sustainable self-improvement.
4. The progress on performance management is seen as good. The inquiry will be – has it been further embedded?
5. The progress on project management of service change was not regarded as good enough, even though extra capacity was put in on the two exceptions areas.
6. The reports on Disability and Workforce Strategies were delivered to the Board.
7. The Workforce Strategy was assessed as AMBER. The Disability Strategy was assessed as RED. Whilst the Board were disappointed with the analysis and were

anxious to establish an understanding of the basis for that analysis, they accepted that further work would be required given the draft Strategies were for local consultation. An understanding of the conclusion reached would, however, be important in ensuring that that response was properly focused.

8. There was concern about both the timing and the content of the project management report received from GOWM immediately prior to the Board meeting. It had been agreed that there would be a response to those concerns with the intention of enabling the Council to understand and build upon those apparent differences in view.
9. There continues to be a view about the strengthening of project management into the future. There appear to be continuing high level issues about the confidence in Herefordshire to self analyse and drive change and improvement. There is a concern about the continuing inability to translate those into the specifics that will create the necessary reassurance.
10. GOWM is, of course, aware that there will be both a new Director of Children's Services and a new lead Member for Children's Services following retirement of Ms. Sue Fiennes and the indication given by Councillor D. Rule that he will not be continuing post the election. GOWM accepts that this creates an opportunity to build on the success achieved so far but also see it as a risk as the process of those changing roles may of themselves create more uncertainty with regard to the sustainable self-improvement. Whilst it is difficult to see what further the Council could do to manage that risk, which is a risk which is faced by every council from time to time, the Council will ensure that any risks arising from that situation are carefully managed.
11. There will need to be new discussions on the focus of engagement over the next few months. The pattern on detailed action plan/service reporting is now concluded.
12. There will also need to be careful assessment of the service management grade in the APA 2007.
13. There are no legal or financial implications.

Risk Management

Formal engagement continuing through 2007 does impact on the APA self-assessment and the capacity of the Children & Young People's Partnership to deliver improvements. It also will impact on Direction of Travel 2006-07 assessment in the area of capacity to improve. In order to reach improving well, the Council will have to demonstrate confidence in sustainable self-improvement.

Alternative Options

There are no alternatives.

Consultees

None

Appendix

Not Applicable

Background Papers

None identified.

BRILLEY CE PRIMARY SCHOOL

PORTFOLIO RESPONSIBILITY: CHILDREN AND YOUNG PEOPLE

CABINET

12TH APRIL, 2007

Wards Affected

Castle Ward

Purpose

To advise Cabinet of the decision by the Governors and Parents of Brilley C E Primary School to request transfer of pupils to Almeley Primary School, and consider the future of the school.

Key Decision

This is not a key decision.

Recommendations

That

- (a) the transfer of pupils to Almeley Primary School be confirmed; and
- (b) notices be issued to cease to maintain Brilley CE Primary School as from 31st August, 2007.

Reasons

- Governors and Parents have reluctantly come to the view that it is in the best interests of their children if they are transferred to a larger school.
- The number of children under the age of 5 living in the area served by Brilley Primary School is low, and do not provide the basis for a sustainable school.

Considerations

1. Given the falling numbers of children in the County, a review of school provision was instigated on an area by area basis in the summer of 2006. Following initial consultations, a proposals paper for the Kington, Weobley and Wigmore areas was issued at the end of January 2007.
2. The section on Brilley reads as follows;

'Capacity: 56 Published Admission Number: 8 Number On Roll: 19 (provisional January 2007 data) Number of Children <5 living in the catchment area 17

In January 2007 there were only 19 children on roll, 58% of which come from out of

catchment. The age groups were

<i>Year</i>	
<i>R</i>	<i>3</i>
<i>1</i>	<i>5</i>
<i>2</i>	<i>1</i>
<i>3</i>	<i>5</i>
<i>4</i>	<i>3</i>
<i>5</i>	<i>2</i>
<i>6</i>	<i>0</i>

The number of children under the age of 5 living in the area is very low, and no applications have been received as yet from in-area children for admission to the school in September 2007. 3 applications have been made, all from families living out of area.

The school is subject to an Ofsted Notice to Improve (January 2006). It is believed that the necessary remedial action has been taken and the school has recently gained the Silver Eco Award and Healthy Schools Status.

Despite this, it is very difficult to provide a broad social and academic education in a setting, which is and is likely to remain so small.

This is not due to lack of funding. The school receives one of the highest per capita funding above that which the authority receives from the DfES'.

3. Since this proposal paper was written, one child in reception has now left. Ofsted have revisited the school and have been satisfied with the action taken and have classed the school as being satisfactory with some good features. Three applications have been received for admission to Year R for September 07. Only one of these is from within the Brilley area.
4. Meetings were held at the school on 7th February, 19th February and 15th March.
5. In the first meeting, governors and parents rejected the idea of federation, believing the logistics of carrying both pupils and teachers between schools undermined any advantage that teaching within larger groups might bring. The local authority was asked to explore the possibility of extending the catchment area and/or arranging transport for non-entitled pupils.
6. A meeting with the wider community was held on 19th February at which the wider support for the school and its important role within the village was emphasized. It was noted that the school was 199 years old.
7. The meeting on 15th March was with Parents and Governors. At this the local authority reported that a northward extension of the catchment area would not necessarily bring many more children to the school as there were few children living in that area, and there was no evidence to suggest parents would change their allegiance from the currently provided school of Kington to Brilley. It was also reported that without a change to catchment area free transport for non-entitled riders would not be provided as it would create an unsustainable precedent. Given this information and the feeling by parents that children currently at the school were

missing a broader experience, Governors and Parents voted by a majority of 20 to 1 to request a managed transfer to Almeley Primary School. In the absence of a move in total, a number of parents sought individual transfer to that school, which the local authority could not reject.

8. The Governors of Almeley Primary School have been approached and have agreed to having the additional children in their school for the start of the summer term 2007.
9. The parents at Brilley Primary School were responding to the local authority suggestion that the status quo is not an option, and given it is not a situation of their making, free transport has been offered to them from Brilley to Almeley.
10. Given that there is likely to be no pupils on roll at Brilley in the summer term, formal procedures to close the school should be started. This involves the issue of a public notice, and further consultation before a final decision is made by either the Council (if that part of the 2006 Act is enacted or by the School Organisation Committee if not). The alternative school for the future is proposed to be Eardisley, as that school serves the area adjoining Brilley, is within the same high school pyramid, and is a Church of England Aided School.
11. It is not envisaged that any additional accommodation would be required at Eardisley Primary School.
12. The additional transport costs for both interim arrangements for Almeley and for the long term will be offset by not maintaining Brilley Primary School @ £110,000p.a.

Risk Management

A 'managed' transfer to Almeley Primary School is seen as the best way to minimise disruption to pupils.

Alternative Options

- Federation with Eardisley Primary School was proposed, but this has been rejected by both Governors of Brilley and Eardisley Primary Schools as creating more problems than it would solve.
- The maintenance of the status quo with such low number is unacceptable as it does not provide children with the broad experience that should be expected in primary schools.

Consultees

- Governors, Parents and community of Brilley in meetings on 7th February, 19th February, and 15th March
- Governors of Eardisley and Almeley
- Diocese of Hereford

Background Papers

- Review of School Provision: Kington, Weobley & Wigmore Areas

FUNDING ARRANGEMENTS FOR RIVERSIDE PRIMARY SCHOOL AND SUTTON ST NICHOLAS PRIMARY SCHOOL

PORTFOLIO RESPONSIBILITIES: CHILDREN & YOUNG PEOPLE, CORPORATE STRATEGY & FINANCE AND RESOURCES

CABINET

12TH APRIL, 2007

Wards Affected

St Martins and Hinton, Sutton Walls.

Purpose

To inform Cabinet of the key decision taken by the Leader, Cabinet Member (Children & Young People) and Cabinet Member (Resources) on additional funding arrangements made for the above two schools.

Key Decision

This is not a Key Decision.

The Leader, Cabinet Member (Children & Young People) and Cabinet Member (Resources) took a Key Decision (22nd March) in line with the Cabinet's decision on 22nd February, 2007 to defer this matter for their further consideration.

Recommendations

- THAT (a) the action taken by the Cabinet Members identified above to put in place the additional funding required for both capital schemes be noted (the attached Cabinet Member Key Decision report refers); and**
- (b) the additional £50,000 funding from capital receipt reserves for the rainwater harvesting system for the Sutton St Nicholas scheme to be reinstated be agreed.**

Reasons

To inform Cabinet of actions taken.

Considerations

1. Cabinet received the Month 8 Integrated Performance Report on 22nd February, 2007. The capital monitoring appendix to that report highlighted a funding gap of some £2.23m on the Riverside and Sutton St Nicholas replacement primary school projects. The financial performance monitoring exercise in early February 2007 leading up to the production of the Month 8 report identified the significant issue and included a suggested solution as the most expeditious way of allowing contracts to be let.

2. Cabinet noted the position and agreed to refer the matter to the Leader, Cabinet Member (Children & Young People) and Cabinet Member (Resources) for decision. The preferred tender for the Sutton St Nicholas scheme guaranteed prices for a three month period after tender submission. This period expired leading to a further increase in additional funding required of £50,000 taking the total funding gap to £2.28m. This addition was included in the Cabinet Member Key Decision report (see attached).
3. The Children & Young People's Scrutiny Committee carried out an informal review of the Cabinet Member Key Decision on 20th and 22nd March, 2007. The Scrutiny Committee recommended that the rainwater harvesting system be reinstated in the Sutton St Nicholas project at a cost of £50,000, a recommendation that was accepted by the Cabinet Members delegated to resolve the issue. The contract has been let on this basis, on the understanding that if not agreed by full Cabinet cost reductions of £50,000 would be found to keep the overall increase in the budget required for these two projects to £2.28m.
4. The following table sets out the overall funding shortfall for these two schemes – including the rainwater harvesting system:

Shortfall		£2,330,000
Less DfES grant	- 1,022,000	
Less capital receipts	- 1,308,000	<u>£2,330,000</u>
Balance		<u>£0,000,000</u>

Risk Management

Having reached this stage the only major risk to either project is the appointed contractor going into liquidation. Both lowest tenderers are tried and tested contractors and it is felt that this risk is low.

Alternative Options

At Riverside Primary School the only alternative option would be to build a 420 place School instead of a 630 place School, as the project began with phase 1 in the Summer of 2006 with the decanting of junior aged children into temporary buildings.

A smaller School could save £500,000, but extending to a 630 place School at a later date would cost up to £1m. Given the number of children living in the area, a 630 place School is needed.

At Sutton Primary School, the only alternative is the abandonment of the project.

Consultees

Cabinet Member for Children and Young People.
 Cabinet Member for Resources.
 Children's Services Scrutiny Committee.
 Headteachers and Governors of both Schools.

Appendices

Cabinet Member Key Decision Report dated 22nd March, 2007.

Background Papers

None identified.

CAPITAL FUNDING FOR RIVERSIDE PRIMARY SCHOOL & SUTTON COUNTY PRIMARY SCHOOL

REPORT BY HEAD OF COMMISSIONING & IMPROVEMENT AND HEAD OF FINANCIAL SERVICES

**REPORT TO CABINET MEMBERS: (CHILDREN AND YOUNG PEOPLE),
(CORPORATE STRATEGY AND FINANCE) AND (RESOURCES)**

**DATE REPORT CONSIDERED AND DECIDED BY CABINET MEMBERS:
22ND MARCH, 2007**

DATE DECISION CAN BE IMPLEMENTED: 29TH MARCH, 2007

Wards Affected

St Martins and Hinton, Sutton Walls.

Purpose

To report on the capital funding for the Riverside Primary School and Sutton County Primary School projects.

Key Decision

This is a Key Decision because it is likely to result in the Council incurring expenditure above agreed budgets for the service (as shown as a line in the budget book) to which the decision relates but allowing for virements between budget heads and savings within budget heads of up to £500,000 and;

it would be significant in terms of its effect on communities living or working in Herefordshire in an area comprising one or more wards.

Notice is served in accordance with Section 15 of the Local Authorities (Executive Arrangements) (Access to Information) Regulation 2000.

Recommendations

THAT the capital projects at Riverside Primary School and Sutton County Primary School proceed on the tenders received, subject to the reduction in the latter scheme through reducing the size of the new building.

Reasons

To make progress on the two schemes within the resources available.

Considerations

1. Cabinet on Thursday 22nd March received a report on the 2006/07 Capital Programme which identified a gap of £2.23m between the lowest tenders for these two projects and the resources available. It is now evident that one subcontractor has been affected by rising steel costs and the gap has increased by £50k to £2.28m.
2. This gap followed initial reductions in the specifications for both schemes, and the use of corporate capital receipts, some of which had been derived from the sale of school land surplus to requirements.
3. Cabinet resolved that the matter be delegated to the respective Cabinet Members and the Leader to agree a way forward.
4. Since that meeting there has been further discussion, which has reduced the scheme at Sutton by making alternative arrangements for the library, ICT resource area and administrative rooms. It is estimated that this will reduce the cost by £100k. There has also been discussion over the use of the anticipated capital receipt (estimated to be over £500k) at Riverside. It has been established that this capital receipt, because it is not yet realised, has not yet been factored in to the assessment of the resources available to the Council. The achievement of that capital receipt depends on the Riverside scheme progressing. The corporate policy on capital receipts is not to earmark receipts to directorates or service areas but any sale arising from the Riverside scheme progressing will make a further contribution to the overall position. It will then be available for use following decisions by members. The balance could therefore be met from the Council's current overall capital receipts reserve and backfilled when the capital receipt is realised.
5. An early decision is required as both tenders will soon be outside their validity period, and contractors would be entitled to increase their figures if re-tendering was necessary.

Funding

The following tables outlines the revised funding arrangements

	£m
Shortfall	2.28
Less:	
Further scheme reduction at Sutton	-0.100
Less DfES grant	-1.022
Less Capital Receipts	<u>-1.158</u>
Balance	<u>0.0</u>

Alternative Options

At Riverside Primary School the only alternative option would be to build a 420 place school instead of a 630 place school, as the project began with phase 1 in the summer 2006 with the decanting of Junior aged children into temporary buildings.

A smaller school could save £500k, but extending to a 630 place school at a later date would cost up to £1m. Given the number of children living in the area, a 630 place school is needed.

At Sutton Primary School, the only alternative is the abandonment of the project and either the retention of the existing school buildings or amalgamation with Marden Primary School. Either option would leave the community provision in abeyance, and require the return of the £1.6m grant to the DfES.

Risk Management

Having reached this stage the only major risk to either project is the appointed contractor going into liquidation. Both lowest tenderers are tried and tested contractors, and it is felt that this risk is low.

Consultees

The Chair and acting Headteacher of Sutton County Primary School were consulted on the additional reductions.

Background Papers

Item 12 – Report to Cabinet 22.02.07



FORWARD LOOKING ANNUAL EFFICIENCY STATEMENT 2007/08

PORTFOLIO RESPONSIBILITY: RESOURCES

CABINET

12TH APRIL, 2007

Wards Affected

Countywide.

Purpose

To inform Cabinet of the Council's draft strategy for the 2007/08 Annual Efficiency process, to indicate progress to date on procurement issues and to provide an update on future prospects for the Government's efficiency agenda.

Key Decision

This is not a Key Decision.

Recommendation(s)

THAT Members agree the Council's list of efficiency gains as set out in Appendix A to the report.

Reasons

The Annual Efficiency Statement is a key requirement for Local Government. The statement has implications for the Council over the coming year.

Considerations

1. The Council is required to provide a Forward Looking Annual Efficiency Statement for 2007/08 as part of the national 'Gershon' Efficiency Agenda. In cumulative terms the Council needs to identify as a minimum total of £9.93m by the end of 2007/08 (3-year period).
2. In accordance with current requirements at least half of these efficiency gains need to be 'cashable', i.e. releasing additional cash resources. For 2007/08 £1.65m has been included in the revenue budget. The remaining efficiencies will be achieved through the Herefordshire Connects programme plus various procurement and efficiency review activities. This will deliver significant non-cashable and some additional cashable efficiencies for the Council.
3. To support the process the Strategic Procurement and Efficiency Manager is developing procedures and methodologies to recognise, capture, measure and validate both the cashable and non-cashable efficiencies. These will involve working in partnership with the relevant Service and Financial Managers. This will also ensure

Further information on the subject of this report is available from Dean Hogan, Strategic Procurement and Efficiency Manager on 01432 260043

that any stated efficiency gains will stand up to review by the Audit Commission should they choose to audit our Annual Efficiency Statement.

Forward Looking Annual Efficiency Statement 2007/08

4. Appendix A contains the detailed draft list of efficiencies and these will contribute to the main part of the Efficiency Statement. During the year these may change and will be formally reviewed for the autumn interim monitoring statement.
5. The draft list at Appendix A covers the annual efficiency gain required for 2007/08. The target is £3.3m of which £1.65m is to be 'cashable'. The list totals £4.2m with £3.513m being cashable. The split between non-cashable and cashable will be reviewed as the year progresses but cashable savings may also link to the Herefordshire Connects agenda and will be assessed to see if they help deliver this programme's savings requirements.
6. The list covers all directorates with evidence of a new emphasis being placed on procurement. As part of the 2007/08 budget process procurement and efficiency savings contribute £250,000 to achieving a balanced budget. The new Medium Term Financial Management Strategy makes a clear link between the Annual Efficiency Statement process and delivering a balanced budget.
7. The Efficiency Statement needs to be signed off by the Leader, Chief Executive and Director of Resources by 17 April and submitted to the Department of Communities and Local Government. Should any changes need to be made to the Efficiency Statement they will be communicated to Cabinet Members.

Progress to Date

8. Since the appointment of the Strategic Procurement and Efficiency Manager in November 2006 the Council's procurement and efficiency activities have improved. The following outlines the progress to date:
 - i) Temporary Staff tender. This contract will create a 'master vendor' agreement to help manage the temporary worker needs of the Council and streamline its current processes. The number of direct suppliers the Council will deal with will reduce from 60 to 1. The project is nearing completion and an estimated cashable saving of £150,000 and non-cashable process savings of £50,000 is anticipated.
 - ii) Waste Management. This is in the early stages of procurement and draft documentation has been created. The tender will be managed using an e-tender with software funded by West Midlands Centre of Excellence meaning time and resources can be spent on developing the specification. This contract is key to achieving the Council's waste strategy.
 - iii) Accommodation and Support tender for Learning Disability Services. Support is being provided on procurement aspects of the tender. The purpose is to set up partnership with an organisation to change the way the Council delivers Accommodation and Support services to people with learning disability.
 - iv) Supply of Library Books. A joint contract with Shropshire County Council is nearing completion and will see improved terms whilst remaining with same supplier. The benefits will be confirmed in April.
 - v) West Mercia Supplies (WMS). We are working closely with WMS to look at new ways to ensure Directorates use the service appropriately. Improvements such as a new way of purchasing electricity for street lighting, and the creation of an 'Energy Saving Consortium' (ESCo) to help reduce energy bills for buildings are being investigated.

- vi) Procurement Tools. The development of guidance notes; standard procurement documents; the Council's terms and conditions and a supplier directory will improve performance. These will be housed on the intranet for easy access by all staff.
 - vii) Postal Services Review. A detailed review of postal services and associated costs across the Council is underway. Since the deregulation of postal services in 2006 alternative suppliers have entered the market and considerable cashable savings can be achieved. The review will also look at the use of franking machines and how 'Pricing in Proportion' has affected the Council. The expected completion date for the review and associated actions is 30th April.
10. The above list totals £150,000 of cashable savings; the balance (£100,000) of the overall target will be met from other activities outlined above.
11. In addition various procurement exercises are due to start in the next few months; -
- The Council currently uses water dispensers to supply staff with water. The replacement of bottled water machines with more cost effective mains machines is to be evaluated.
 - A printer and photocopier provision review to identify where printers and copiers can be replaced by multi-functional devices to reduce current costs and IT maintenance time.
 - The Lease car re-tender will examine reducing the number of suppliers from 3 to 1. It will also seek improvements around environmental issues surrounding lease cars by assessing whether environmental impact issues can be included in vehicle specifications.
 - A review of the supply of DVD's and CD's for libraries will be jointly undertaken with Shropshire County Council, Worcestershire County Council and Telford and Wrekin.
 - For PC's and Laptops there maybe an opportunity to join Shropshire's e-auction for PC's and laptops to benchmark prices and be part of a contract if prices and quality issues are favourable.

Benefit Card

12. To ensure that efficiency savings and benefits are managed effectively the Herefordshire Connects Board requested that a mechanism should be developed. In the interests of simplicity it was agreed that the Council adopt one mechanism for identifying, approving and monitoring delivery of benefits for all change programmes – not just Herefordshire Connects – to manage the corporate efficiency agenda.
13. It was agreed by Corporate Management Board that a proforma 'Benefit Card' is used to collect the key information needed to manage the benefits that will flow from the change procurement. Following sign off, the Benefit Card will contain all the information needed to track changes in the base budgets and monitor delivery against agreed financial and service targets.

Backward Look Statement

14. The Council is required to submit the backward look efficiency statement on 5 July 2007. This is an end of year report which states what has been achieved during the financial year. Its format is very similar to the Forward Looking Statement and is completed on a self-assessment basis.
15. Efficiency savings feature prominently in the 'Use of Resources' section of the CPA and therefore will continue to be key to CPA ratings. As of December 2006 it now

takes account of the external auditor's review of efficiency gains reported for the year in the Annual Efficiency Statement.

Comprehensive Spending Review 2007

16. The initial indication is that Comprehensive Spending Review 2007 (CSR07) will include changes to the efficiency agenda. The current split between cashable and non-cashable efficiencies may change with a greater emphasis to be placed on cashable savings. It is also possible that the overall level of efficiencies will increase. The background to any change is one of an anticipated 'tight' local government financial settlement and local government's ability to deliver a higher level of efficiencies than central government's target. If this should happen Herefordshire may be better placed than some authorities given the recent move to a more systematic procurement model.

Risk Management

A failure to realise efficiency savings may impact on the ability to deliver objectives within the corporate, directorate and service plans. An ongoing commitment to efficiency gains and savings is necessary in the light of both the current corporate financial and the anticipated tight central financial settlements for Comprehensive Spending Review 2007.

Alternative Options

There are no Alternative Options.

Consultees

There are no consultees.

Appendices

Appendix A

Background Papers

- Draft Forward Look Annual Efficiency Statement Benefit card pro-forma.

Appendix A

	Expected annual efficiency gains (£)	...of which related to capital spend (£)	...of which related to other spend (£)	...of which cashable (£)
	774,000			559,000
Adult Social Services	<p>Strategy: Business efficiency within the Adult Social Services will be very much linked with the replacement of the CLIX system through Herefordshire Connects. Up to this point the focus will be on improving the operational efficiencies and best practice is being applied from national CSED initiatives. Negotiation of contracts will also seek to provide VFM for the service despite significant cost pressures being faced by providers. The Needs Analysis recommendations will begin to be implemented this year and will result in revised patterns of service and helping prevent people from not only going into residential care but also from formal care arrangements in the first place</p> <p>Key actions: The action plan for the Budget Delivery Framework includes strict compliance with various corporate protocols on managing absence and reducing administration costs. The main cash savings will come from both back office efficiencies but also on contract negotiation and moving where possible from spot to block contracts.</p>			
Children & Young People's Services	246,000			38,000
	<p>Strategy: The creation of the Children & Young People's Directorate there has been an opportunity to carry out a fundamental restructure and this has identified a number of efficiencies in administration. A continued focus will be maintained on key areas such as performance management, school transport; SEN provision and reducing the reliance on expensive out of county placements for children looked after and children with complex needs. The benefits from additional investment in professional foster carers and transition planning will also contribute.</p> <p>Key actions A number of actions to be taken include: Annual school transport route reviews to be completed by September 2007 to implement savings from demographic changes. Continuation of preventative work for SEN children within mainstream schools. Long term benefits from Support for Families strategy of early intervention and prevention and integrated commissioning.</p>			

	Significant savings from the invest to save/spend to mitigate proposals are planned as follows		
	<ol style="list-style-type: none"> 1. Safeguarding and Assessment staffing – non cashable savings £408,000 in 07/8 2. Integrated Services - increasing family support – non-cashable savings of £187,000 3. Integrated Services – Disability transitions – non-cashable savings of £15,000. 4. Performance Management – no non-cashable savings in 07/08 but £1,190,000 in 08/09 5. Professional Foster Support – non-cashable savings of £682,000 in 07/08 and cashable savings of £105,000 in 07/08 6. School transport reviews are expected to deliver cashable savings of £250,000 in our 07/08 budget proposals. 		
	322,000		322,000
Culture and Sport	Strategy: Cultural Services found a significant amount of cash efficiency savings for 2006/07 and this has been helped by the restructure within the new Adult and Community Services Directorate. Many of the savings will be coming from general efficiencies from focusing on the key corporate objectives, in particular economic regeneration and improving the population skill base.		
	Key actions: All budgets will be reviewed in detail and resources re-allocated where necessary to high priority areas.		
	712,000		592,000
Environmental Services	Strategy: The Service Improvement Programme continues to be rolled out in Environmental Health and Waste Services which will realise both performance gains and cash savings		
	Key actions: Implement staff restructures in Environmental Health and Waste.		

Highways and Transportation Services	485,000	0	0	485,000
	Strategy: The strategic partnership with Jarvis offers the Council opportunities to make efficiency gains within the wide spectrum of highways and transport operations, including redistribution in the supervisory function. Annual savings are secured in ongoing rate reductions. Promotion of different treatment processes should improve road conditions with the same level of investment			
	Key actions: Identification of hot spots for road actions and the undertaking of remedial action together with safety awareness campaigns. Development of partnering activities with Jarvis to drive out efficiencies.			
LA social housing	0	0	0	0
	Strategy: Capital expenditure is increasingly being utilised within social housing schemes to increase independent for social care service users. This will yield revenue savings in the future from reducing the reliance on expensive residential placements.			
	Key actions: Investigate all possibilities within the Social Care Budget Delivery Framework for utilising capital budgets for the above purpose.			
Non-school educational services	351,000			200,000
	Strategy: See Children's services			
	Key actions: As above			
Supporting People	0			0
	Strategy: See homelessness			
	Key actions: As above			

	0			0
Homelessness	Strategy			
	Strategic Housing have a major challenge facing them in keep registered homeless people out of bed and breakfast accommodation. This is the major strategic objective and the contribution made by the emergency payments to the homesslessness scheme has saved the Council significant B&B costs.			
	Key actions:			
Continue with emergency payments to landlords scheme. Secure general efficiency savings.				
Other cross-cutting efficiencies not covered above				
	1,067,000			1,067,000
Corporate Services	Strategy:			
	The Herefordshire Connects project will have a major impact on corporate services and will focus on driving out efficiencies in back office services from a transactional, performance management and procurement perspective. Corporate Services are a vital part of the overall improvement agenda but also provide a focal point for the efficiency agenda and the creation within frontline services.			
	Key actions:			
Integrate the remaining devolved financial administration and financial management activities teams within the Resources Directorate in line with the principles agreed by CMB for establishing the Resources Directorate. Conclude business plans for major work streams in Herefordshire Connects and begin implementation. Promote the take up of benefits more widely, but in particular to older people thus increasing the disposable wealth of the county and aiding independent living.				
Procurement	250,000			250,000
	Strategy:			
Will state different initiatives.				

	<p>Key actions: Implementation of Procurement Strategy. This will broadly cover:</p> <ul style="list-style-type: none"> · direct and oversee strategic procurement · compliance European procurement rules where necessary · compliance with the Council's Good Environmental Management performance system (GEM) · devolved procurement · the development of West Mercia Supplies · specialist procurement advice to non-specialist Members and officers · the promotion of procurement in conjunction with the Council's Head of ICT · the co-ordination of any necessary procurement training · the provision of access to procurement information to Members and officers as and when appropriate 			
	<p>Strategy: Productive time is about working more efficiently and a major gain for the Council in this area is through the Accommodation Project where staff are gradually being relocated to a central Hereford site at Plough Lane. This will result in a significant number of general efficiencies particularly through reduced travelling time and flexible working. The developments within ICT and IEG will also contribute to greater staff productivity in addition to access to services.</p>			
	<p>Key actions: Continued implementation of Accommodation Project and IEG Strategy.</p>			
Transactions	0			0
	<p>Strategy: See overall strategy. Transactional gains have been included within the individual service blocks as they are a fundamental part of each directorate's efficiency action plans.</p>			
	<p>Key actions As above</p>			
Miscellaneous efficiencies	0			0
	<p>Strategy: All efficiency gains are within the service blocks.</p>			
	<p>Key actions: See above</p>			
Total	4,207,000	0	0	3,513,000

RESERVES

PORTFOLIO RESPONSIBILITY: RESOURCES

CABINET

12TH APRIL, 2007

Wards Affected

County-wide

Purpose

To provide Cabinet with further information on the level of reserves held by the Council.

Key Decision

This is not a Key Decision.

Recommendation(s)

THAT Cabinet comments on:

- (a) **the level of reserves; and**
- (b) **the move to a risk based assessment to determine the level of general fund reserve.**

Reasons

The level of reserves held by the Council is a key indicator of its financial 'health'. It is important that Cabinet is made aware of the overall position on a regular basis.

Considerations

1. Reserves are amounts set aside in one year's accounts to be spent in future years. Some reserves are earmarked for specific purposes and other general revenue balances are available to meet future revenue and capital expenditure.
2. Whilst it is considered to be evidence of sound financial management for any organisation to hold reserves to assist meeting future pressures it is important that reserves are held for sound reasons and that the level of reserve is appropriate. The number and level of reserves is a key area reviewed by the Council's auditors as part of their annual audit of the Council's accounts.
3. The use of and level of reserves has recently taken on an additional level of importance. The Comprehensive Performance Assessment (CPA) process has the 'Use of Resources' as a key element of the overall assessment. The Financial Standing of the Council is covered by a Key Line of Enquiry that looks at whether the Council manages its spending within available resources. Evidence to support this can be provided by three areas; if the Council is financially sound; the Council manages its levels of

Further information on the subject of this report is available from David Powell, Head of Financial Services
on 01432 383173

reserves (and balances) and current spending plans match available resources.

4. Currently the overall assessment for use of resources is that we score a '3'. However the Financial Standing element is a strong 2 but further development of the Council's policies for holding reserves and balances is needed. In order to achieve an improved score the Council's policy for reserves and balances must be based on a thorough understanding of its needs and risks and must be properly and clearly reported to members.

General Fund Balance

5. The Council has 2 main sources of reserve funding to support its day to day spending recorded in the revenue account – the General Fund balance and Specific Reserves. The General Fund balance is best viewed as a general contingency. The following table indicates the position on the General Fund for the last 3 financial years:

Balance as at:	General Fund £000k
31 March 2004	9,847
31 March 2005	14,491
31 March 2006	14,525

6. The General Fund balance at 31 March 2006 included £2.8m of budgets carried forward into the current financial year. This left £11.7m that was uncommitted but a number of changes totalling £4.965m were included in the MTFMS reflecting a move to specific reserves.
7. The level of General Fund balance will be a key area for closer scrutiny. The Council operates a 'policy' of a minimum £3m in General Fund Reserve but this was established at the time of local government reorganisation and requires updating. The Medium Term Financial Management Strategy (MTFMS) states that so long as earmarked reserves are set aside to cover specific significant financial risks it is not expected that the General Fund balance would need to exceed £6m. The ongoing improvements to financial planning in the Resource Directorate includes more detailed review of General Fund balance.

Specific Revenue Reserves

8. The Appendix provides details of the specific revenue reserves held by the Council. As of 31 March 2006 these totalled £13.942m having risen from £11.244m in the previous year. The balance held on 28 February 2007 was £18.82m after additions outlined in the Medium Term Financial Management Strategy (MTFMS) agreed by Cabinet.
9. The list of reserves includes £8.739m in respect of balances held by schools under the Local Management of Schools arrangements. These statutory arrangements entitle schools to draw on, add to or maintain the sums held as they see fit. The local authority has a 'challenge' role but in general terms it is a matter for schools to determine the level of balances held. These balances are required to be shown in our annual accounts but are not available for general Council use.

10. As indicated the Appendix includes notes on the specific reserves but significant reserves include:
- i) Waste Disposal. An amount held towards the likely increase in costs for the contract.
 - ii) Herefordshire Connects. This was transferred from an invest to save reserve.
 - iii) Social Care. A contingency for budget pressures. It should be noted that the MTFMS includes an additional £1.3m revenue contingency.
 - iv) Invest to Save/Initiatives Fund. This is set aside for schemes that produce revenue savings after an initial investment.
 - v) Budget Management. This is held in the event that Directorate budgets are 1% over budget at out-turn.
11. The Appendix indicates a number of other reserves exist and these cover areas as diverse as Winter Road Maintenance and an amount set aside each year for the Council elections.

Capital Reserves

12. The Council has one capital reserve that represents cash available to support spending on the creation or enhancement of assets recorded in the capital account. The reserve is known as the Useable Capital Receipts Reserve.
13. The following summarises the position since 2003/04:

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	4,883	7,592	17,361

(All figures in £000k)

14. The estimated year-end balance of £17.361m includes £8.922m 'ring-fenced' to Housing. Further capital receipts are anticipated by the end of March.
15. As part of the Accommodation Strategy the Council agreed a strategy for disposing of surplus assets. 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.
16. 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.

Budget Management Strategy 2007/08

17. The MTFMS includes a £5.8m revenue saving from the Herefordshire Connects programme in 2007/08. After careful consideration it was appropriate that financial 'cover' should be available to support the 2007/08 budget strategy. The 'cover' available means that the 2007/08 budget can still be delivered and would see the use of the following reserves outlined in the Appendix as funding sources;
- a) Using £1.5m of the Herefordshire Connects Reserve. This would reduce the £1.928m to £428k by the end of financial year 2007/08.
 - b) Social Care Reserve. A £1.3m use of the £1.7m Social Care contingency reserve established in 2006/07 could be used. This means that £400k of the reserve would still be available. In addition there is the £1.3m revenue contingency included in the Council's revenue base budget.
 - c) Budget Management Reserve. The £1.1m reserve for overspends is also being made available from the Council's specific revenue reserves to support the 2007/08 budget strategy.
 - d) Local Authority Business Grant Incentive. In 2006/07 £1.4m of grant has been received. The MTFMS includes using £1m of this along with a further £1m to be received in 2007/08 as Herefordshire Connects 'cover'. Any additional LABGI income will be added to General Reserves.

Risk Management

The Council faces financial risk if reserves are too low whilst excessive levels of reserves may be at the expose of service provision. Mitigation is provided by appropriate management of reserves.

Alternative Options

There are no Alternative Options.

Consultees

There are no consultees.

Appendices

Appendix 1 – Specific Revenue Reserves

Background Papers

- Medium Term Financial Management Strategy

Specific Revenue Reserves

	Balance	2006/07 movts to date	MTFMS changes	Balance	Notes
	31.3.06			28.2.07	
	£'000		£'000	£'000	
Community buildings	64			64	Held for grants to community buildings
Commuted sums	78			78	Developers contributions
Schools balances in hand	8,739			8,739	Accumulated schools reserves
Industrial Estates - maintenance	145			145	Collected as part of commercial rents, this is held for maintenance on industrial units
Initiatives Fund / Invest to Save	433	44	639	1,116	Set aside for invest to save schemes
Support Services & Equipment renewals	209			209	Money set aside by Finance and Legal & Democratic for ICT renewals
Schools Balance of Risk	373			373	Self-insurance scheme for schools
Winter maintenance	108		392	500	Held for winter road maintenance
Planning	24			24	
SRB schemes	96			96	Held to cover potential shortfalls in SRB schemes
College Hill Community Centre	180			180	The insurance received following a fire being held for future development
Waste Disposal	1,366		634	2,000	This is held towards the likely increase in costs for the PFI contract
LSC	32			32	Held as a contingency in case grant has to be paid back if we don't meet specified targets (An Education scheme)
School energy audits	50	- 50		-	
Landfill Allowance scheme	19			19	Represents the under usage of LATS allowance in 2005/06 carried forward
Herefordshire Connects project	1,928			1,928	Transferred from an Invest to Save reserve to be used for Herefordshire Connects
Wye Valley ANOB	98			98	
Social Care			1,700	1,700	Additional contingency for Social Care budget pressures in additional to £1.3m held as a revenue budget
Contingent Liabilities			300	300	Held to cover the contingent liabilities declared in the 2005/06 Statement of accounts
Budget Management			1,100	1,100	Held in the event that Directorate budgets are 1% over budget at out-turn (MTFMS). To be used only in exceptional circumstances
Childrens change team		- 200	200	-	This was set up and used for the Childrens' Services Change Team
Elections		89		89	An amount is set aside each year for the Council elections and used in the election year
Members ICT		30		30	Created as part of the 2005/06 carry forward process to cover potential additional members ICT costs arising from the election

13,942	-	87	4,965	18,820
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LGA BRIEFINGS ON THE LYONS REPORT AND BUDGET

PORTFOLIO RESPONSIBILITY: RESOURCES

CABINET

12TH APRIL, 2007

Wards Affected

County-wide

Purpose

To inform Cabinet of the contents of Sir Michael Lyons' inquiry report and the implications for Local Government of the Chancellor's budget.

Key Decision

This is not a Key Decision.

Recommendation(s)

THAT the report be noted.

Reasons

The Lyons Inquiry sets out possible changes regarding the future of local government. The Chancellor's budget statement outlines the financial environment affecting amongst others local government.

Considerations

Lyons Inquiry into Local Government

1. In July 2004, Sir Michael Lyons was asked to examine the council tax system by the Deputy Prime Minister (John Prescott) and the Chancellor (Gordon Brown). The remit of his work spanned issues from the reform of council tax, to the balance of funding and possible options for future local taxation – including local income tax and business rates.
2. In September 2005, the Inquiry's remit was extended to consider the strategic role of local government and the devolution of control to councils. The inquiry was again extended, at the time of the 2006 pre-budget report (December 2006) in order to consider the implications for local government of the findings from the Barker [planning], Leitch [skills] and Eddington [transport] reviews.
3. Since the start of Sir Michael's work central Government has published their White Paper (Strong and Prosperous Communities), delayed council tax revaluation and transferred schools funding from Formula Grant to a ring-fenced Dedicated Schools Grant.

Further information on the subject of this report is available from David Powell, Head of Financial Services on 01432 38317

4. The main issues relating to finance are:
 - The recommendation that a revaluation exercise be carried out;
 - Introduction of further bands at either end of the council tax scale;
 - Introduction additional funding streams by allowing councils to charge for waste produced, a tourist tax and an additional levy on business rates;
 - Calls for the reduction in the numbers of ring-fenced grants;
 - Scrapping of the Government's powers to cap council tax increases; and
 - Council tax benefit being an automatic entitlement, meaning residents no longer need to apply for it.
5. In his report, Sir Michael states that he feels that a tax based on property provides a "strong connection between the tax people pay and their residence in an area". He goes on to say that taxes on property reflect residents' financial stake in the community and its prosperity as well as an interest in local services and investment. Council tax is easy to collect and difficult to evade, tax bases are generally stable and predictable meaning that councils are able to plan with a greater degree of certainty.
6. Sir Michael supports the carrying out of a revaluation exercise, at the same time examining the structure of the council tax. He feels that, if the Government chooses not to revalue properties, over time the credibility of the council tax will be eroded as it is levied on an increasingly out of date tax base.
7. The report suggests introducing a new band at the bottom of the scale as well as two more at the top of the scale where he says there is a clear link between property value and 'ability to pay'. Sir Michael also recommends that the Government consider introducing separate bands for central London, to reduce turbulence caused by any revaluation.
8. The Inquiry's report also recommends the removal of Council Tax capping, stating that it does not allow the pressures facing local authorities to be understood and fails to recognise the role that central Government plays in creating such pressures.
9. The local government White Paper talked about the confusion amongst the general public surrounding the responsibility for services. Sir Michael reiterates that point, adding that the public should be explained the costs involved in service provision in order that they understand and are sympathetic to the pressures faced by councils.
10. To improve the take-up of council tax benefit (CTB), thus making it more affordable to those in the poorest households, Sir Michael suggests that the name be changed from council tax *benefit* to *rebate*. The report also suggests that Government needs to examine the framework of CTB and remove the administrative barriers to people claiming it.
11. Michael Lyons proposes that CTB be delivered through the Pension Service. Eventually Sir Michael envisages council tax bills being issued to all households

net of any rebate, with a responsibility to inform the local authority where details are incorrect.

12. Sir Michael believes, that even with a full take-up of benefit some households will still face a high council tax burden. To address this he suggests the eligibility criteria be examined, possibly through the lowering of savings and earning thresholds at which households become eligible for CTB.
13. The report is not recommending a local income tax be introduced at this time, merely pointing out that it remains an option for future governments.
14. The report states that over a quarter of councils already receive more funding through charges than through the levying of council tax. The report suggests that Government allows local authorities to charge for domestic waste collection, as a means to manage costs at the same time as reducing waste. Again, Sir Michael is not recommending changes to the charging framework, he does however propose the powers to trade and charge be extended to all authorities (not just 'best value' authorities).
15. In his final report Michael Lyons expresses his opinion that the lack of transparency in the current finance system is a clear barrier to accountability. Sir Michael acknowledges the difficulty in assessing spending pressures but he says the introduction of the four-block model does not lessen the problem.
16. Sir Michael also criticises the Government for implying that the public should be able to expect the same high level of service throughout the country – unlikely to be an element of a locally responsive system. He calls on central Government to stop making national promises for locally delivered services.
17. The Lyons report recommends that the transparency of the current system be improved and that local and central government should agree, in writing, what local authorities are expected to deliver and how it will be funded. Sir Michael also calls for an independent body (possibly working with the Audit Commission) to assess the impacts of new burdens on local authorities.
18. The report states that local authorities are being prevented from performing their full role as 'place-shapers' partly because of the inflexibility when it comes to managing budget pressures and spreading the burden of local taxation.
19. Sir Michael also attributes part of this inability to respond flexibly to central Government to their hold over a range of local public services. This hold has been exercised through the increased use of performance management and target-setting
20. Currently a large proportion of local government funding comes from specific grants, which come accompanied by expectations for their use and in some cases ring-fencing of grants. The recent introduction of the Dedicated Schools Report (DSR) has reduced authorities' abilities to respond and manage priorities and pressures.
21. Local authorities have a limited share in the growth of housing and business tax bases. Sir Michael feels that, given their role in fostering economic prosperity and housing supply, local authorities should see more of an immediate incentive, motivating them to improve their 'places'.

22. Sir Michael supports schemes such as LABGI, although calls for a reform of the current system to give a more transparent and long-term scheme. He also feels that there are opportunities to introduce incentives into the grant system, although not in its current four-block model form.
23. Sir Michael's Inquiry has concluded that the re-localising of business rates is not currently an appropriate way to raise additional funds for local services. The fact that 70 authorities would be levying business rates only to export them to another authority removes the link to the local services.
24. The report talks about the two kinds of efficiencies – managerial and value for money. He recommends that the Audit Commission establish a new Use of Resources measure in performance assessment to gauge how well authorities are meeting local needs which is often overlooked in the value for money arguments and discussions.
25. Although this was not part of Sir Michael's remit he does still highlight that past experience has shown that reorganisation is often not the cure-all for problems surrounding accountability and efficiency. He does, however, support the improved joint working as outlined in the White Paper.
26. Sir Michael Lyons highlights the clear need for reform in order to meet the future pressures that will be faced in adult social care provision. He recommends an open debate of the challenges faced and the questions raised by them. This debate should not just be between central and local government but must also include the views of service users, carers and the third and private sectors. As mentioned above, central Government must not make any "national promises" about the future of adequate social care without being sure they can fund it.

Budget 2007

27. The budget confirms that current spending will increase by an average of 1.9% per year in real terms. It also confirms that 3% per year efficiency savings across central and local government will be met and cash releasing, and that the total efficiency savings across the public sector will amount to £26 billion.
28. The budget announced that following the £3 per tonne increase in the standard rate of landfill tax from £21 to £24 per tonne in April 2007, it will increase by £8 per tonne each year after that.
29. Spending on education in England will rise from £63.7 billion in 2007-08 to £74.4 billion in 2010-11, meaning an average annual spending increase of 2.5% in real terms from 2007-08. Funding per pupil in the maintained sector will rise to £6,600 by 2010-11. This extra funding should allow for more personalised teaching and learning.
30. In the budget statement the government also responded to the Lyons' Inquiry as follows:
 - It will set out a clear target to reduce specific grants and ring fenced funding and examine the scope to minimise complex and time-consuming reporting and data provision as part of the CSR.
 - The Government will examine how the local government grant system gives local authorities greater rewards for delivering increased economic prosperity

in their areas, through reform of the Local Authority Growth Incentives (LABGI) scheme and will bring forward proposals before the summer.

- The Government will continue to use capping powers over the coming years to ensure that council tax rises are affordable.
- The Government also remains committed not to revalue council tax for the lifetime of this Parliament given the disruption to individuals and families that such change might cause. In the absence of revaluation it is not feasible to change the banding structure of council tax.
- The Government will consider the wider proposals on Council Tax Benefit in light of practicalities and affordability alongside priorities for the tax and benefit systems as a whole.
- The Government does not intend to introduce a tourist tax.
- The Government will modernise the empty property relief scheme, which reduces the duration of the existing empty property relief to 3 months for all properties and 6 months for industrial and warehouse properties. Complete exemptions will be awarded to charities.

Risk Management

The budget statement raised issues affecting local government and these will need to be factored into Medium Term Financial Plans.

Alternative Options

There are no alternatives.

Background Papers

- Budget 2007 – LGA Briefing
- Lyon Inquiry – LGA Briefing

HOMELESSNESS UPDATE

PORTFOLIO RESPONSIBILITY: SOCIAL CARE ADULTS AND HEALTH

CABINET

12TH APRIL, 2007

Wards Affected

Countywide

Purpose

To update Cabinet on progress made in relation to homelessness prevention in Herefordshire.

Key Decision

This is not a key decision.

Recommendation

THAT

- (a) the update be noted; and
- (b) the final quarterly report on progress and developments in homelessness prevention services and the work of the Homelessness and Housing Advice Steering Group be received.

Reasons

In July 2005, Cabinet agreed a number of 'spend to save' initiatives to address the financial pressures created by the demand for homelessness services in Herefordshire. Since then, changes have been implemented, including the return in-house of homelessness and housing advice services from Herefordshire Housing Ltd, which have led to an improving position around homelessness prevention in Herefordshire.

Considerations

1. The total value of homelessness prevention payments made since April 2006 stands at just over £250,000. This sum is substantial, so it is worth noting and reflecting upon the impact the 'spend to save' homelessness prevention approach has made during the last financial year, and the value of continuing with this activity. During the course of 2005/2006, in the absence of prevention options, the authority routinely accepted a duty to provide temporary accommodation to families whilst it investigated homelessness applications. This duty lasted for a minimum of 28 days, and often entailed securing Bed and Breakfast accommodation for individuals and families in Herefordshire. The cost of this activity could prove as high as £2000 per month, per family. In this current year, adopting the spend to save homelessness prevention approach, the authority has spent around £250,000 from the prevention fund, in 1318 individual payments. This equates to £189 per intervention, as opposed

to £2000 per four-week stay in temporary accommodation, and each payment represents a tangible outcome where customers have secured suitable housing solutions without having to move into temporary accommodation. The prevention fund has therefore enabled the Council to secure real housing results for customers who could have presented as homeless in the last year in a financially effective and efficient way. Another way of assessing the savings represented by the fund is to project alternative spend on the 1318 interventions made through the fund this year. If 125 of the 1318 families or individuals who presented this year had moved into temporary accommodation those placements alone would have immediately cost the Council £250,000 – the equivalent of prevention spend for the entire year. Had 50 percent of these enquiries resulted in a temporary accommodation placement, the spend on a four week assessment period alone would have totalled some £500,000. In January 2006, there were more than 50 families in bed and breakfast, 40 of whom had been there for at least 6 weeks, so a snapshot of spend at that stage shows the Council would have spent at least £150,000 on that particular group of families alone. These figures provide a financial perspective on the underlying value of the prevention fund in terms of targeting realistic spend on homelessness in Herefordshire, and of securing outcomes that avoid relying on the provision of temporary accommodation.

2. Mediation services and Sanctuary interventions continue to form an important role in preventing family exclusions, and ensuring victims of domestic violence have the opportunity to remain in their own homes. Locally, work is also taking place around homelessness prevention with banks and mortgage lenders, with a view to setting up a proactive approach to homelessness and mortgage repossessions in the future.
3. The number of new families booked into bed and breakfast accommodation has continued to fall, and we are now averaging less than two new families into B&B per month. We currently have 4 families in B&B, only 2 of whom have been there for longer than 6 weeks – at the end of March 2006, this figure stood at 40 families and 25 over 6 weeks. There has also been a similar downward trend in the number of priority cards, issued to homelessness customers, through the Home Point scheme. At its peak level, pre-transfer back in-house, this numbered some 350, but in the last year, the number of priority cardholders on the system has dropped by more than 50 percent.
4. Demand for homelessness and housing advice services remains high – at peak times, the authority receives 15 referrals a day, but the number of homelessness applications and acceptances under the Housing Act 1996 has remained stable into quarter four of 2006/07.
5. The homelessness and housing advice steering group has helped to shape policy, procedure and local responses to homelessness. The aim was for this group to remain in place for one year post-transfer of the team back in-house, but members of the group have expressed a wish to see this group continue, as it is considered to have proved a valuable platform for generating an improved homelessness position. The newly formed Herefordshire Homelessness Strategy Implementation Group has also begun to formulate a strategy that places homelessness prevention at the heart of the Council's approach to this issue. A report on the second Homelessness Prevention Scrutiny Seminar, held in December 2006, has been submitted to the Adult Social Care and Strategic Housing Scrutiny Committee for 23rd March 2007.
6. The historical accumulation of the number of families living in temporary accommodation remains a challenge, although it still continues to decrease more quickly than initially projected at the start of the financial year.

Risk Management

As a result of the substantial progress made in reducing homeless acceptance rates and the associated use of B&B, the budget for bed and breakfast accommodation in 2006/07 has proved adequate, and there are no concerns around an overspend for this financial year.

Continued use of bed and breakfast accommodation for families could result in judicial review proceedings being taken against the Council by families accommodated in Bed and Breakfast for longer than 6 weeks contrary to the Homelessness (Suitability of Accommodation) Order (England) 2003.

Alternative Options

Not applicable.

Consultees

Not applicable

Background Papers

Reports to Cabinet dated 19th May 2005, 14th July 2005, 20th April 2006, and 2nd January 2007

COUNCIL

27TH APRIL, 2007

REPORT OF THE STRATEGIC MONITORING COMMITTEE

Meetings Held on 30th March, 2007

Membership:

Councillors: T.M. James (Chairman), Councillor Mrs. P.A. Andrews (Vice Chairman), B.F. Ashton, W.L.S. Bowen, H. Bramer, A.C.R. Chappell, J.H.R. Cochrane, Mrs M.D. Lloyd-Hayes, J.P. Thomas, and W.J.S. Thomas.

COUNCIL RESERVES

1. In considering the Budget Strategy at its meeting on 12th February, 2007 the Committee requested a report on the Council's reserves. The Committee was informed that the Comprehensive Performance Assessment process had the Use of Resources as a key element of the overall assessment. The overall assessment for 2006 was 3: "consistently above minimum requirements performing well". Further development of the Council's policies for holding reserves and balances was needed to improve this score. It has noted that the policy on reserves and balances had been reviewed in developing the Medium Term Financial Management Strategy. Emphasis was now being placed on identifying the key financial risks and setting aside specific reserves to meet these risks. The level of general fund balance remained a key area for further scrutiny.

INTEGRATED PERFORMANCE REPORT

2. The Committee has considered the Integrated Performance Report setting out 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. It has also noted progress being made against the Council's Overall Improvement Programme.
3. In relation to capital expenditure the Committee was informed by the Chairman of the Children's Services Scrutiny Committee of his concerns about how a funding gap of £2.28m between the lowest tenders for the two capital projects at Riverside Primary School and Sutton County Primary School and the resources available had arisen.
4. The Committee noted the action taken by the Children's Services Committee to try to ascertain the reasons for the shortfall. It has been advised that work is underway by officers and the Executive to address the issues identified and avoid a similar situation occurring again. The Committee has also identified this as an example of the need for Scrutiny Committees for pre-decision scrutiny to be developed to allow the scrutiny committees to play an effective role in assisting decision making.

FORWARD LOOKING ANNUAL EFFICIENCY STATEMENT 2007/08

5. The Committee has noted the Council's draft strategy for the 2007/08 Annual Efficiency process, progress to date on procurement issues and an update on future prospects for the Government's efficiency agenda.

HEREFORDSHIRE SATISFACTION SURVEY

6. The Committee has considered the results of the recently completed survey and how

it should be used to inform future work programmes. It has agreed to consider a further report in three months time to assist in developing its work programme. The other scrutiny committees are requested to consider the data relevant to their areas of responsibility and to take appropriate action.

GENDER EQUALITY SCHEME

- The Committee has considered the Gender Equality Scheme and notes that the action plan forming part of the Strategy is to be reviewed annually.

ISSUES CONSIDERED BY THE INDIVIDUAL SCRUTINY COMMITTEES

- The work of the Committees is analysed below as far as practicable under the following five roles for overview and scrutiny: holding the Executive to account, best value reviews, policy development and review, external scrutiny, and improvement (performance management and review), the first four of which are identified as key roles in the report on "The Development of Overview and Scrutiny in Local Government published by the Office of the Deputy Prime Minister". Issues considered by the Strategic Monitoring Committee are listed for completeness.

Summary

- The Adult Social Care and Strategic Housing Scrutiny Committee met on 23rd March 2007 and considered the following issues:

Theme	Reports
Holding the Executive to Account	
Best Value Reviews	
Policy Development and Review	Homelessness Joint Scrutiny Review: Transition from Housing Care to Growing Older in Herefordshire
External Scrutiny	
Improvement (Performance Management and Review)	Budget Report 2006/07 Performance Monitoring
Other	Work Programme Summary of Action in response to Scrutiny Committee recommendations

- The Committee has given considerable consideration to the issue of homelessness as part of its work programme. The Committee held a second homelessness consultation event in December 2006 following on from the initial homelessness event held in October 2005. The event included representatives from relevant agencies across the County. It focussed on lessons learned in the last year in terms of tackling the main causes of homelessness in Herefordshire and explored opportunities for closer working arrangements in the future. A number of recommendations have been made to the Cabinet Member (Social Care Adults and Health).
- The Children's Services Scrutiny Committee met on 19th March, 2007 and considered the following issues:

Theme	Reports
Holding the Executive to Account	
Best Value Reviews	
Policy Development and Review	14-19 Strategy

	Scrutiny Review of Behaviour and Discipline Management in Herefordshire Schools Joint Scrutiny Review: Transition from Leaving Care to Adult Life
External Scrutiny	
Improvement (Performance Management and Review)	Progress on Improvement Current School issues
Other	Work Programme Summary of Action in response to Scrutiny Committee recommendations

12. The Committee has completed the scrutiny review of Behaviour and Discipline Management in Herefordshire Schools. The recommendations are appended. The Committee agreed the recommendations for referral to Cabinet and added a further recommendation to bring to Cabinet's attention the Council's 'duty of care' towards its employees.
13. The Committee also considered an urgent item concerning the significant gap in capital funding for projects at Riverside Primary School and Sutton County Primary School, which is referred to earlier in this report. The Committee requested an urgent informal meeting with officers to discuss how the situation had come about. This was held on 21st March and a number of observations were submitted to the relevant Cabinet Members.
14. The Community Services Scrutiny Committee met on 26th March, 2007 and considered the following issues:

Theme	Reports
Holding the Executive to Account Best Value Reviews	
Policy Development and Review	Scrutiny Review of the Hereford City Partnership Scrutiny Review of How to Retain 18-35 year olds in Herefordshire and Attract them to it.
External Scrutiny	Progress Report Following the Scrutiny Review of the Courtyard Centre for the Arts
Improvement (Performance Management and Review)	Herefordshire Community and Safety Drugs Partnership Performance Monitoring
Other	Work Programme Summary of Action in response to Scrutiny Committee recommendations

15. Representatives of Herefordshire and Community Drugs Partnership addressed and answered questions from Members on the important work it carries out in the County. The Committee has completed scrutiny reviews of the Hereford City Partnership and the retention of 18-35 year olds in Herefordshire and how to attract them to the County. The recommendations from these reviews to Cabinet are appended.
16. The Environment Scrutiny Committee met on 12th March 2007 and considered the following issues:

Theme	Reports
Holding the Executive to Account	-
Best Value Reviews	
Policy Development and Review	Review of the Voluntary Code of Practice for the Use of Polytunnels in Herefordshire. Review of Household Waste Recycling in Herefordshire.
External Scrutiny	
Improvement (Performance Management and Review)	Monitoring of 2006/07 Service Plan Performance Indicators – April to December 2006 Environment Directorate Service Planning Waste Management Service Capital Budget Revenue Budget
Other	Work Programme Summary of Action in response to Scrutiny Committee recommendations

17. The Committee received the findings of two scrutiny reviews. The findings of the Polytunnel Review Working Group, which attracted approximately 40 members of the public, are appended to this report. The Committee considered the findings of the Group which had been reached on the basis of the legal and planning advice following the outcome of the Wootton Bassett Borough Council planning high court case. The Committee agreed that the recommendations be referred to the Cabinet Member (Environment) for consideration.
18. In relation to the Review of Household Waste Recycling in Herefordshire, the Committee were advised that the result of the Government's review of the National Waste Strategy was still awaited and agreed that the report on the review be circulated to Parish Councils for comment. At its next meeting the Committee will consider the outcome of the Scrutiny Review in light of any implications from the Government's review of the National Waste Strategy and any comments from Parish Councils.
19. The Health Scrutiny Committee met on 2nd and 15th March and is due to meet again on 30th March 2007 and considered the following issues:

Theme	Reports
Holding the Executive to Account	
Best Value Reviews	
Policy Development and Review	Update on Emergency Planning Arrangements Primary Care Trust Local Delivery Plan Response to Scrutiny Review of GP out of hours service. Response to Scrutiny Review of Communication in the Local Health Service Access to Health Delivery of Ear Nose and Throat Services Access to Health Public Service Trust

External Scrutiny	Performance of the West Midlands Ambulance service Trust Annual Healthcheck declaration Staffing Issues at Hereford Hospital
Improvement (Performance Management and Review)	
Other	Work Programme Summary of Action in response to Scrutiny Committee recommendations

20. The Committee has received progress reports in response to work it has carried out on Communication in the local Health Service, the GP Out of hours Service, the Ear, Nose and Throat Service and on emergency planning arrangements in the health sphere.
21. The Committee has also received detailed briefings from the Herefordshire Primary Care Trust, the Hereford Hospitals NHS Trust and the West Midlands Ambulance Service Trust to enable it to respond to the requirements of the Healthcare Commission for health scrutiny committees to produce commentaries on health bodies for the Commission's Annual Health Check.
22. The business conducted by the **Strategic Monitoring Committee** at its meeting on 30th March, 2007 is summarised below.

Theme	Reports
Holding the Executive to Account	Review of ICT Services – Cabinet's response
Best Value Reviews	
Policy Development and Review	Forward Looking Annual Efficiency Statement 2007/08 Gender Quality Scheme Reserves
External Scrutiny	
Improvement (Performance Management and Review)	Integrated Performance Report Herefordshire Satisfaction Survey
Other	Scrutiny Improvement Plan Work Programme Summary of Action in response to Scrutiny Committee recommendations

Summary of Recommendations

23. Each of the Scrutiny Committees has received a report summarising recommendations made since June 2003 and action taken in response to those recommendations.

**T.M. JAMES
CHAIRMAN
STRATEGIC MONITORING COMMITTEE**

BACKGROUND PAPERS

- Agenda Papers of the Meeting of the Strategic Monitoring Committee held on 30th March, 2007

RECOMMENDATIONS OF THE SCRUTINY REVIEW OF BEHAVIOUR AND DISCIPLINE IN SCHOOLS

- (a) The results from the staff questionnaire be used to form the baseline for similar studies to be undertaken in the future; (see para. 3.1)
- (b) That an audit be undertaken of the positive parenting courses currently available across Children's Services (multi agency), and if necessary, the provision and information about such courses be increased. (see para. 3.6)
- (c) A Directory of information be compiled of services available to both parents and professionals to support and improve pupil behaviour in schools. (see para. 3.8)
- (d) Leaflets informing parents and professionals of key services be reviewed and updated where necessary; (see para. 3.8)
- (e) The Cabinet Member (Children and Young People) consider the merit in discussing with appropriate schools the further provision of Learning Support Units (LSUs) in the county; (see para. 3.10)
- (f) The Cabinet Member (Children and Young People) satisfy himself that procedure for the early identification of moderate learning difficulties is rigorously implemented; (see para. 3.11)
- (g) When the expected legislation is brought into force, the correspondence to parents of excluded pupils be revised to reflect the new legal responsibilities and the penalties of not supervising their children when excluded. Such correspondence to be where possible in plain English. (see para. 3.12)
- (h) a review be undertaken into the level of support for healthy eating initiatives from both the Council and the Primary Care Trust (PCT), in particular to applaud those schools that have achieved the National Healthy Schools Status and to encourage the rest to do so; (see para. 3.13)
- (i) The Executive's response to the Review including an action plan be reported to the first available meeting of the Committee after the Executive has approved its response. (see para. 3.1)
- (j) A further report on progress in response to the Review then be made after six months with consideration then being given to the need for any further reports to be made. (see para. 3.1)

RECOMMENDATIONS OF THE SCRUTINY REVIEW OF THE HEREFORD CITY PARTNERSHIP

- (a) That Herefordshire Council reinstates the Cabinet Member Portfolio with responsibility for Economic Development This Cabinet Member should take the lead on a strategic vision for Hereford City with support from partner organisations such as HCP and ESG, and ensure links with the wider County. (10.30)
- (b) That Herefordshire Council representation on the HCP Board is revisited and a member representative with potentially more time to support the work of HCP is appointed. If the recommendation for the reinstatement of the Cabinet Member for Economic Development is accepted then that Portfolio Holder should assume this appointment. (10.2)
- (c) 17.3 That reporting mechanisms are put in place to enable the Hereford City Partnership manager to report to the Cabinet Member (Economic Development) on a regular basis. (10.1)
- (d) 17.4 Herefordshire Council relocates the Hereford City Manager to one of its City Centre Office spaces, rather than being based at Plough Lane. (9.5)
- (e) 17.5 That the Hereford City Manager's job particulars have a person specification prepared to go with the job description. (9.4).
- (f) 17.6 The Hereford City Manager be provided with administrative support. (9.1)
- (g) 17.7 The Membership of Hereford City Partnership be reviewed to ensure that all areas of the City are represented including the addition of major retailers as Members. (11.3)
- (h) 17.8 That additional funding is put into HCP to support the Hereford City Manager and administrative support be provided in the short term prior to the emergence of a whole city vision and the development of ESG. (10.6)
- (i) 17.9 That the annual funding of £16,000 which is put into HCP by Hereford City Council is matched by Herefordshire Council over the next three years, plus HCP maintains its existing funding and infrastructure support commitments to continue and develop its activities and events. (10.6).
- (j) 17.10 That Hereford City Council investigate the possibility of increased support for HCP through the level of precept levied in the city. (8.13).
- (k) 17.11 That Hereford City Partnership commence regular budgeting procedures and produce income and expenditure accounts. (8.15).
- (l) 17.12 That Hereford City Partnership concentrate their main activities on the City Centre's economic and environmental wellbeing. (5.11).
- (m) 17.13 That Hereford City Partnership liaise with other key partners with an interest in the City, including Hereford City Council, Herefordshire Council, Edgar Street Aid, South Wye Development Trust, and Rotherwas Futures. (10.4).
- (n) 17.14 That mechanisms are put in place by Herefordshire Council enable the Hereford City Manager to report to Officers at Head of Service level. (10.7).

- (o) 17.15 That the Street Trading Panel procedures are reviewed to enable direct reporting to the Cabinet Member (Economic Development). (8.11).
- (p) 17.16 That Hereford City Partnership fully instigates the proposed retail membership scheme with varying levels of membership to generate income. (8.14).
- (q) subject to the Review being approved, the Executive's response to the Review including an action plan be reported to the first available meeting of the Committee after the Executive has approved its response;

and;

- (r) a further report on progress with respect to the Review be made after six months with consideration then being given to the need for any further reports to be made.

SCRUTINY REVIEW OF HOW TO RETAIN 18-35 YEAR OLDS IN HEREFORDSHIRE AND ATTRACT THEM TO IT

- (a) That young people are involved in the shaping of major regeneration schemes and developments, specifically looking at how these can incorporate their recreational, cultural, and employment needs. This should include detailed and targeted inward investment promotion and working with property agents and developers to influence private investors and brand name companies.
- (b) Due to the over provision of University places generally within the country, avenues exploring other methods of retention and attracting college graduates and young people to Herefordshire are pursued.
- (c) Given that the figures demonstrate that there is an outflow of young people aged between 18 and 24, yet a net influx of people aged 25 to 35, available resources are concentrated on improving the County's Social and Economic offer to this age group.
- (d) That the Business Start-Up programme is promoted to young people to support entrepreneurship within the age group.
- (e) That the Council continues a programme of affordable housing linked to major developments.
- (f) subject to the Review being approved, the Executive's response to the Review including an action plan be reported to the first available meeting of the Committee after the Executive has approved its response;

and;

- (g) a further report on progress with respect to the Review be made after six months with consideration then being given to the need for any further reports to be made.

RECOMMENDATIONS OF THE POLYTUNNEL REVIEW WORKING GROUP

- (a) all *new* polytunnel developments within the county (be they for soil grown crops or table top growing or otherwise howsoever) be treated as development requiring planning consent. The usual application form will need to be completed in those circumstances;
- (b) that enforcement proceedings be continued and/or initiated in accordance with the priorities below:
 - 1. Enforcement proceedings to be continued in respect of those sites where notices have already been served and/or are in preparation
 - 2. Enforcement proceedings to be initiated during the growing season of 2007 in all cases where polytunnels are already known, or are suspected, to be outside the Code of Practice, there is a threat to acknowledged planning interests, and are approaching four years in situ
 - 3. Enforcement proceedings to be initiated after the end of growing season 2007 in all other cases where planning applications have not, by then, been submitted and there is a threat to acknowledged planning interests; and
- (c) that the Executive's response be reported to the Committee in due course.

DRAFT

HEREFORDSHIRE CONNECTS PROGRAMME UPDATE

PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY & FINANCE

CABINET

12 APRIL 2007

Wards Affected

County-wide

Purpose

To advise Cabinet of the results from the evaluation process for the three short-listed suppliers for the Herefordshire Connects Programme. This is the second round of the process and the object is to select a preferred supplier.

Key Decision

This is a not a Key Decision.

Recommendation(s)

- THAT (a) Cabinet endorses the recommendation of Corporate Management Board that Deloitte be confirmed as the preferred supplier, with SERCO as reserve;**
- (b) Cabinet agrees that the Director of Corporate and Customer Services conducts negotiations with the preferred supplier, supported by the Director of Resources and the Head of Legal and Democratic Services, bringing back a further report to Cabinet on the outcome of those negotiations; and**
- (c) Cabinet notes the recommendations made by the Audit Commission in its report 'Herefordshire Connects', and agrees the actions proposed in response.**

Reasons

To note progress with the procurement phase of the Herefordshire Connects programme and endorse the recommendation of a preferred supplier.

Considerations

Background

1. On 12th September 2005 Corporate Management Board, following a presentation from the Head of Information, Technology and Customer Services, concluded that further development work on ICT programmes should cease, to allow for a proper assessment of the council's requirements into the future.

Further information on the subject of this report is available from
Jane Jones, Director of Corporate and Customer Services (01432) 260037
Akif Kazi, Programme Manager (01432 261550)

2. It was recognised that the existing ICT environment within the council was impeding the delivery of service improvement programmes. This, together with the financial context within which the council was operating, suggested that strategic business and service transformation was necessary to deliver ongoing service improvements into the future. The strategic transformation programme would be supported rather than driven by an underpinning corporate ICT strategy. A mini-tendering process was therefore started in early 2006 and Axon Group plc were selected from five organisations to complete phase 1 of the programme. This was to assess the likely benefits to be achieved by a business transformation programme and explore potential options for delivery of the programme. This was completed in May 2006.
3. In addition, the Herefordshire Connects Core Team was created through secondments from Directorates. This represented an excellent career development opportunity for staff and, in bringing together experience from each part of the Council into one area, obtained commitment from each Directorate to a review of the Council's current business processes. The Core Team was heavily involved in drawing up the Service Improvement Plans and worked on recording the Council's current business processes in readiness for the development of integrated streamlined future processes.
4. Members of the Core Team, together with relevant key service managers, carried out a series of site visits to other authorities where transformation programmes were underway to learn from successful implementation and, as importantly, from less-successful implementation. Areas visited included: Buckinghamshire, Derbyshire, Trafford, Vale of Glamorgan and Waltham Forest.
5. Three Service Improvement Plan (SIP) workshops were held with each directorate, including a cross section of staff working with Axon and the Core Team. Workshop sessions for elected members were also held during the summer, and a summary of feedback is attached at Appendix 1. Member feedback was broadly similar to that of officers. The completed Service Improvements Plans, including indicative benefits, were drawn up and then signed off by directors.
6. These six Service Improvement Plans had a number of recurrent themes across the directorates and these themes were therefore pulled together into three work-streams:
 - Integrated Customer Services
 - Integrated Support Services
 - Performance Management
7. A business case was then drawn up for each work-stream, containing the detail regarding:
 - Scope
 - Benefits
 - Costs
8. The business cases were validated by working closely with each directorate to ensure accuracy and by looking at similar work done with other authorities to check any assumptions made were realistic.
9. Simultaneously a telephone poll of Herefordshire Citizens was carried out to gather opinions on the provision of services, as well as a video of random on-street interviews with Herefordshire Citizens and Herefordshire Council employees.

10. The work carried out by Axon endorsed the view already formed, that the transformation programme would have technology as an enabler, supporting change across the organisation. However, the cultural change would only truly be achieved through effective change management. The overall change programme, following a competition within the authority, was badged 'Herefordshire Connects'.

Procurement

11. Phase 2 of the programme comprised the identification of a strategic partner who would, building on the outputs from phase 1, implement the transformation programme.
12. Options available for procurement included the use of the Official Journal of the European Union (OJEU), or the CATALIST framework operated by the Office of Government Commerce (OGC). The OJEU route is more lengthy and it has also been subject to certain legal challenges, which have led to the process being avoided by some public sector procurement projects because time-scales become extended.
13. Under guidance from the OGC, the Council decided to use the OGC CATALIST procurement framework. This is the UK Government's procurement forum. It allows for a more streamlined procurement with shorter time-scales and has the benefit of a pre-agreed contractual agreement being made available to both the Council and the preferred supplier. In addition, the OGC provides support to the Council on an on-going basis and will support the Council in the event of any legal challenge.
14. Once again under guidance from the OGC, the Enterprise Resource Planning category within CATALIST was considered by the OGC to be the most appropriate for the requirements of Herefordshire Connects Programme. There were fifteen suppliers listed within this category. They included leading names such as BT, EDS, HP and IBM through to consultancies such as Deloitte, CAP Gemini, Serco and LogicaCMG.
15. Working within the CATALIST process, the selection for the preferred supplier was conducted in two rounds. Guidance was sought from OGC throughout the process; so as to ensure that the Programme adhered to protocols. The OGC has subsequently advised that they would be very keen to use the Herefordshire Connects procurement as an exemplar case study for CATALIST.
16. The Council invited each of the fifteen listed suppliers to a supplier day held on 27th September 2006. The Leader of the Council opened the supplier day with the Chief Executive, The Members' Reference Group and Group Leaders were also invited. This day was used as an opportunity to present background information on the programme and provide information about the council. Presentations were made by all of the Directors as well as a number of senior managers from across the authority.
17. In line with OGC guidance communications with the suppliers was controlled via a dedicated telephone hotline and email address and any answers to questions from one supplier were supplied to each of the rest. All communication with suppliers throughout both rounds was logged and recorded.
18. The Council undertook a desk top evaluation of the two options and concluded that the OJEU route whilst potentially offering greater freedom carried more significant risk in terms of both challenge and lengthy time frames.
19. Round 1 of the OGC CATALIST process comprised sending an Invitation to Quote (ITQ), together with a copy of the presentations from the supplier open day, to the twelve suppliers who attended the supplier open day. Of the twelve suppliers, nine

responded to the ITQ; this was seen as a 'very healthy' response by the OGC. The suppliers, in their responses, presented background to their companies, their customers and the other suppliers with whom they operated as partners. They provided the detail of their experience in the areas of interest to the Connects programme.

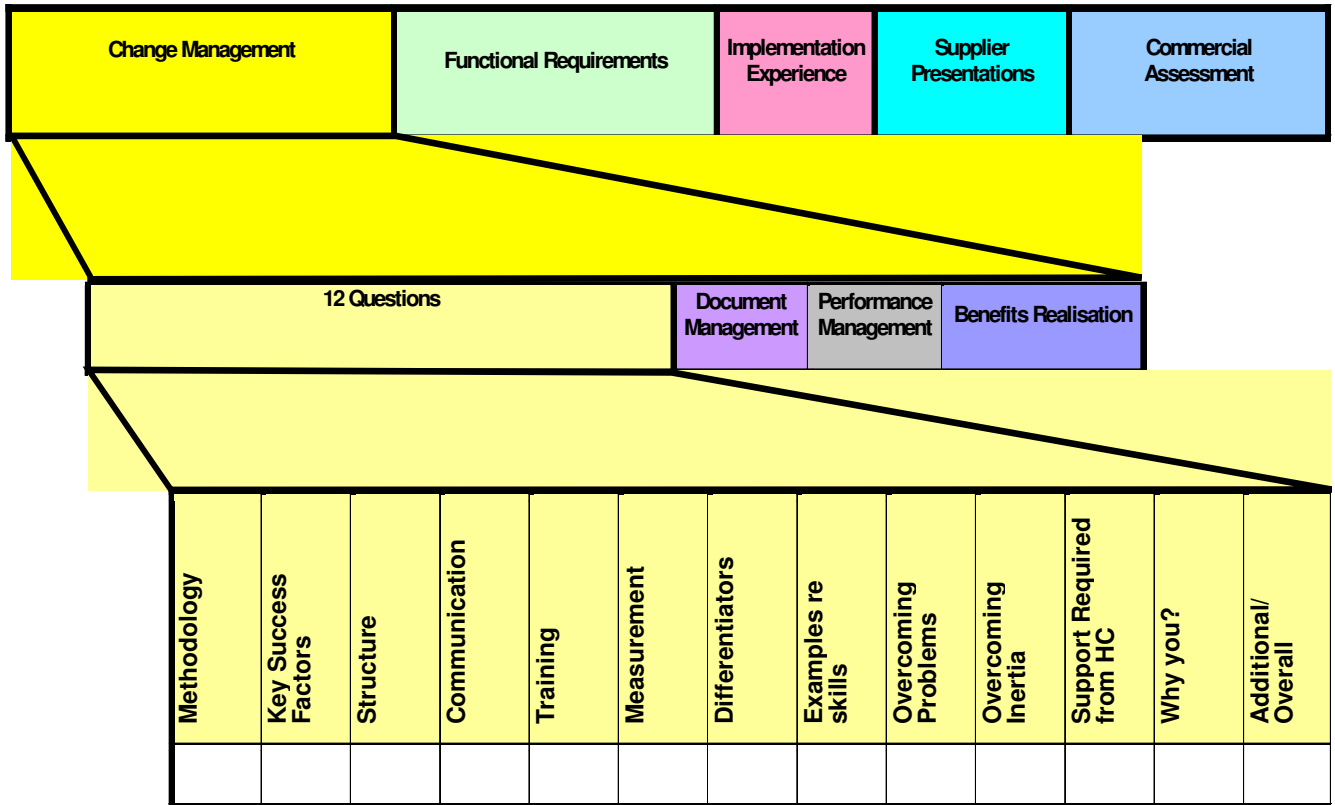
20. Each response was then scored by the Connects Team augmented with an appropriate specialist from ICT, assessing the submissions against six key areas, namely:

- evidence of the supplier's implementation experience, including approach, procedures and methodology;
- the ability and capacity of suppliers to deliver a large-scale transformation programme;
- their understanding of Herefordshire's needs;
- their proposed methodology for implementing and managing successful change programmes including innovative communications techniques, training and management structures; and
- their experience in identifying and managing benefits arising from such programmes.

21. The Herefordshire Connects observer panel invigilated both the pre-scoring meetings and the scoring day itself. The observer panel comprised the Head of Legal and Democratic Services, the Head of Financial Services (as representative to the Section 151 officer), the Principal Audit Manager and the Herefordshire Connects Programme Manager. The results of this round were presented to the Herefordshire Connects Programme Board, and all suppliers meeting a minimum score were approved to progress to the next round. The four suppliers approved were: Deloitte, Hedra, LogicaCMG and SERCO. These suppliers were issued the Invitation to Tender (ITT). Hedra subsequently advised the Council that they wished to withdraw from process.

22. Over 150 staff contributed, reviewed and helped to compile the ITT. The Herefordshire Connects Programme Board agreed the areas of the ITT to be scored and their respective weightings. The importance of ensuring that the ITT accurately reflected the needs of the organisation was reflected in the fact that the issue of the ITT was postponed for three weeks in order to ensure that the document was reviewed by as many staff as possible and was as comprehensive as possible. The ITT was issued, with a comprehensive set of supporting documents, on 11th December 2006. Following issue of the ITT, but before receipt of responses, the assessment framework was refined and agreed. The responses to the ITT were received on 15th January. In total the Council received some 2500 pages.

23. Each area of the ITT that was scored is shown below:



24. The ITT responses were reviewed and scored by over fifty staff from across the Authority. In addition six officers shared the responsibility to invigilate all scoring and workshop sessions. Panel members from the Herefordshire Connects observer group were present at all meetings, workshops and scoring days. Each supplier was invited to present and meet with staff for a day. The timetable for this phase of the procurement process is attached at Appendix 2.

25. Over 100,000 scores and comments were received from the scorers. Scorers initialled each page of each scorecard and the scorecard was then signed by each scorer and counter-signed by a member of the Herefordshire Connects observer team. Two separate teams collated the scores to ensure correctness (200,000 scores entered between two teams to confirm overall scores). Comments were processed so as to gauge 'common themes' and also allow for scorers to explain the scores that they awarded.

26. Each of the suppliers was given four real world 'work-place scenarios'. These represented a cross-section of areas of challenge to the organisation at present. It was essential to ensure that any technological solution could not only meet the requirements in each of these areas but also that this solution could be demonstrated to a scoring panel. It was key that this was done from an integrated 'Single system' perspective. Scenarios included:

- a complex family situation designed to test the communications, automatic referrals, asset management, finance & planning capabilities of the technology;

- an asset management situation demonstrate how the system would handle a workload typical of that of a highways inspector and a member of property services;
 - a 'family moves' scenario testing the potential to remove barriers between council departments and partners to serve the citizen more effectively; and
 - an employee scenario testing integration of HR and payroll functions.
27. To ensure that each supplier could provide proposed programme costs and forecasted programme savings that could be compared, as far as possible, on a like-for-like basis a further commercial assessment was carried out using a standard commercial assessment template completed by each supplier. The approach to and assessment of commercial information was then independently ratified by CAPITA plc. The review undertaken by CAPITA did not alter the rankings of the three suppliers.
28. CMB met all three Suppliers on 15th March 2007. This was to allow CMB to cover some of the aspects of the proposals that needed clarification as well as ask a number of questions. In particular there were discussions on Change Management, clarification of aspects of the commercial proposals, Governance and all three suppliers were updated on the PST.
29. The results of both the ITT assessments and the commercials assessments were then combined to achieve an overall ranking of:
- 1st Deloitte
 - 2nd SERCO
 - 3rd Logica
30. At its meeting on 26th March, CMB considered the results of the assessments, and recommend to Cabinet that Deloitte be endorsed as preferred supplier with SERCO in reserve position. It is important to note that, once approved as preferred supplier a further period of clarification, challenge and negotiation will take place. At this stage, areas for clarification include a detailed assessment of the viability of achieving the benefits realisation figures, a review of options available to the Council's in terms of its resource requirements and the choice of the technology solution. It is planned to use CAPITA plc to help with this. Expert legal and financial advice will also be brought in as required, and a series of site visits will take place prior to signature of any contract. The Audit Commission has also indicated their intention to support the council in its management of the procurement process by carrying out further work during this period focussing on risk, performance management of the contract, and governance arrangements
31. The Office of Government Commerce will be invited to complete an independent review of the procurement approach used for the Programme.

Audit Commission Report

32. At the end of 2006 the Audit Commission conducted a short risk assessment of the programme at that point. The resulting report recognised that the programme had a number of strengths, notably:
- the procurement approach is following an established methodology (the OGC framework contract approach);
 - the authority is using the recognised public sector project management standard (PRINCE2);
 - the procurement is well documented;

- the council has done a lot of initial work in many areas (e.g. visiting other authorities, running staff workshops, and developing service improvement plans with a consultancy firm);
- the council have informed us that leading members from all parties are publicly committed to supporting the project.

33. The report also identified a number of issues and made recommendations in respect of each. These recommendations are listed at Appendix 3 together with the proposed action in response to each. Cabinet are asked to note the findings of the report and agree the proposed action in response to the recommendations.

Financial Implications

34. It is important that the Council understand the financial context of the Programme. A Financial Summary is listed below which explains overall costs to the Council. It also places the cost envelope in the context of the Medium-Term Financial Strategy (MTFS) 2007 – 2010.

Background

Paragraphs 1 – 10 inclusive of this report outline the first phase of developing the Herefordshire Connects transformation programme. This culminated in a report to Cabinet on 20th April 2006 that included an outline business case for the programme that Axon Group plc helped to develop.

- 1.1 An initial forecast of the likely levels of investment needed and potential return accompanied last April's Cabinet decision to proceed to the next stage of the programme. The assumptions and risks relating to the initial financial model for the Herefordshire Connects programme were also outlined in that report.
- 1.2 The indicative figures on investment requirement and cashable benefits identified last April were built into the draft Medium-Term Financial Management Strategy (MTFMS) 2007 – 2010 prepared in July 2006. Those figures remained the same through to final approval of the MTFMS by Council on 9th March 2007 in the absence of any further information to update them. The final version of the MTFMS allowed for twelve month's slippage in realising cashable benefits given the emerging timetable for the programme.
- 1.3 The MTFMS therefore sets the financial parameters within which the programme has to be delivered. The following table sets out the assumptions within the MTFMS 2007 – 2010 that relate to the Herefordshire Connects transformation programme:

Financial Resource Model assumptions for Herefordshire Connects	2007/08 (£000)	2008/09 (£000)	2009/10 (£000)	2010/11 (£000)	Total (£000)
Investment requirement	1,960	5,940	5,290	4,930	18,120
Cashable benefits	(5,800)	(10,600)	(11,400)	(11,750)	(39,550)

Cover for slippage in delivering cashable benefits target	5,800	0	0	0	0
Net annual cash deficit / (surplus) for re-investment in corporate priorities	1,960	(4,660)	(6,110)	(6,820)	(15,630)

- 1.4 In addition to the above resources, there is an estimated £428k in an earmarked reserve for 'Invest to Save' projects that could be applied to the transformation programme. Delivery of the programme within the financial parameters included in the MTFMS is essential if the approved investment programme in social care services is to be sustained. The alternative is likely to entail unpalatable cuts in frontline service provision given the bleak financial outlook for local government expected as a result of the Comprehensive Spending Review 2007 (CSR07) now expected to conclude in the autumn.

Commercial Assessment

- 1.5 The commercial assessment of the 3 proposals accounted for 20% of the overall assessment framework outlined in the diagram in paragraph 23 of this report. Each supplier was asked to submit a template designed to capture the financial information needed to make the commercial assessment in a consistent format. The assessment checked for completeness of the information supplied and also looked at each supplier's proposals in terms of:

- investment requirement;
- benefits realisation; and
- quick wins.

- 1.6 The approach to the commercial assessment and the result of the exercise has been independently verified by CAPITA Advisory Services. This company has considerable experience of both assessing and delivering similar transformation programmes in other organisations including local government. It was important to ensure the assessment was sound to guarantee the integrity of the procurement process and to provide reassurance on what represents a major financial investment for the Council.

- 1.7 A summary of CAPITA's findings having reviewed the Council's commercial assessment process is as follows:

- the scoring mechanism devised prior to the assessment being carried out was appropriate and accurately applied;
- the ranking of the suppliers as a result of the commercial assessment was not

changed by using discounted cash flow techniques or by substantial flexing of the variables included in their models (sensitivity analysis);

- each supplier had included the main cost elements in their proposals;
- there was a degree of optimism in the suppliers' early year benefits and growth in the benefits over time was ambitious;
- there was a lack of detail in the suppliers' proposals that would need to be explored in the next stage of the procurement process and through due diligence; and
- the Council's resource assumptions appeared reasonable (see paragraph 1.10 below).

1.8 The commercial assessment was the fifth element of the overall assessment process and confirmed the ranking of the three suppliers' proposals after the first four elements of the assessment had been scored. The ranking taking into account all five elements of the assessment process is set out in paragraph 29 of this report.

Council's resource assumptions

1.9 Last April's report to Cabinet on the Herefordshire Connects transformation programme indicated that there were a range of internal costs of the Herefordshire Connects transformation programme that were not included in the financial model set out earlier in this section of the report. The potential costs to the Council of the programme, over and above those that would be paid to the eventual supplier, have become clearer as the procurement process has unfolded.

1.10 The following table highlights the potential internal costs of the programme. CAPITA has confirmed that they believe the Council has identified the key internal cost headings based on their experience elsewhere. The figures included are best estimates only at this stage and will be firmed up during the course of negotiations with the preferred supplier.

Indicative internal costs of the Herefordshire Connects transformation programme	2007/08	2008/09	2009/10	2010/11	Total
	(£000)	(£000)	(£000)	(£000)	(£000)
Backfilling for staff seconded to the programme	700	620	120	0	1,440
Change Manager & Core Team	260	260	260	0	780
Withdrawal from legacy systems	0	100	75	50	225
Accommodation	150	150	150	0	450
ICT infrastructure costs	250	250	250	250	1,000
Contract negotiations	75	0	0	0	75
Total	1,435	1,380	855	300	3,970

- 1.11 It has to be stressed that, as with the financial model for the preferred supplier recommended by the Corporate Management Board (CMB), the figures outlined in the table above are very indicative. Some of the potential internal costs outlined above, such as ICT infrastructure costs and the cost of an ICT desktop equipment refresh programme (not included above), will need to be included in future budgets even if the transformation project was not in prospect.

Next steps

- 1.12 The preferred supplier's financial model and the internal costs identified above exceed the financial envelope for the transformation programme included in the MTFMS approved by Council last month. This position has been discussed with CAPITA Advisory Services who advise that having a gap at this stage is not to be unexpected. Their opinion is that robust negotiation with the supplier and further exploration of the internal costs, particularly in terms of links across to existing base budgets for ICT services, should resolve the situation. They also noted that the financial model currently only covers years 1 – 4 of the programme. Extending the model would see costs reduce year on year with savings continuing to grow albeit at a slower pace.
- 1.13 Effective contract negotiation and examination of internal costs is therefore key to the success of the next stage of the procurement process. The preferred supplier will need to be challenged with a view to:
- reducing the investment requirement;
 - maximising the overall quantum of benefits; and
 - firming up on the phasing of both costs and benefits.
- 1.14 External financial, legal and possibly ICT support will be needed for the contract negotiations to ensure that the Council can derive maximum value from the modernisation programme. An indicative figure of £75k has been included in the financial model for this purpose. The negotiations will be complex, particularly in respect of risk sharing and maintaining flexibility to adapt to changes in the environment within which local government operates.
- 1.15 The contract negotiation and due diligence period will be used to explore these issues, along with links across to existing base budgets. The result will be an updated financial model for the transformation programme and a re-assessment of how that fits within the MTFMS. The contract negotiation period will coincide with the closing process for the 2006/07 financial year and the next MTFMS refresh enabling all three strands to be brought together as a further report is prepared for Cabinet in June / July prior to final commitment to the programme.

Risk management

- 1.16 There are significant financial and other risks associated with the Herefordshire Connects transformation programme. These will be managed using the Council's risk management strategy in order to maximise the opportunities taking costs out for reinvestment in service improvement across the board but particularly for social care services.
- 1.17 Other councils have embarked on transformation programmes like Herefordshire Connects. There are therefore exemplars we can learn lessons from – both those

who have managed such a programme well and those that have perhaps done less well. The experience of others to date is that the hardest bit is making sure that the benefits are realised. The Council has already developed a process for identifying benefits, assigning responsibility for their delivery and tracking progress. This will need to be thoroughly embedded to support the Herefordshire Connects programme.

- 1.18 A further point to consider is that 'quick wins' that could be considered part of Herefordshire Connects are already being planned and counted towards budget balancing exercises for some services for the 2007/08 financial year. This is only small scale at the moment as far as the Resources Directorate is aware, but could start to erode the benefits included in the financial model for the transformation programme if the contract negotiation process is protracted.

Risk Management

Key Risk	Mitigation
Funding of programme will require early delivery of savings	Carry out Cost Reduction exercise during Initial Phase of programme to identify early wins for cost savings Council has budget pressures, which make this imperative.
Decision not made to approve Preferred Supplier or the Decision takes too long – leading to both loss of up to £11m pa in future savings and Suppliers withdrawing their interest given that almost 40 Authorities are involved in Transformation Programmes at present.	Ensure governing bodies are kept up-to-date and fully briefed on progress. Suppliers are notified of progress wherever possible. Cabinet endorse the preferred supplier as early as possible.
Disruption to day to day business	<p>Take account of operational peaks when planning.</p> <p>Ensure Council is kept informed of potential impact and provide strategies to cater.</p> <p>Minimise impact of disruption by providing detailed plans and communicate these to key areas of the Council.</p> <p>New processes will result in new ways of working, which in turn will result in the need to acquire new skills. Identify the impact on the people, and ensuring that this is in the communications strategy. Keep staff fully informed. Provide clarity about the process for designing the new solution, defining new roles and responsibilities in the new organization.</p> <p>Ensure that there are Herefordshire team members who will be responsible for disseminating information and also acting in a liaison role</p>
Council partners not committed to integrating with Council.	Create comprehensive communications and change plan for other public bodies in Herefordshire such as PCT, Police and voluntary sector. Engage with these partners early in programme, and make them a key stakeholder.
Different majority party has power after May election	Include group leaders in communications for programme
Lack of Management Buy-in	Effective change planning and managing the change curve, excellent communication to support buy-in through understanding the benefits to be delivered by service users

Alternative Options

Alternative options include: total outsourcing, shared service provision, and doing nothing.

Outsourcing has been undertaken by a number of authorities, but evidence suggests that it is not always easy to realise cost benefits e.g., Walsall Council who recently pulled out of a £500m outsourcing deal. This option also carries additional significant risk with regard to staff transfer to the new provider.

The shared services option has not been discounted, although it is recognised that in the immediate geographical vicinity there is little current interest in such an option and potential partners would need to be identified from further a field. It is worth noting the recent announcement made by Southampton City Council last which has given approval to select Capita as their preferred Supplier. Negotiations will now take place with Capita to become the Council's Strategic Service Partner (SSP). This Programme will provide improved services to its customers while reducing costs. The partnership at Southampton will deliver a range of Council services, including Customer Services, IT, Property Services, HR, Payroll, Revenues and Benefits, and Procurement. This will include the development of a brand new contact centre and an improved `one stop shop`, which together will become the first point of contact for all Council services. Southampton has a population of 222,000 (based on 2005 mid-year estimates) and a budget for 2007-08 of £168.9m.

The option to do nothing would result in the council's financial strategy being at significant risk within two years. In the absence of additional income or efficiency savings, this could only result in significant cuts to services.

Consultees

Office of Government Commerce

Audit Commission

CAPITA

Appendices

Appendix 1 Member Seminar Feedback

Appendix 2 Procurement Phase 2 Timetable

Appendix 3 Audit Commission Recommendations and Proposed Response

Background Papers

Presentation to CMB 22 Feb 2007-03-19 with supporting pack

Report from CAPITA on Commercial Assessment

Audit Commission Report 'Herefordshire Connects'

HEREFORDSHIRE CONNECTS MEMBER SEMINARS FLIPCHART SUMMARY

Members were asked to say how they would want Herefordshire Council to look, following a successful business transformation programme, from the point of view of each of the following:

- Elected members
- Employees
- Citizens/customers
- Partners/suppliers

Whilst a range of views were expressed, some key themes recurred in each section, and these are summarised below.

ELECTED MEMBERS

- Reputation – members proud to be part of a successful council that is valued by the public
- Elected members to be professional and well supported – to include a requirement for all members to be computer literate; effective IT support; effective training and induction programmes; member involvement in member development decisions; member websites; appropriate remuneration for members.
- Decision-making – members to have a greater input into decision-making; more effective scrutiny function; higher profile ward member role including devolved budgets; remove cabinet system.
- Efficiency – clearer, simpler reports; improved access to information; improved response times; no longer having to make multiple calls to resolve a problem/query; on-line systems to support work.
- Responsibility – members and officers accepting responsibility/accountability
- Communication – improved, effective communication internally; improved understanding of the public about the services of the council and the role of the ward member; greater communication with ward members of local issues

EMPLOYEES

- Employees view Herefordshire Council as an employer of choice
- Employees feel valued within the workplace and by the public – are treated fairly and with respect, feel listened to
- Employees have job satisfaction, and are rewarded appropriately

- Employees have the tools to do the job – including IT systems, training and development support, clearly understood targets, good working conditions, flexible working, good working knowledge of the council as a whole.
- A range of career development opportunities exist within the council.
- Customer focussed

CITIZEN/CUSTOMER

- Customers are treated fairly and with respect
- Customers are able to access services/information in a way and at a time that is convenient to them
- Customers have a single point of contact to the council, and do not have to ‘find their own way around’.
- Customers feel valued and that their concern or request will be taken seriously and dealt with efficiently
- Customers feel the council delivers value for money services
- Customers do not have to repeat information
- Customers feel involved in decision-making
- Customers feel well informed, and receive consistent messages
- Customers understand the services provided by the council, and how it works with partners

PARTNERS/SUPPLIERS

- The council is viewed as a partner of choice
- There are clear lines of accountability within partnerships; roles and responsibilities are clear and transparent.
- The council listens and responds to its partners
- Procurement procedures are simple, open and cost effective
- Through procurement the council supports local enterprise, and takes account of sustainability issues
- Payments are processed in a timely manner and with minimal transaction costs.
- The council’s contribution to partnerships is recognised and valued.
- Contracts are effectively monitored.

Procurement Phase 2 Timetable

- 15th Jan ITT responses received
- 22nd Jan Change Management scoring
- 31st Jan/1st Feb Technical Demonstration from SAP
- 2nd Feb Deloitte Presentation
- 5th Feb LogicaCMG Presentation
- 6th Feb SERCO Presentation
- 7th/8th Feb Technical Demonstration from SAP
- 9th/13th Feb Functional Requirements scoring
- 14th Feb Implementation experience scoring
- 22nd Feb Presentation on initial results to CMB
- 7th Mar Presentation of results to Members Reference Group
- 22nd Mar Completion of Commercial Assessment
- 27th Mar CMB agree choice of preferred Supplier
- 29th Mar Members Seminar
- 12th April Presentation to Cabinet

Audit Commission Recommendations and Proposed Response

No.	Recommendation	Action in Response
1	Review the requirements of the PST to ensure they are sufficiently clear and robust to inform the contract. If not consider extending the timescales for the signing the contract until the PST requirements have been agreed with the PCT.	PST development is being taken forward through a series of workstream identifying future operational and strategic requirements. These will be fed into the Herefordshire Connects programme as appropriate. All three potential suppliers were briefed regarding the PST development, and indicated interest. Any contract negotiated will reflect the potential need to review the programme and contract in the light of PST establishment if required.
2	When presenting the preferred bid to members for consideration, other options which are still open to the council should be outlined, with the costs and benefits of each option set out. For future procurements complete a formal options appraisal.	Alternative options are included in the body of the report to Cabinet on 12 th April. A review of the procurement policy and processes is underway led by the recently appointed Strategic Procurement and Efficiency Review Manager, and will address this point for future procurements.
3	For future procurements complete the scoring mechanism before issuing the ITT	Although the scoring mechanism existed in framework at the point of ITT issue, the detail had been agreed prior to return of the ITT, therefore the tender and assessment processes were not compromised, and the timetable was maintained. However the Strategic Procurement and Efficiency Review Manager has been asked to consider this point in developing guidelines for future procurement processes.
4	Discuss with potential suppliers why they chose SAP and whether the technical specification has restricted the choice of solution. Revisit the specification to assess if it was too tightly defined.	The specification was defined in order to meet the identified needs of the organisation. Specific challenges were made to suppliers on this issue during their presentations. However, should the choice of technical solution not meet the organisational

Further information on the subject of this report is available from
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		needs in any specific area within the programme, it is open to the council, during contract negotiations, to require the supplier to identify alternative solutions, or to exclude that element from the contract.
5	Complete an assessment of the risks of the contract. Ensure that members are briefed on this before a decision is taken to proceed. The risks of other options should also be set out. This should be presented along with the costs and benefits assessment.	A risk log for the programme, including the procurement element, is maintained and reviewed on a regular basis in line with corporate risk management policy. Alternative options, and the risks associated with them, are set out in the report to Cabinet on 12 th April. A update session will be arranged for the new Council as soon as it is practicable to do so.
6	Assess the risks of delivering the required work to a sufficient standard before the contract is signed, and extend the timescales if necessary.	The timescale for the procurement phase is reviewed on a regular basis and has been flexed where necessary to ensure quality was maintained e.g. the issue of ITT was postponed to ensure maximum contribution from service representatives; additional assessment time was provided to take account of further work required on commercial elements of the tenders. The Council is only at this stage identifying a preferred supplier and will not sign the contract until all outstanding issues are resolved.
7	Assess if the council has sufficient experienced staff to manage the contract and bring in additional resources if necessary.	Resource requirements for the programme are regularly reviewed, and additional expertise is brought in as required either from within the organisation or, where appropriate, externally e.g. external validation by CAPITA; specialist legal advice during contract negotiation period.

