

MINUTES of the meeting of CABINET held at THE COUNCIL CHAMBER, BROCKINGTON, 35 HAFOD ROAD, HEREFORD on Thursday 21 February 2008 at 2.00 pm.

Present: Councillor RJ Phillips (Chairman)

Councillors: LO Barnett, AJM Blackshaw, H Bramer, JP French and JA Hyde

In attendance: Councillors PA Andrews, WLS Bowen, PJ Edwards, TM James, RI Matthews, SJ Robertson, J Stone, JK Swinburne and PJ Watts

26. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors: GFM Dawe, JG Jarvis and MD Lloyd-Hayes.

27. DECLARATIONS OF INTEREST

There were no declarations of interest made.

28. MINUTES

RESOLVED: That the Minutes of the meeting held on 24 January 2008 be approved as a correct record and signed by the Chairman.

29. DRAFT FINANCIAL STRATEGY 2008/11

The Leader informed Cabinet that Agenda items four and five, the Draft Financial Strategy 2008/11 and the Draft Capital Programme 2008/09 would be dealt with together.

The Cabinet Member Resources advised Cabinet that the draft Financial Strategy needed to be taken in context with the draft Capital Programme. He stated that it provided for a balanced budget even though Herefordshire was one of the lowest funded authorities in the country. He reminded Members of the closer partnership working being carried out with the Primary Care Trust (PCT) and the need to provide value for money. He added that the budget continued to address the issue of support for the vulnerable with some capital for the continued improvement of services. He stated that it was proposed that an additional £356,000 be added to the base budget for 2007/08 rising to £750,000 for 2008/09 for the funding of prudential borrowing.

The Director of Resources stated that Agenda item four reflected the decisions of the Cabinet meeting of 24 January and that the report had outlined how the financial capacity had changed. The Director referred to the table of figures on the estimated financial capacity and stated that the figures outlined would reduce with the addition of funding to the base budget for further prudential borrowing as outlined by the Cabinet Member.

In referring to the Draft Financial Strategy 2008/11 the Director stated the priority

was for the improving of services for the vulnerable. The financial framework had been strengthened by the inclusion of efficiency targets whilst being careful not to disadvantage vulnerable services. To this end the Adult and Community Services budget had a much lower efficiency target in order to avoid cuts in services to the vulnerable. Cabinet was advised that corporate funding for modernising social care services was to be reallocated to the directorate budgets to provide clarity on budget management, with the Director of Resources working closely with the directorates to ensure deployment of those resources represented improvement and better value for money.

The Director advised Cabinet of the approach to the general reserves and balances strategy recommending a £4.5 million general reserves balance from 1 April 2008. This was in recognition of pressures and risks identified and for those unquantified. The Leader added that a further £6 million was available earmarked reserves for specific financial risks and stated that £7.5 million in the school reserves belonged to individual schools and was not for Council use.

A Member in attendance welcomed the clarity of the report and added that Strategic Monitoring Committee (SMC) was in agreement with the Executive on the proposals for the next three years and that the key issues were still around accommodation and property and the Council's forecast on the way forward. He went on to refer to the school review and requested that any funds set aside for the closure of schools should be outlined in the report. He added his surprise at the proposals for further prudential borrowing and was concerned the long term cost this could have on a Band D Council taxpayer. He advised Cabinet of two key points on the Capital Programme that he felt Cabinet should reconsider, which were in relation to the Master's House scheme at Ledbury and the costs to be borne by the Council in relation to the Bailey Bridge at Colwall.

The Leader stated that the prudential borrowing was clearly within the capacity of the Medium Term Financial Management Strategy and would not directly impact on Council Tax particularly with the extra capacity put into the base budget. He added that with regard to the schools review no funds had been set aside in the budget. Cabinet agreed the extra funding in the base budget to fund prudential borrowing and reiterated the need to invest in the infrastructure of the county, hence the modest increase in Council Tax. Cabinet noted the concerns of opposition Members on further borrowing. It was stated that it was most unlikely that the Bailey Bridge for Colwall would be progressed. Discussion had been held with Network Rail and it was proposed to replace the bridge in 2009 and the authority would need to make a contribution at that time. Cabinet was advised that Network Rail had a legal responsibility for the railway part of the bridge, with the Council having responsibility for the road across it and any strengthening required to take the highway across it.

With regard to Council tax rises the Leader advised of the proposed rates in neighbouring authorities stating that Shropshire would be 4.4%, Telford 4.3% and Worcester 4.3 – 4.4%. Therefore Herefordshire was in line with neighbouring authorities. He added that consultation would be carried out with Strategic Monitoring Committee and the Unions and advised that the Police had put in a figure of 4.95% (as advised by the Member representative on the Police Authority).

RESOLVED

DRAFT FINANCIAL STRATEGY 2008/11

THAT:

- (a) **Cabinet agrees that £356K be added to the base budget in 2008/09 rising to £750K in 2009/10 to fund prudential borrowing; and**

- (b) Cabinet agrees the draft financial strategy 2008/2011 attached to the report and recommends its approval to Council on 7 March 2008.

DRAFT CAPITAL PROGRAMME 2008/09

RESOLVED

THAT Cabinet recommends to Council that:

- (a) the funding available be noted;
- (b) the funding allocations to capital bids be endorsed;
- (c) the impact of capital spend on the replacement Social Care system (Corelogic) in 2008/09 be noted; and
- (d) the position on the capital receipts reserve be noted.

30. DRAFT CAPITAL PROGRAMME 2008/09

Taken with previous item the Draft Financial Strategy 2008/11.

31. BUDGET MONITORING 2007/08

The Head of Financial Services presented the Budget Monitoring report for 2007/08 and stated that directorates had shown an increase since last budget, but this had been offset by the invest to save scheme. He added that the overall position showed an overspend of £698,000, which was an improvement on the previous projected overspend of £1.05 million at the end of November. Referring to the July floods and the insurance claim to government through the Bellwin Scheme Cabinet was advised that government had honoured all the claims made and it was added that rigorous checking had been carried out by the government office prior to making any payment. Thanks were passed on to all staff involved in work to maximise the claim.

In referring to Adult Services Cabinet was advised that there was a slight increase in the projected outturn and ongoing negotiations were being carried out with Shaw Homes on costs paid. Cabinet was advised that discussions with HALO on the costs for single status and job evaluation were also ongoing.

In the Children and Young People's Directorate there was an increase in the projected overspend, however it was estimated that after application of centrally held contingency funds and invest to save funds, the budget would balance. Cabinet had advised that there had been little change in the projected outturn for Corporate and Customer Services. There was a further year's funding of £500k for Customer Services, by which time sufficient resource would need to have been re-allocated from services transferring into the division to make up the short fall. It was added that the Community Network Upgrade contract with Siemens would produce some savings in the area of line rental and call charges, though these were being quantified, but there would still be an overall overspend on the contract. Cabinet was referred to the Environment directorate and the Waste Disposal contract between Herefordshire and Worcestershire Councils and informed that this was being monitored carefully with any underspend against the contract has previously been earmarked for reserves to meet future waste management pressures.

In referring to the Capital Programme budget monitoring it was stated that outturn was projected slightly higher with expenditure just under £30 million.

Cabinet was asked about the road maintenance and footways budget allocation with particular reference to the underspend with the budgetary year soon to end. The Cabinet Member Highways and Transportation advised that all maintenance work had been put back due to the flood alleviation programme. However the planned maintenance work was now back on target for the January / March programme.

RESOLVED

THAT:

- (a) **Cabinet note the Bellwin settlement and thanked officers and Members for their hard work in achieving the settlement; and**
- (b) **Financial performance to the end of January 2008 be approved.**

32. CALL IN OF CABINET DECISION ON HEREFORDSHIRE CONNECTS - ACQUISITION OF THE PREFERRED TECHNOLOGY TO REPLACE THE CURRENT CLIENT SYSTEMS USED WITHIN BOTH ADULT SOCIAL CARE AND THE CHILDREN AND YOUNG PEOPLE'S DIRECTORATE

The Director of Corporate and Customer Services introduced the report to Cabinet and advised that the amended Cabinet report took into consideration the Strategic Monitoring Committee's recommendations.

The Herefordshire Connects Programme Manager informed Cabinet that a detailed report had been presented to the Strategic Monitoring Committee on 31 January 2008. The current system had been operational for 11 years and was not able to meet current requirements. A two-stage selection process had resulted in a final assessment between OLM and Corelogic. It was stated that colleagues from across the directorates and the Primary Care Trust (PCT) were involved in the process. It was found that Corelogic was the preferred option in all categories. Site visits had been undertaken to Worcestershire and Nottinghamshire. Worcestershire had also migrated from Clix to Corelogic and was able to share experiences. Cabinet was reminded of the importance of business continuity and storage capacity within the system. Security of information was a prime consideration and data would not be copied out of the system, but retained on the network. Cabinet was informed that 24 other Authorities were currently using Corelogic and that tests had been carried out at Bath Street which proved there was sufficient capability to load the system on the network. Cabinet was advised that a fixed price option was preferred as it provided certainty over costs and could be monitored against performance.

The Head of Financial Services referred Cabinet to the finances considered as part of the call in process. He stated that the figures in the summary of costs' table outlined the financial resources built into the budget, with a mixture of capital and revenue funding. It was stated that the costs were outlined to 2012/13 when capital repayments would leave.

The Cabinet Member Corporate and Customer Services and Human Resources thanked the Chairman of the Strategic Monitoring Committee for the hard work that had been carried out by his committee. It was added that it was important to achieve ISO27001 as considerable personal information would be held on the network. However, it was reiterated that data would not be held on laptops. She emphasised that there was a need to make a decision on the rest of the Connects programme soon.

Concern was raised on the compatibility of the system with the PCT and the data protection of personal information. Cabinet was reassured that the Council was

working very closely with the PCT and Cabinet could be confident in moving forward. The Chief Executive reminded Cabinet that Corelogic was part of a national system and therefore would be part of any national debate on future changes.

RESOLVED

THAT Cabinet approve the revised submission prepared in response to the recommendations made by the Strategic Monitoring Committee in relation to Cabinet's decision on the acquisition of the preferred technology to replace the current client systems used within both Adult Social Care and the Children and Young People's Directorate and the Committee's further recommendations in relation to its consideration of this issue and its consideration of a consolidated report on the Herefordshire Connects programme.

33. MANAGING PERFORMANCE MANAGEMENT

The Director of Corporate and Customer Services advised Cabinet that this report and those following on the Local Area Agreement, the Comprehensive Area Assessment and the Council's Comprehensive Performance Assessment and Direction of Travel scores were all interrelated.

Cabinet was informed that in the last corporate assessment carried out by the Audit Commission in 2005, the Council's performance management arrangements had been judged as an area of relative weakness. Concentrated actions to strengthen the arrangements had been put in hand and, in a follow up audit in the autumn of 2006, the Commission had stated that steady progress was being made, although a good deal had yet to be fully embedded across the Council. Cabinet had therefore agreed a further action plan to secure the necessary additional improvements. Almost all of the objectives and actions in the further action plan had now been achieved. The most important result was that, whereas in the Commission's 2006 Direction of Travel assessment it had judged levels of service to have only been maintained, in the latest 2007 assessment the Commission had said that performance had improved in most priority areas.

Examples of where actions had yet to be completed were noted; these included the role individual Members of Scrutiny Committees might play as critical friends for particular functional areas as in the performance improvement cycle and a bi-monthly cascade of information from the Herefordshire Partnership.

The Leader confirmed the importance of the Scrutiny function as a further line of challenge. Cabinet agreed there should be more pre-policy scrutiny and that excellent work had been done by Scrutiny recently.

Cabinet also agreed that the future actions necessary to continue the strengthening of the performance management arrangements should be taken forward as an integral part of the preparations for the new system of Comprehensive Area Assessment.

RESOLVED

THAT:

- (a) the report be noted; and**
- (b) it be agreed that the plan be updated in the context of the overall Corporate Area Assessment preparation programme, submitted to Cabinet in April 2008, and progress reported every six months.**

34. DEVELOPMENT OF THE LOCAL AREA AGREEMENT

The Herefordshire Partnership Manager presented the report on the Local Area Agreement setting out the work undertaken since the last Cabinet report and progress to date. Cabinet was advised of the performance indicators identified by the government office, of which the Council is to select up to 35 indicators. A revised list of performance indicators selected by the Council was tabled at the meeting. Cabinet was advised that as part of the selection process officers were working with the Corporate Management Board on relevant performance indicators. Cabinet was reminded of the weekly updates provided for partner organisations such as the Primary Care Trust and the Police and the next steps were to move towards realistic and achievable targets.

The Director for Corporate and Customer Services advised it was likely that the Government office would bring in more indicators in the future and felt there would be clashes with the Government over some indicators as the Council would not be able to make a difference in the time frame set out.

The Leader stated that the 35 indicators the partner organisations were working on needed to clearly reflect key issues such as highways and children and young people's services.

The Director informed Cabinet that at some point Cabinet might be required to support and reiterate the points made by the authority that it might be unable to deal with all the indicators. Cabinet was reminded that although there was engagement with partner organisations over the indicators ultimately the Council was the accountable body

Cabinet discussed the requirement for all Members to attend seminars to ensure they were updated on progress in all areas. Cabinet expressed concern that some of the data used was not up to date and requested that current data should be used. Cabinet agreed that weekly updates on the LAA should be forwarded to Cabinet Members, Scrutiny Chairmen and the Chairman and Vice-Chairman of Strategic Monitoring Committee as well as partner organisations.

RESOLVED**THAT:**

- (a) the Local Area Agreement super refresh process be noted;**
- (b) the Story of Place and list of key priorities be approved;**
- (c) it be noted that the provisional list of indicators be included in the Local Area Agreement; and**
- (d) Cabinet Members, Scrutiny Committee Chairmen and Strategic Monitoring Chairman and Vice-Chairman along with partner organisations, be updated weekly on the Local Area Agreement.**

35. HEREFORDSHIRE COMPREHENSIVE AREA ASSESSMENT PREPARATION PROGRAMME

The Corporate Policy and Research Manager presented the report on the proposed preparation programme for the new system of Comprehensive Area Assessment (CAA) which would replace the current system of Corporate Performance Assessment form April 2009. Referring Cabinet to the summary of the proposed CAA arrangements published jointly by the inspectorates, he highlighted the key

differences between the CPA and the CAA as being the latter's concentration on the area rather than individual organisations, with the main tests being how good the quality of life is for people in the county and value for money. Cabinet was reminded of the seminar for all Members on Monday 25 February, which would provide more details.

Cabinet was advised of changes that were being made within the Audit Commission to secure the effective implementation of CAA. It was also advised of the national consultation that had taken place on the principles for its operation and of the outstanding major issues. It was noted that decisions on these matters and the proposed detailed arrangements would not be known until the summer, with the final arrangements not being notified until early 2009.

Under CAA the authority and its partners would be expected to demonstrate a sound grasp on the needs of the area and of individual groups within it, particularly the disadvantaged. They would have to show an equal understanding of the wishes and views of citizens and service users. These requirements were reinforced in respect of health and social care by a new statutory requirement placed on the Council and the PCT to carry out Joint Strategic Needs Assessment from 1 April 2008. In practice, CAA would require an equally thorough approach in respect of other areas, including the economy and the environment.

On the basis of this evidence the Council and its partners would need to have clear priorities and show that they were capable of managing successfully the risks to their achievement. In this context it was noted that a good deal had already been done in these respects in the preparation of the new Local Area Agreement, which was scheduled to be agreed in June.

Noting that Herefordshire could be in the first tranche of authorities assessed under CAA in the spring of 2009, officers advised that a programme was being drawn up to address the challenges so that the Council and its partners would be well prepared. Cabinet discussed the elements and objectives of the programme, the importance of the scrutiny arrangements and the inclusion of CAA preparations in the Members' Development Programme. Cabinet was advised that Member seminars on the CAA would be held quarterly.

The Leader expressed the wish that the Herefordshire Partnership Board Members be brought up to speed with the arrangements and that they were fully engaged in the process. He requested that the proposed programme be discussed at the Partnership Board as soon as possible. In the context of effective partnership working to meet the CAA requirements, concern was also expressed to maximise the contribution of the public service arrangements being developed between the Council and the Primary Care Trust (PCT) and how these would be reflected in the Council's Corporate Plan.

The Chief Executive stated that the authority and the PCT needed to look at how resources were used jointly for better outcomes. Combining resources could ensure that the authority and the PCT would be highly regarded in terms of CAA. For practical reasons it would not be possible to integrate all the Council's and the PCT's relevant plans immediately, but by combining the PCT's Local Delivery Plan and the Council's plan into a single document over time should ensure the bringing together of relevant services and result in greater efficiency and effectiveness. It was added that with regards to the Joint Strategic Needs Assessment it was proposed to bring the substantial body of existing information together in the next few weeks. It was emphasised that there was a strong track of working together in respect of needs analysis.

The Leader stated that with regard to the delivery on services to users the authority and the PCT were lagging behind what many other areas had achieved. Although there was a need to recognise the good work going on already, we should also recognise that actual service delivery needed to be improved. The Chief Executive agreed with the comments and added that it would take 12-18 months to build fully integrated services.

RESOLVED

THAT:

- (a) the proposed action plan be approved;
- (b) it be agreed that it be finalised having regard to discussions with partners and consideration by Strategic Monitoring Committee (SMC); and
- (c) it be agreed that progress against the plan be reported to Cabinet and SMC in July and October 2008, and in January and April 2009.

36. COMPREHENSIVE PERFORMANCE ASSESSMENT AND DIRECTION OF TRAVEL UPDATE

The Corporate Policy and Research Manager presented the report, which confirmed the Comprehensive Performance Assessment (CPA) and the Direction of Travel for 2007 issued by the Audit Commission on 7 February. He drew attention to the tables in the report comparing Herefordshire with other authorities. In respect of CPA Herefordshire was one of three two star authorities in the West Midlands. He added that the fall in the Council's overall CPA score from three star to two star was due to a one year only change in the selection of indicators used for housing, which had caused it under the mechanical scoring system to fall to one star. This was despite Strategic Housing's performance having secured notable improvements as regards the number of families in bed and breakfast accommodation.

With regard to the Direction of Travel assessment, it was noted that performance had improved in most priority areas, particularly in exam results, arrangements for looked after children, tax collection and benefits administration and with the speed of planning applications, street cleanliness and recycling levels. Value for money had been judged to be reasonable, but not measured consistently. Progress was judged as being made in most improvement plans but the overall picture was not being reported clearly.

Cabinet noted that Herefordshire was now the only authority in the West Midlands that was judged as only improving adequately in the West Midlands. With regard to the next Direction of Travel assessment it was stated that currently 62% of performance indicators were on track to improve in 2007/08 compared with 2006/07 and that action was being taken to achieve an even better outturn. If the Council was also successful in delivering the improvement programme, it should be possible to achieve the Improving Well category in 2008.

The Cabinet Member for Children's Services thanked officers for their complimentary reference to achievement in Children and Young People's Services and the good work that was being carried out.

RESOLVED

THAT the report be noted.

**37. REVIEW OF THE COUNCIL'S FINANCIAL AND CONTRACTUAL PROCEDURE
RULES AND CONSTITUTION**

Cabinet was advised that the item was to be deferred until the next meeting of Cabinet on the 28 February 2008.

The meeting ended at 4.15 p.m.

CHAIRMAN