

**DEPUTY CHIEF EXECUTIVE'S OFFICE**  
A Faulder (Interim)

**TO: ALL MEMBERS OF THE COUNCIL**

Your Ref:

Our Ref: AMcL/SAHC

Please ask for: Mrs S Cole

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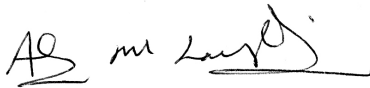
E-mail: [scole@herefordshire.gov.uk](mailto:scole@herefordshire.gov.uk)

Dear Councillor,

**YOU ARE HEREBY SUMMONED** to attend the meeting of the Herefordshire Council to be held on **Friday 6 March 2009** at The Shirehall, St Peter's Square, Hereford at 10.30 am at which the business set out in the attached agenda is proposed to be transacted.

Please note that car parking will be available at the Shirehall for elected Members.

Yours sincerely



**A McLAUGHLIN**  
**ASSISTANT CHIEF EXECUTIVE, LEGAL AND DEMOCRATIC**





# A G E N D A

## COUNCIL

Date: **Friday 6 March 2009**

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Time: **10.30 am**

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Place: **The Shirehall, St Peter's Square,  
Hereford**

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

*For any further information please contact:*

*Sally Cole, Committee Manager Executive*

**Tel: 01432 260249, E-mail  
scole@herefordshire.gov.uk**

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**Herefordshire Council**



# AGENDA

## for the Meeting of the COUNCIL

To: All Members of the Council

### Pages

**1. PRAYERS**

**2. APOLOGIES FOR ABSENCE**

To receive apologies for absence.

**3. DECLARATIONS OF INTEREST**

To receive any declarations of interest by Members in respect of items on the Agenda.

**GUIDANCE ON DECLARING PERSONAL AND PREJUDICIAL INTERESTS AT MEETINGS**

The Council's Members' Code of Conduct requires Councillors to declare against an Agenda item(s) the nature of an interest and whether the interest is personal or prejudicial. Councillors have to decide first whether or not they have a personal interest in the matter under discussion. They will then have to decide whether that personal interest is also prejudicial.

A personal interest is an interest that affects the Councillor more than most other people in the area. People in the area include those who live, work or have property in the area of the Council. Councillors will also have a personal interest if their partner, relative or a close friend, or an organisation that they or the member works for, is affected more than other people in the area. If they do have a personal interest, they must declare it but can stay and take part and vote in the meeting.

Whether an interest is prejudicial is a matter of judgement for each Councillor. What Councillors have to do is ask themselves whether a member of the public – if he or she knew all the facts – would think that the Councillor's interest was so important that their decision would be affected by it. If a Councillor has a prejudicial interest then they must declare what that interest is and leave the meeting room.

**4. MINUTES**

To approve and sign the Minutes of the reconvened meeting held on 17 February 2009. *(To follow)*.

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**5. CHAIRMAN'S ANNOUNCEMENTS**

To receive the Chairman's announcements and petitions from members of the public.

- |   |           |
|---|-----------|
| <b>6. QUESTIONS FROM MEMBERS OF THE PUBLIC</b>  | 47 - 50   |
| To receive questions from members of the public.  |           |
| <b>7. FORMAL QUESTIONS FROM COUNCILLORS TO THE CABINET MEMBERS AND CHAIRMEN UNDER STANDING ORDERS</b>   |           |
| To receive any written questions from Councillors.  |           |
| <b>8. NOTICES OF MOTION UNDER STANDING ORDERS</b>   |           |
| There are no Notices of Motion.   |           |
| <b>9. CABINET</b>   | 51 - 160  |
| To receive the report and to consider any recommendations to Council arising from the meeting held on 19 February 2009.                       |           |
| <b>10. COUNCIL TAX RESOLUTION 2009/10</b>   | 161 - 176 |
| To set the Council Tax amounts for each category of dwelling in Herefordshire for 2009/10 and to calculate the Council's budget requirements. |           |

# **Your Rights to Information and Attendance at Meetings**

## **YOU HAVE A RIGHT TO:-**

- Attend all Council, Cabinet, Committee and Sub-Committee meetings unless the business to be transacted would disclose 'confidential' or 'exempt information'.
- Inspect agenda and public reports at least three clear days before the date of the meeting.
- Inspect minutes of the Council and all Committees and Sub-Committees and written statements of decisions taken by the Cabinet or individual Cabinet Members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. A list of the background papers to a report is given at the end of each report. A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
- Access to a public register stating the names, addresses and wards of all Councillors with details of the membership of Cabinet and all Committees and Sub-Committees.
- Have a reasonable number of copies of agenda and reports (relating to items to be considered in public) made available to the public attending meetings of the Council, Cabinet, Committees and Sub-Committees.
- Have access to a list specifying those powers on which the Council have delegated decision making to their officers identifying the officers concerned by title.
- Copy any of the documents mentioned above to which you have a right of access, subject to a reasonable charge.
- Access to this summary of your rights as members of the public to attend meetings of the Council, Cabinet, its Committees and Sub-Committees and to inspect and copy documents.
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**Please Note:**

Agenda and individual reports can be made available in large print. Please contact the officer named on the front cover of this agenda **in advance** of the meeting who will be pleased to deal with your request.

The meeting venue is accessible for visitors in wheelchairs.

A public telephone is available in the reception area.

**Public Transport Links**

- Public transport access can be gained to Brockington via bus route 75.
- The service runs every half hour from the 'Hopper' bus station at the Tesco store in Bewell Street (next to the roundabout junction of Blueschool Street / Victoria Street / Edgar Street).
- The nearest bus-stop to Brockington is located in Old Eign Hill near to its junction with Hafod Road. The return journey can be made from the same bus stop.

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



# **COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL**

**BROCKINGTON, 35 HAFOD ROAD, HEREFORD.**

## **FIRE AND EMERGENCY EVACUATION PROCEDURE**

In the event of a fire or emergency the alarm bell will ring continuously.

You should vacate the building in an orderly manner through the nearest available fire exit.

You should then proceed to Assembly Point J which is located at the southern entrance to the car park. A check will be undertaken to ensure that those recorded as present have vacated the building following which further instructions will be given.

Please do not allow any items of clothing, etc. to obstruct any of the exits.

Do not delay your vacation of the building by stopping or returning to collect coats or other personal belongings.



**MINUTES of the meeting of COUNCIL held at The Shirehall,  
St Peter's Square, Hereford on Tuesday 17 February 2009  
at 2.00 pm**

**Present:** Councillor J Stone (Chairman)  
Councillor JB Williams (Vice Chairman)

**Councillors:** PA Andrews, WU Attfield, LO Barnett, CM Bartrum, DJ Benjamin, AJM Blackshaw, ACR Chappell, ME Cooper, PGH Cutter, H Davies, GFM Dawe, BA Durkin, PJ Edwards, MJ Fishley, JP French, JHR Goodwin, AE Gray, DW Greenow, KS Guthrie, JW Hope MBE, MAF Hubbard, RC Hunt, TW Hunt, JA Hyde, TM James, JG Jarvis, P Jones CBE, G Lucas, RI Matthews, PJ McCaull, PM Morgan, AT Oliver, JE Pemberton, RJ Phillips, GA Powell, PD Price, SJ Robertson, RH Smith, RV Stockton, JK Swinburne, AP Taylor, NL Vaughan, PJ Watts, DB Wilcox and JD Woodward

**21. PRAYERS**

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

**22. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors H Bramer, WLS Bowen, SPA Daniels, KG Grumbley, B Hunt, MD Lloyd-Hayes, R Mills, A Seldon, DC Taylor, AM Toon and WJ Walling.

**23. DECLARATIONS OF INTEREST**

The following declarations of interest were received by Members in respect of items on the meeting's agenda:

- Councillors SJ Robertson, JD Woodward, AT Oliver and ACR Chappell declared a personal interest in respect of items 9 and 11 as a local authority governors.
- Councillor RI Matthews declared a personal interest in respect of item 9 the notice of motion on smallholdings due to a relative being a tenant in Council accommodation.
- Councillor PJ Edwards declared a prejudicial interest in respect of item 9, the notice of motion on smallholdings due to a close relative being a tenant in Council accommodation.
- Councillor D Greenow declared a prejudicial interest in respect of item 9, the notice of motion on smallholdings.
- Councillor RJ Phillips declared a prejudicial interest in respect of item 9, the notice of motion on smallholdings.

**24. MINUTES**

**RESOLVED: That the minutes of the meeting held on 31 October 2008 be approved as a correct record and signed by the Chairman.**

**25. CHAIRMAN'S ANNOUNCEMENTS**

The Chairman reflected on the severe winter weather that had been recently experienced. Council was informed that the authority's own staff and those of Amey had worked around the clock to ensure Herefordshire's principal routes were kept well gritted and were safe to use, with each gritting run costing around £9,000. Members were advised that as many as four grittings in a 24 hour period had been required. The supplies of salt had been most carefully managed during very challenging circumstances on behalf of the Council the Chairman thanked staff and to those of Amey, for a job well done. He additionally thanked the emergency services for their efforts during the recent weeks, including the work of the hospital and ambulance services.

The Chairman stated that Herefordshire Council was privileged to be among those who welcomed His Royal Highness Prince of Wales and The Duchess of Cornwall to the city of Hereford and Hereford Cathedral on 13 February 2009. The Prince, in his capacity as Patron of Hereford Cathedral Perpetual Trust, met many of those who had worked hard to bring many worthwhile projects to fruition.

Members were advised that the Council worked closely with the Trust and the Cathedral in helping to secure funding and support needed for the protection and restoration of our great cathedral and its environment. The Chairman took the opportunity to recognise the work of Clare Wichbold, Regeneration Coordinator at Herefordshire Council who had been seconded part-time to Hereford Cathedral Perpetual Trust during 2005/6. She had supported the fundraising for the cathedral and contributed to the Close Project, which culminated in the awarding of a grant of over £4m to the Perpetual Trust in June 2007.

The Chairman was pleased to announce that the Council's Customer Services team had been successful in maintaining the Charter Mark quality award. They had also achieved a very positive pre-assessment for the Customer Service Excellence. The Assessor had been impressed with all the work, progress and achievements made in the past year and was confident that an application for Customer Service Excellence in the coming year would be successful.

Members were reminded that for a number of years the Council had been working with Herefordshire Group Training Association, finding placements for young people who wished to work whilst continuing with their educational training. He congratulated Matt Hallett who had originally joined the Land Charges team as a Modern Apprentice and who had won Herefordshire Group Training Association's "Student Personal Development Award 2008". Matt had now been successfully appointed to a substantive post in the Land Charges section.

Members are reminded that the Civic Service would be held at 3.30pm on Sunday 15 March 2009 at the Cathedral followed by tea being served at the Town Hall. All Councillors and Members of the Public were invited to attend the service.

The Chairman brought to Members' attention the change of date for Annual Council from 29 May to 22 May, in order to avoid school holidays.

The Chairman congratulated Mr David Powell on his appointment as Director of Resources.

**26. CONSTITUTIONAL AMENDMENTS**

Members noted the report which sought their approval to the adoption of changes to the Council's constitution.

**RESOLVED: That:**

- (a) **the Council considers and adopts the amendments to paragraphs 12.4.1 and 12.4.4 of the scheme of delegation.**
- (b) **Council adopts the amendment to the constitution to permit members of the public to ask one supplementary question of Cabinet Members of a Chairman of a Committee at public questions.**

**27. QUESTIONS FROM MEMBERS OF THE PUBLIC**

Copies of all public questions, received by the deadline, with the written answers were distributed prior to the commencement of the meeting. The Chairman advised Council that following the Council's adoption earlier in the meeting of changes to questions from Members of the Public that each Member of the public who had lodged a written question was permitted to ask one supplementary question, should they so wish. Supplementary questions were asked by Mr McKay, Mr Clay, Mrs Clay and Ms Evans. A copy of the public questions and written answers together with the supplementary questions and answers are attached as Appendix 1 to the minutes.

**28. FORMAL QUESTIONS FROM COUNCILLORS TO THE CABINET MEMBERS AND CHAIRMEN UNDER STANDING ORDERS**

1.1 Question from Councillor RI Matthews to Councillor JP French, Acting Cabinet Member Resources

1.1 *During the past twelve months, extensive internal alterations have been carried out within the Council Headquarters at Brockington, also a new disabled access ramp was constructed. Could we please be informed how much this work, including any new equipment and furnishings that were required, has cost?*

Answer from Councillor JP French, Acting Cabinet Member Resources

1.1 Total cost to the Council in the last 12 months has been £152,076 of which approximately £92,000 was for maintenance and system upgrades and compliance with regulations

1.2 Question from Councillor RI Matthews to Councillor JG Jarvis, Cabinet Member Environment and Strategic Housing.

1.2 *Can the Cabinet Member for the Environment and Strategic Housing confirm that Section 106 obligations no longer apply to developers engaged in the construction of Business/Industrial premises on the Council's industrial estates? If that is the situation, can he please explain to us why the same conditions do not apply to all commercial developers within the county?*

Answer from Councillor JG Jarvis, Cabinet Member Environment and Strategic Housing.

- 1.2 Yes I can confirm that I have reviewed the requirement for Section 106 obligations across the County. In light of current economic circumstances I have recently agreed to suspend the requirement for Section 106 contributions from commercial developers at Leominster Enterprise Park, Rotherwas Business Park and Model Farm in Ross. In all these cases it has been quite clear that there has already been significant investment in respect of the transport infrastructure requirements on these estates. This council is currently looking at mechanisms for a suspension, until further notice, of Section 106 requirements on commercial/industrial developments; in the meantime the current policy does allow for exceptions to be made on the basis of an individual business case.

Supplementary question from Councillor RI Matthews

The Member expressed disappointment in the answer provided as he stated that the suspension of Section 106 requirements for commercial development did not provide a level playing field for the domestic construction industry and builders merchants, who, due to the current economic climate were in terrible state at present. It was requested that the Cabinet Member reconsider the suspension of Section 106's for housing development.

Answer from Councillor JG Jarvis, Cabinet Member Environment and Strategic Housing.

The Cabinet Member stated that he was surprised by the Member's disappointment and that he had considered the issues in great detail.

This was an appropriate opportunity to announce that the Council was currently considering the suspension, for twelve months, of Section 106 requirements on business developments (however this would not apply to agricultural developments).

With respect of housing developments the authority was looking into measures which could support the stimulation of the housing industry by giving consideration to development of four or more houses, however it was stated that it was important that planning applications were not banked by developers and that a time constraint of 12 months would be considered for such applications.

- 1.3 Question from Councillor RI Matthews to Councillor LO Barnett, Cabinet Member Social Care Adults.

- 1.3 *Government research suggests that a large number of elderly people suffer physical or emotional abuse whilst in care, and a recent check of Local Authority records showed that very few of these cases are investigated by Social Services. Can the Cabinet Member for Social Care Adults inform us of what the situation is within this authority, and what procedures are in place to deal with such incidents?*

Answer from Councillor LO Barnett, Cabinet Member Social Care Adults.

- 1.3 All reported incidents of physical, emotional, financial, or sexual abuse suffered by vulnerable people in care are investigated by the Local Authority acting in partnership with other key agencies such as the Police, PCT, Probation. From the urgent initial investigation, a strategy meeting of key stakeholders will be convened to evaluate the findings and agree a course of action.

Where the allegation relates to a Residential or Nursing home a visit would also be undertaken separately to the specific investigation to look at the overall performance of the home. Herefordshire Council has also initiated a process for senior management to have oversight of all reported cases.

It is important to be clear that all allegations reported to the Council or its partner agencies are investigated appropriately, and that the Council is proactive in encouraging a culture that supports the reporting of concerns.

The Commission for Social Care Inspection (CSCI) regulate all Homes, requiring Homes to demonstrate that their policies and processes for responding to incidents are in place, and all staff are trained in adult safeguarding procedures. They are routinely invited to strategy meetings, and would certainly have raised concerns with Herefordshire council if they felt there were incidents not being investigated.

Supplementary question from Councillor RI Matthews

Councillor Matthews thanked the Cabinet Member for the response on this emotive issue.

Answer from Councillor LO Barnett, Cabinet Member Social Care Adults.

The Cabinet Members stated that the Council was beginning to take extra precautions around older and vulnerable people in the community.

2.1 Question from Councillor AT Oliver to Councillor JP French, Cabinet Member Corporate and Customer Services and Human Resources

2.1 *Would the Cabinet Member please advise for the 2008/9 financial year the number of council employees receiving a full time equivalent salary of :-*

- a) £150,000 plus per annum
- b) £100,000 - £150,000 per annum
- c) £70,000 - £100,000 per annum
- d) £10,000 – £15,000 per annum

Answer from Councillor JP French, Cabinet Member Corporate and Customer Services and Human Resources

2.1 I should point out for clarity that the figures are based on current employees only.

From	To	Non school	Schools	Total
£10,000	£15,000	96	581	677
£70,000	£100,000	15	6	21
£100,000	£150,000	4	0	4
£150,000	up	1	0	1
		116	587	703

Supplementary Question from Councillor AT Oliver

Are the relatively low number (96) of non school employees in receipt of a salary in the range of £10,000 - £15,000 due to positions being contracted out, or for any other reason?

Answer from Councillor JP French, Cabinet Member Corporate and Customer Services and Human Resources

More analysis would be undertaken to assess the reason, however it was not necessarily true that the relatively low number of staff on this salary range was due to contracting arrangements.

2.2 Question from Councillor AT Oliver to Councillor PD Price, Cabinet Member ICT Education and Achievement

2.2 *In respect of any new contract being prepared for the completion of Riverside Primary School has the Council considered a clause enabling all sub-contractors employed on the site to be paid directly by the Council.*

*Would the Cabinet Member confirm that any extra costs incurred by the Council on the collapse of the main contractor, Pettifers, have been covered by the bond that they had to deposit with the Council.*

*What was the amount of the bond and how long before the actual collapse of this contract were the Council aware that Pettifers had serious financial problems.*

Answer from Councillor PD Price, Cabinet Member ICT Education and Achievement

2.2 It would be unwise for the Council to consider employing sub-contractors direct. The normal approach is to have one main contractor who coordinates all the sub-contractors and is responsible to the Council for the execution of the contract. If there are any issues during the contract, (or any what are known as "latent defects"), that occur after the contract is completed, the Council has only one party to deal with.

The only time a sub-contractor would be engaged direct would be for very specialised works. In these instances they are known as a "nominated sub-contractor" and the Council has a responsibility to pay them even if the main contractor went into administration.

The bond concerned is a conditional bond guarantee. It covers breach by the contractor which, in this instance, is failure to perform. Negotiations are ongoing with the consultants appointed by Norwich Union Insurance who provided the bond. The full costs of the delay and the extra costs for defective workmanship are part of these negotiations.

The bond deposited was 10% of the contract figure i.e. £673,989.00. At the time of placing the contract (15.2.07) a financial check was undertaken on Pettifer Construction and a 'sound' rating with a 'low risk' status was obtained.

During the last 6 months of the contract, prior to Pettifer Construction going into administration, the Asset Management and Property Service (AMPS) became aware of concerns regarding the contractor. The situation was closely monitored by the AMPS which also ensured that the site was made secure immediately and that steps were taken as quickly as feasible to resolve with the Receivers the completion of the contract.



Supplementary question from Councillor AT Oliver

The contractor, employed to deliver two large contracts (Riverside Primary School and the Rose Gardens) has gone into administration owing £100,000 to local contractors and who to date remain unpaid. Would the Council consider not assigning two large projects to the same contractor to mitigate against such failure?

Answer from Councillor PD Price, Cabinet Member ICT Education and Achievement

The Cabinet Member stated that he would respond to the Member outside of the meeting regarding the specific issue of assignment of contracts. With respect of the monies owed to local contractors, it was anticipated that the bond deposit would cover these outstanding invoices and that this would be activated due to the contractor's failure to perform. Members were advised that the Riverside Primary School contract would be retendered shortly.

3.1 Question from Councillor MAF Hubbard to Councillor DB Wilcox Cabinet Member Highways and Transportation.

3.1 *How many current notices have been served against Herefordshire Council under Section 89 Environmental Protection Act 1990 and how many under Section 91(5)?*

3.2 *Is it a criminal offence to fail to comply with such notices?*

3.3 *Assuming a summons is issued for each notice not complied with, what is the maximum fine that the court could impose against Herefordshire Council, and what therefore is the maximum possible fine in respect of all the notices?*

3.4 *What contact has been made with Mr Waistell (issuer of the notices and a retired lawyer) to resolve the matter?*

3.5 *Has the litter and gum been removed?*

3.6 *What plans have been set in place to deal with the accumulation of litter, gum and graffiti within Hereford's city centre?*

Answer from Councillor DB Wilcox Cabinet Member Highways and Transportation.

3.1 As of 30 January 2009 there have been 43 notices of complaint which are warnings of possible applications for litter abatement orders under section 91 of the EPA 1990. Two of these have been withdrawn and six concern private land. Nineteen notices of intention to apply for litter abatement orders have been received.

3.2 It is not an offence in itself if such notices are not complied with. They are warnings about possible future actions. Offences are committed if the magistrates' court issues litter abatement orders and they are not complied with.

3.3 The Council would comply with any summons to attend a magistrates' court. Should the court be satisfied that land is defaced or wanting on cleanliness, the court may make an order. If that order is not complied with, then on summary conviction a fine is liable to an amount currently not exceeding £2,500, with a further daily sum of £125 for any delay in complying. However

one order may cover several applications of small or adjoining areas and each would be contested as the Council has cleaning regimes and responds to specific problems as they arise.

- 3.4 Mr Waistell, has issued 40 of the 43 notices of complaint. The Council has contacted Mr Waistell on a number of occasions and explained the actions the Council is undertaking.
- 3.5 Litter has been cleared from the areas that are under the Council's control, and efforts are made to keep the streets clear of chewing gum through combinations of surface treatments and cleaning regimes.
- 3.6 The systems for reporting litter through to its clearance are constantly monitored and improved. It is anticipated that the establishment of a new model of service delivery with Amey as a result of the recent Service Delivery Review will provide opportunities for an increased focus on delivering improved outcomes in this regard.

No supplementary question was posed

4.1 Question from Councillor TM James to Councillor JP French, Acting Cabinet Member Resources.

4.1 *Can the Cabinet Member inform Members of the total cost of the building works and refurbishment of the offices and meeting rooms at Brockington which have taken place over the last twelve months?*

4.2 *Were the works put out to competitive tender?*

Answer from Councillor JP French, Acting Cabinet Member Resources

4.1/2 Total cost to the Council in the last 12 months has been £152,076 of which approximately £92,000 was for maintenance and system upgrades and compliance with regulations. In all cases corporate procurement processes were complied with.

Supplementary question from Councillor TM James

A comment was made comparing the cost of providing 10 more meeting rooms with the other matters for consideration on the agenda.

Answer from Councillor JP French, Acting Cabinet Member Resources

It was important for the authority to have a fully functioning headquarters. By having additional meeting rooms, the authority is minimising the impact of sending officers/members around the county for meetings (reducing travel cost, carbon footprint). The accommodation also provided additional capacity for Members use and to accommodate additional meetings such as briefings, additional scrutiny reviews etc.

5.1 Question from Councillor PJ Edwards to Councillor PD Price, Cabinet Member ICT Education and Achievement.

5.1 *When Cabinet closed the local Education Authority Swimming Pool it confirmed "the requirement for monitoring to ensure the needs of Schools*

*and other users be met" so will the Cabinet Member for ICT, Education & Achievement acknowledge that since the Pool closed, opportunity for children to attain previous levels of achievement badges has been considerably reduced?*

Answer from Councillor PD Price, Cabinet Member ICT Education and Achievement.

5.1 I do not believe that the opportunities for children to attain previous levels of achievement badges has been considerably reduced. I am aware that there is a range of information circulating about the number of badges that children have passed. I have also been informed that the national standards which Halo follow are of a higher standard than those traditionally used at the LEA pool. Indeed, Halo has achieved the highest possible level of accreditation within the Amateur Swimming Association's Aquamark scheme, a quality scheme to which the LEA Pool was not accredited. Children and young people are able to learn to swim in the current arrangements and the Cabinet takes the matter of swimming provision very seriously.

Supplementary question from Councillor PJ Edwards

Councillor referred to national curriculum requirement outlined in the National Curriculum Programme of study in November 1999 which referred to the requirement for children at Key Stage 2 to swim 25 meters unaided and to have knowledge of water safety matters. Could the Cabinet Member provide assurance that pupils were being provided the opportunity to attain this target and what number of children were attaining this requirement this year and the previous two years?

Answer from Councillor PD Price, Cabinet Member ICT Education and Achievement.

The swimming facilities made available is coping with the additional numbers. Of 3,600 children attending Halo facilities, 2,000 were undergoing the Amateur Swimming Association accredited standards. The cabinet Member had written confirmation that 800 badges had been given to children who had met the accredited standards since the closure of the LEA pool and that the HALO pool was meeting the necessary criteria.

5.2 Question from Councillor PJ Edwards to Councillor DB Wilcox, Cabinet Member Highways and Transportation.

5.2 *I am regularly approached by Belmont Ward pedestrians and cyclists who complain that their Tow-Path approach to the City appears unsafe due to its mudded surface which also cambers toward the River. Will the Cabinet Member for Highways & Transportation please ensure that basic improvements to this strategic City route are carried out ASAP?*

Answer from Councillor DB Wilcox, Cabinet Member Highways and Transportation.

5.2 We have only received one complaint regarding this matter from a member of the public. Having looked into concerns regarding the camber of the surface, the substantial verge between the path and the river would act as a safety barrier to help prevent a cyclist falling into the river. The camber does perform an important function in terms of ensuring drainage off the route, particularly during heavy rain and following flooding from the adjacent River Wye.

In the longer term we would wish to upgrade the route to provide a wider surface but this would be dependent on funding and Environment Agency approval.

Supplementary question from Councillor PJ Edwards

Can the future planned upgrade be entered into the programme of activities so that the public can view progress of the upgrade?

Answer from Councillor DB Wilcox, Cabinet Member Highways and Transportation.

The tow and cycle paths would be prioritised in turn according to the agreed priorities of the budget. All paths would be monitored accordingly.

6 Question from Councillor NL Vaughan to Councillor RJ Phillips, Leader of the Council

6 *Some residents in Aylestone Ward are concerned about the impact on local road networks of the proposed ESG Transport Hub to be built at the bottom of Aylestone Hill. The Ward already suffers from (a) high numbers of commuter traffic coming in from Worcester and (b) traffic going to and from the number of schools and colleges in the Ward.*

*I applaud efforts by the ESG to engage the community but will the Leader attend my own consultation event in the ward - so he can listen to residents' concerns in person?*

Answer from Councillor RJ Phillips, Leader of the Council.

6 I would be delighted to meet local residents in Aylestone to discuss the Transport Hub in Hereford. Proper consultation and explanation of the issue is important to ensure the concerns of residents and users are properly evaluated and addressed.

No supplementary question asked

7.1 Question from Councillor ACR Chappell to Councillor JA Hyde, Cabinet Member Children's Services

7.1 *How many county children are waiting to be assigned a social worker? With so many school children exposed to domestic problems and other influences, should a review be undertaken to ensure that the best possible personal care is taken of our children through our schools? Is it possible to have social workers and associated disciplines based in high school pyramids?*

Answer from Councillor JA Hyde, Cabinet Member Children's Services

7.1 Children's Services have on average around 200 new referrals per month. All urgent child protection cases are allocated immediately. At any one time there are referrals which following screening wait for an initial assessment.

We currently have 411 open cases, of these 17 children are awaiting allocation to a social worker. These children have all had an initial

assessment and the cases are monitored by the relevant Team Manager who will ensure that a duty social worker carries out necessary work until they can be allocated to a named social worker.

With regard to the association with high school pyramids, we are currently developing new locality multi disciplinary teams who will be associated and linked to schools in their locality.

Supplementary question from Councillor ACR Chappell

In referring to high school pyramids and the linked multi-disciplinary teams, it was stated that many child protection issues were highlighted during pupil's attendance at primary school, therefore it was important to ensure appropriate links were made. The multi-disciplinary teams should also consider involving housing associations, citizen's advice bureau, charitable organisations and local councillors, many of whom were school governors.

Answer from Councillor JA Hyde, Cabinet Member Children's Services

In response, it was stated that a consultation document, 'No Wrong Door' was being published on the development of the multi disciplinary locality teams. The document's title summed up what was trying to be achieved by establishing these teams. All relevant organisations and individuals would be involved in ensuring the safeguarding of the county's young people.

7.2 Question from Councillor ACR Chappell to Councillor JG Jarvis, Cabinet Member Environment and Strategic Housing

7.2 *Are there any plans for Herefordshire Council in partnership with Herefordshire Housing to buy homes from owner occupiers who are forced to sell their homes because they default on their mortgage?*

Answer from Councillor JG Jarvis, Cabinet Member Environment and Strategic Housing.

7.2 Herefordshire Council has, for a number of years, operated a Mortgage Rescue Scheme in partnership with Elgar Housing Association under which householders at risk of repossession can remain in their own homes and retain some equity. Herefordshire's model was part of the inspiration for a new National Mortgage Rescue package and Herefordshire Council is fully engaged with preparations to use the new national scheme. The national scheme is funded by the Homes and Communities Agency (HCA) who have nominated preferred partners, called 'Home Zone Agents', to work in partnership with the Local Authorities to draw down funding.

Because of Herefordshire's unique position in having a current and successful partnership with Elgar Housing Association special dispensation is being given by the CLG and Homes and Communities Agency for Herefordshire Council to continue to work with Elgar Housing Association, rather than the Home Zone Agent for the region. Herefordshire Housing do not form part of any plans to operate Mortgage Rescue in Herefordshire and are not Home Zone Agents.

7.3 Question from Councillor ACR Chappell to Councillor RJ Phillips, Leader of the Council.

- 7.3 *Could the Leader tell me what the rateable value of the racecourse is and its value on the open market? Does the Leader consider that the rent of £20,000 pa paid by the present tenant is a reasonable rent for such a valuable asset? I understand that a recent health and safety inspection was undertaken on the racecourse, can the Leader tell me the result of that inspection?*

Answer from Councillor RJ Phillips, Leader of the Council.

- 7.3 The Rateable Value of the racecourse is currently £37,000.

The rates payable for the current financial year 08/09 are £8,560.48. The House is assessed for Council Tax as Band D and the tax payable currently is £1,402.50. The current asset valuation as noted in the Council's Asset Register is £200,000 as at 2006. The property is not due for revaluation until 2011.

The racecourse is let to Hereford Racecourse Company on a 50 year lease from 01 January 1979 with 5 yearly rent reviews on the basis of open market value or existing rent whichever is higher. The last review was carried out in 2004 when the Council employed DMP Chartered Surveyors licensed leisure and business property specialists to act on our behalf.

The rent is due for review this year and again we will employ specialist valuers to act on our behalf. The rental therefore does reflect the market rent at the date of review of 2004. Given the current financial circumstances, it is difficult to estimate at this time how the market rental may have been affected.

Any Health and Safety inspection results would be issued to the Racecourse Company direct.

Supplementary question from ACR Chappell

In reference to the final sentence of the original question, as the race course belonged to the people of Herefordshire, any health and safety concerns should be made known to the Strategic Monitoring Committee and Community Services Scrutiny Committee for consideration.

Answer from Councillor RJ Phillips, Leader of the Council.

There was a need to make sure that officers are informed and to ensure the long term viability of the property was maintained and assurance provided for the public's safety.

- 8 Question from Councillor GFM Dawe to Councillor AJM Blackshaw, Cabinet Member Economic Development and Community Services.

*I note from the published Edgar Street Grid (ESG) accounts that Herefordshire Council gave £555,000 to ESG in 2007/8 and £302,000 in 2006/7. (£857,000 in total.)*

- 8.1 *How much is Herefordshire Council's payment for the year 2008/9?*
- 8.2 *Is this level of expenditure, nearly £1m, justified in the UK's present economic circumstances?*
- 8.3 *Hereford people consider that ESG is causing planning blight in Hereford*

*City. Does this Council not think that this recession is not a good opportunity to stop paying ESG and have a breathing space of two years to reconsider the whole plan?*

Answer from Councillor AJM Blackshaw, Cabinet Member Economic Development and Community Services.

- 8.1 I can confirm that in the 2008/09 financial year the Council will make a contribution of £350K.
- 8.2 - 3Yes I do believe that this level of expenditure is entirely justified. The redevelopment of the 100 acres of land which comprise the Edgar Street Grid area is an essential element of our future vision for Hereford as the key economic driver for the County. The Edgar Street Grid redevelopment is one of a package of measures aimed at ensuring that Hereford fulfils this role. A successful Herefordshire needs a successful Hereford. It is quite clear that in the current economic climate the Council and Advantage West Midlands and the Edgar Street Grid Board will have to reconsider the timing and phasing of the development. We have the funding in place to do develop key elements of infrastructure which will enable the long term development of this land to the benefit of the City. It is right that we should proceed with the relocation of the Livestock Market, the implementation of a flood relief scheme and the commencement of construction of the new access road. We have to think long term, we have to plan for the future of Hereford and not just think about the next 12 months. This investment in the City is crucial for future generations and future prosperity.

Supplementary question from Councillor GFM Dawe

*Should not the money currently being spent by the Council on the ESG project be spent on supporting the future of existing small businesses?*

Answer from Councillor AJM Blackshaw, Cabinet Member Economic Development and Community Services.

The ESG project was not on standstill but the timescales had been redefined, as stated in the recent edition of Herefordshire Matters. It was a vital initiative to regenerate the City and the county as a whole. Work was being done with Hereford City Partnership to deliver the aims of this crucial project.

Question from Councillor GFM Dawe to Councillor JP French, Acting Cabinet Member Resources.

*The Council's smallholdings*

- 8.4 *How many are there in total and what is the average size of a smallholding?*
- 8.5 *How many have recently been sold and what was the total price raised?*
- 8.6 *How many remain and are there plans to sell any more during 2009/10?*

Answer from Councillor JP French, Acting Cabinet Member Resources.

- 8.4 There are 73 smallholding tenancies, 2 cottage tenancies and 2 business tenancies. Overall there are 77 in total. The average size of a smallholding tenancy is 60 acres.

- 8.5 Since 2005 there have been 12 disposals, mostly of buildings with some small parcels of adjacent land. Total receipts are £3.99m.
- 8.6 There are 77 tenancies. There are no current proposals for disposal in 2009/10 financial year.

Supplementary question from Councillor GFM Dawe

What had the £3.99million been spent on and why was it raised – had it been used to service the council’s debt?

Answer from Councillor JP French, Acting Cabinet Member Resources

Members would be aware of the budgetary pressures with capital bids made in respect of the Council’s priority areas.

- 9 Question from Councillor JD Woodward to Councillor JP French, Acting Cabinet Member Resources.
  - 9.1 *How much money has been saved in efficiency savings since the current Conservative administration came to power in May 2007?*
  - 9.2 *In what areas were these efficiency savings made?*
  - 9.3 *Financially how much of these savings has been redirected back into frontline services?*
  - 9.4 *To what areas have these savings been specifically redirected?*

Answer from Councillor JP French, Acting Cabinet Member Resources

- 9.1 In terms of the Gershon efficiency savings the following savings have been made;
  - 2007/08 £2.67m **cashable**
  - 2008/09 £5.05m cashable (projected)
- 9.2 The 2007/08 savings were in the following areas;
  - Adult Social care
  - Children's services
  - Community Services
  - Environment
  - Transport
  - Supporting people
  - Corporate services
  - Procurement
  - Benefits & Exchequer

**£2.67m**

The projected 2008/09 savings are in the following areas;

- Corporate costs
- Vacancies
- Supplies and Services
- Agency staff



Cross directorate process and Procurement efficiencies	£0.75m
inflation absorbed by directorates	£3.3m
	<b>£5.05m</b>

9.3 In 2007/08 the savings contributed towards £3.524m for Invest to Save initiatives, the majority of which was allocated to Adult Services. In 2008/09 £275k was invested in Mental Health services and Learning Disabilities services in Adult Social Care. Also, £1.65m was used to avoid the need for service cuts or increased council tax.

9.4 As 9.3

Supplementary question from Councillor JD Woodward

If considered together, the savings for 2007/08 and 2008/09 (projected) would equate to over £7million. In the November 2008 edition of Herefordshire Matters, the Leader stated 'that in the last three years, the Council achieved almost £14 million in savings ... much of which had been directed to provide support to the most vulnerable'. The £3.8million of efficiencies spent collectively in 2007-2009 on specific service delivery to support the vulnerable was only a relatively modest proportion of the overall £14 million. This therefore meant that the current administration was no more efficient than when in joint administration arrangements.

Answer from Councillor JP French, Acting Cabinet Member Resources

The Cabinet Member noted the comments.

## 29. NOTICES OF MOTION UNDER STANDING ORDERS

The Chairman informed Council that two notices of motion had been received, one proposed by Councillor TM James on smallholdings and the another proposed by Councillor ACR Chappell on the LEA Pool, urgency was moved on both items. The Chairman proposed that the first debate would be on the LEA pool with any discussion relating to this item dealt within the debate and not in any other part of the agenda.

Councillor ARC Chappell had submitted the following Notice of Motion, which was duly seconded.

*Based on the evidence collated by the St Martin's Community Swimming Support Group, the current swimming provision is clearly a compromise which is untenable for all users and providers.*

*Therefore, we recommend that Herefordshire Council support the St Martin's Community Swimming Support Group by committing funds to be made available for the necessary repair works to the St Martin's Pool, enable the pool to re-open in September 2009 to address the needs of the whole community.*

Councillor ACR Chappell, speaking for the motion stated that 23 Councillors had signed the notice of motion, including three opposition group leaders and informed Members that several more signatures would have been added to the notice of motion had it been allowed, e.g. PTA, Sports Clubs. He was pleased to see young people in the chamber who had come to listen to the debate. The following points were raised by Councillor Chappell as the proposer of the motion:

- The Cabinet had asked that the community get involved in developing plans for any future running of the LEA pool and work had been carried out across the community in the drafting of a report with several meetings having taken place. Letters in support of reopening the LEA pool had been received, including from an Olympic swimmer.
- Reference was made to the St Martin's Community Swimming Support Group Report within which concerns were expressed about the current arrangements of school swimming provision in the Hereford leisure pool and which outlined reasons for the reopening of the LEA pool. Members were informed that Councillor AT Oliver had undertaken detailed work regarding financial projections relating to the re-opening of the LEA pool.
- The report outlined the problems with the current school swimming arrangements within Hereford leisure pool which included:
  - the sharing of the pool with others (including adults)
  - the negative impact of the leisure pool environment on teaching practices which included reduced teacher/pupil contact both in terms of sight and hearing due to high walls and disparate location of teaching groups.
  - A 50% decrease in awards achieved since the closure of the LEA pool.
- He stated that during school time, the responsibility of children lay with teachers and support staff, therefore it was important that the environment within which teachers and staff were required to oversee their charges was appropriate. Within the current arrangements, safety could not be guaranteed and as there was a high degree of risk, staff should not have to bear the responsibility of the situation.
- Learning to swim was an important marker in the development and progression of children and the process of learning assisted in building the confidence of youngsters. To date, 10 schools had stopped arranging swimming classes in the leisure pool and it was stated that other schools were considering their position.
- He informed Members of a memorial on the riverbank in St Martins/Hinton ward which was dedicated to a pupil from Marlbrook School who drowned nearby. The Wye Drown Memorial was established following a cross party campaign which sought to raise awareness of the dangers of the river. It was important for every child to have due regard to the danger of rivers.
- He stated that consideration by Cabinet in April to re-open the LEA pool would be too late, as the budget for the forthcoming year would be set at the March council meeting. A decision to reopen the LEA pool needed to be made during today's meeting to ensure the provision of purpose built facilities within which children were taught to swim.
- A named vote was requested on this motion and Councillor Chappell, as the proposer, reserved his right to speak at the end of the debate.

Councillor AT Oliver seconded the motion and made the following comments:

- The LEA pool was not a community swimming pool but was dedicated to school use with 38 schools using the facility prior to its closure. The LEA pool was subsidised through the education budget. For the other 43 schools in the county, the cost of swimming over and above the half hour fee of £65 paid by the school was met out of environment budget through the

£1,085million management fee paid to HALO.

- Given that all schools were therefore in receipt of subsidy from the authority (either from the education or environment budget), Members attention was drawn to the dichotomy in which the Schools Forum recommended the closure of the LEA pool on financial grounds due to the perceived inequality of use of education budget for 38 schools, whilst no reference was made to the subsidy received by the other 43 schools via the environment directorate's payment of the Halo management fee.
- The majority of primary schools would be in favour of re-opening the LEA pool as concerns had been expressed about safety in the leisure pool and its wider public access
- Members were advised that detailed calculations had been undertaken to assess LEA pool's financial situation. In broad terms, the Council was informed that given an investment of £282,500 (£72,500 to re-open and £210,000 to upgrade with energy efficiencies) the LEA pool could continue to be a useful asset for at least a further 10 years at a cost of less than £30,000 per year. The capital monies to support the LEA pool could be drawn from the income gained by the Bradbury Lines (Taylor/Wimpy) housing development.
- Further financial details were provided relating to the estimated budget for running the pool and of projected income which could be raised by the pool being used out of school hours by other clubs, organisations and private individuals. The deficit between running costs and income would be met by efficiencies and consideration would be given to the transfer of the LEA pool's management to HALO to achieve economies of scale. By using comparative data from HALO's management of other leisure pools, Members were informed that savings in the region of £56,000 could be achieved. With an uplift for schools from £65 to £85 per half hour swimming session, a break even situation could be demonstrated for the re-opening of the LEA pool.
- In closing, Members were advised that whilst the re-opening of the LEA pool was a viable option in accounting terms, it was necessary to ensure the quality and capacity of the current full swimming provision to Herefordshire's children.

Councillor SJ Robertson spoke in support of the motion and stated the Children's Services Scrutiny Committee had made strong cross party representation about opening the pool and said that the Council was failing in its provision. There was a statutory duty for all to children to swim 25 meters and she expressed concern that there was evidence of a 51% reduction in the number of children achieving badges, and a substantial decrease in achieving challenge awards. She additionally made the following comments;

- Members were informed that there had been an instance of double booking of the leisure pool facility which caused unnecessary cost to the school and disappointment to the children. Concern was expressed that during a recent swimming lesson, a child suffered an asthma attack and due to the leisure pool's high wall the child had to swim to a shallow area whilst suffering the attack.
- It was stated that due to travel time concerns existed about the amount of teaching time lost and the knock on impact of less time in which swimming skills could be developed. The concerns of teachers, who had a duty of care

for the children, were being ignored whilst the LEA pool had annually received good OFSTED reports.

- The Member commented that as the authority had a new post of Swimming Co-ordinator, supported by the Department for Children, Schools and Families, why had the officer's views not been sought on the issues and why were schools not made aware of the appointment?
- Concerns were additionally raised about the safety of the general public in the leisure pool as due to the schools use of the pool, the general public were regularly being restricted to a small number of lanes.

Councillor PJ Edwards appreciated the Cabinet Member ICT Education and Achievement difficult role however he stated that Members needed to be provided with data which detailed the number of pupils in receipt of swimming lessons and the number of pupils who had met the minimum accredited requirement of 25 meters and had received an award in the last three years. He was pleased to acknowledge that £200,000 had been received from Central Government to support under 16 and over 60 free swimming and quoted the Leader's statement from the press release issued that free swimming 'would be popular across the county'. However it was emphasised that capacity needed to be available in the swimming pools to enable those individuals taking advantage of the free swimming facility to use it.

Councillor J Pemberton wished to place on record that the individual who drowned in the River Wye referred to earlier in the debate could swim, but was caught in the undercurrent of the river Wye. It was important to inform children not to go in the river, regardless of their level of swimming skills.

Councillor TM James stated that:

- The four main swimming pools in the County should, according to statistical data, be capable of delivering leisure and lesson provision. However, he highlighted that the Hereford leisure pool serviced half the population of the county and that the levels of capacity in the pool was scarce. He stated that it was clear that there had been a reduction in the number of children trained and the time spent in the water (due to travel time etc) since the closure of the LEA pool, whilst at the same time capacity in the leisure pool for public swimming had been curtailed.
- It was vital for the Council to improve facilities in the LEA pool as the current situation was reducing the number of hours spent in the water which had a direct impact on the building of children's confidence.
- The authority should be increasing the level of investment in swimming with the budgetary cost to reopen the LEA pool negligible in the broader scheme – the facility was of vital importance for the future of children.
- The reopening of the pool should be done immediately as it was one of the most important functions provided by the council.

Councillor WU Attfield informed Council that the LEA Pool provided learning for South Wye, City and beyond and that the facility had been established as a Learning pool which was not solely based around swimming. The councillor commented on a recent swimming class that she had observed and stated that the changing room facilities were not appropriate (formerly used as a team sport changing room), the children were crowded in some parts of the pool, and as they were grouped according to ability were disparate and separated into four unequal groups

- Lessons should be constructed to enable positive learning outcome and it was important to assess each child individually in terms of progress and improvement within each session so that the base line could be determined for future lessons.
- The acoustics in the leisure pool were of a poor teaching quality and the configuration of the pool did not allow the teacher a visual overview of the 20-30 children in their care and it was therefore stated that the leisure pool was not a tenable place to teach.
- As it was important to encourage a culture of lifelong learning it was stated that swimming was one of the few sporting activities that could be undertaken by a lone individual to help maintain a healthy life and therefore it was essential that the Council should not discard a source of swimming for the benefit of the community. There was a need for the Council to give consideration in the long term for swimming capacity within the county.

Councillor A Blackshaw stated that he would be happy to discuss further with Councillor Oliver the financial information which had been shared with the Council and that he would be pleased to receive the business plan once prepared and finalised, which would include detailed analysis of the potential additional income stream. He stated that he was proud that by the annual investment of £1million in Halo allowed for the employment of good capital and advised Members that Halo had recently succeeded in gaining the Investors in People award, which was a credit to its management team. Members were advised that capital expenditure in HALOs assets was substantial with £266,000 provided by the Council and a further investment of £111,000 by HALO. In referring to the free swimming, Councillor Blackshaw advised the Council that the Minister had complimented Herefordshire Council on providing this opportunity for under 16 and over 60. It was additionally stated that Sport England had undertaken an audit of water space within Herefordshire and had reported that the provision was adequate for a population of 180,000 prior to the building of the facility in Leominster.

Councillor JD Woodward drew members' attention to ward profiles and specifically the number of individuals under 16 and over 60 population who would be entitled to free swimming. Within Hereford City the number of people entitled to this provision would be 23,100, within Ross on Wye 4,600, Leominster 4,900, Ledbury 4,600. Taking the County as a whole, 81,300 individuals would be entitled to claim free swimming. It was stated that the capacity in the Hereford leisure pool would be further curtailed and consideration may be given to the introduction of a time limited banding system. It was emphasised that in terms of free swimming entitlement, Hereford had to make provision to a potential take up which was equivalent of five times the size of Leominster with similar sized facilities.

- A response was sought on how much the free swimming entitlement would cost the authority once the £200,000 had been spent and whether it would continue in forthcoming years. It was stated that it was probable that due to the current economic climate, those entitled to free swimming would be encouraged to take up the opportunity.
- Concerns were expressed regarding the B1 Membership of HALO which provided unlimited access to facilities at an annual cost of £399.00. As capacity in the leisure pool for the wider public had been curtailed to accommodate school use, the terms of the membership would be challenged as it was not fully delivering under its written terms and conditions. Not only

was the Council failing the children with the closure of the LEA pool it was also as a consequence failing to provide adequately for the rest of the citizens.

Councillor RI Matthews informed Members that he had supported the motion from the outset. Adding to the previous comments made regarding teaching environment, he emphasised the need for children to learn in relaxed environments as this assisted with learning. He reiterated that there had been a 50% drop in qualifications gained since the closure of the LEA pool and stated that there was a genuine concern to reopen the pool and requested that the Cabinet Member listened to these concerns. The Aylestone Councillors were informed of one school within their ward which was not providing swimming lessons to their pupils.

Councillor RJ Phillips reminded council of the work undertaken to establish a swimming pool in North Herefordshire, which was delivered by the authority in spite of a lack of support from Sport England, such situations needed to be reflected upon. The Leader had met with the Minister and had held a frank discussion on the provision of free swimming. Responding to a question posed earlier in the debate it was stated that whilst the free swimming entitlement was an added pressure on the revenue account the authority had taken a clear, informed decision to take up the opportunity and had therefore taken on board the risk/strain. The Council was advised that free swimming provision had been made available in Wales and that it was important to learn from the examples across the border.

- The Leader informed Council that the Schools Forum did not wish to see the money spent on the LEA Pool and had stated that any monies to support the LEA pool should come from the general account.
- It was stated that in the papers to be considered by Council on 6 March, there would be a commitment in the capital programme for the county's four leisure pools as a priority as it was important to ensure the principle of swimming provision – this approach has been backed up by information discussion with the DCMS's Principal Secretary. Members were informed that there was a huge demand on the capital programme and that the County's leisure service was now better supported than if it had been maintained in house. A further dialogue would take place in the next year with Halo, the Courtyard and leisure services
- Members were reminded that leisure was a non-statutory service which needed to be valued and that it was important to have clarity by which such services were supported, which were clearly outlined in the capital programme and the Medium Term Financial Strategy. Herefordshire's commitment to leisure services had been demonstrated in Leominster as the County was the only one in England to build a new swimming pool in an 18 month time period, which was built without any financial support from Government or national agencies but with the extension of the council's borrowing facility with the support of local people. The emphasis needed to be on examining the lifespan of existing leisure pools and to consider the longer term strategy of future service provision.
- The Leader commented that there would be safety and safeguarding issues around all facilities and should the LEA pool be re-opened how these issues were to be approached would need to be addressed.
- The Council was reminded that the LEA Pool would be revisited by Cabinet before Easter 2009.

Councillor H Davies commented that as everyone was encouraged to develop and maintain Healthy lifestyles it was important for children to swim in safe places.

Councillor PM Morgan advised the Council that in light of her attendance at the recently held seminar on the budget that she would be opposing the motion. In addition, she reminded Members that when residents were asked for their views on how spending on services should be balanced over the next four years, the latest research did not view leisure as a priority. She commended the investment being made available for accessing of swimming provision for under 16 and over 60 as opposed to the option of putting money into fixed assets that the authority could not afford.

Councillor GFM Dawe in referring to Councillor Oliver's contribution to the debate on financial considerations stated that the amount required to re-open the pool, £300,000, was minimal and there would be little draw from the Council's budget to re-open the facility.

Councillor PD Price advised Council that he had listened intently to the comments made. He had recently attended the Hereford City leisure pool unannounced during school swimming classes and had viewed the change over of four schools – the process of which was managed very efficiently by Halo staff. During his visit three locations were being used within the leisure pool for teaching and several children were swimming the 26 lengths required for accredited ASA badge, many then going on to attempt for awards in diving. He advised Members that HALO had assured the Council that it could meet the additional demands placed upon the facility.

- A business plan which outlined how the LEA pool would be run and operated would be considered at the Cabinet meeting on 2 April and any expectations placed on the Council to invest money would be examined. The business plan would need to outline the aspirations of future demand and consider the long term whilst being mindful that the LEA pool under debate was built over 30 years ago. It would also be important to consider safeguarding issues in the business plan submitted.
- The Cabinet Member stated that he would look further into the number of pupils in receipt of swimming lessons and the number of pupils who had met the minimum accredited requirement of 25 meters and had received an award in the last three years, however he emphasised that he was in possession of the most up to date figures up to the end of January 2009 which accurately reflected the facts. The Local Education Authority's Swimming Training Teacher informed the Cabinet Member that 800 badges had been achieved since the closure of the LEA pool. Cllr PD Price stated that he would seek assurance that the badges gained met the minimum ASA quality standard.
- He stated that investment should be put in the main leisure pool and should the capital become available should aspire to other facilities, not solely about the LEA pool.
- It was acknowledged that safeguarding was a critical issue and was rightly strictly governed by standards. He was aware of the incident which occurred in January 09 and informed the council that had this incident occurred in the LEA pool all the children would have had to leave the pool due to the insufficient number of staff available to deal with the incident whilst overseeing the pool at the same time. The incident therefore would have

curtailed the lesson time for all the children. Due to the amount of staff in the leisure pool, the lesson activity was able to continue at the same time as the child was receiving attention.

Councillor PJ McCaull – Advised the Council that he was very pleased with the leisure pool facility in Leominster and that a reception had been held for the paralympic athletes who trained in the Leominster pool and their success had brought much publicity for Herefordshire. The pool accommodated the athletes training programme by making the facilities available out of public hours, however concern was expressed that the pool may be less accommodating to the training programme due to the increase capacity required to meet the pressures of free swimming provision.

- In referring to the need for the community to present a Business Plan, it was stated that the facts were clear, the supply of one pool in Hereford to support both leisure and learning was inadequate and that there was a detrimental impact to schools in both travel time and cost.
- A question regarding the availability of a business plan for the new cattle market site was posed as this would be a facility which would be unused for five to six days of the week. It was stated that the Council should reconsider the cattle market scheme and allocate 50% of the current £10 million budget to its establishment which would allow for £5million to be spent in alternative ways. The finance to re-open the LEA pool is within the Council's budget, however it has been allocated to the wrong issue.

Councillor TM James stated that Members should be considering where and on what current finances were being spent, as it was his view that priorities were confused. It was acknowledged that the County had four community leisure pools and until recently one dedicated LEA pool. Hereford leisure pool currently supported half the population of the county. Council Members were challenged to consider their role and responsibilities in this matter when, in his view, millions were being spent on trivia.

Councillor GA Powell asked whether the Cabinet Member had spoken with the swimming co-ordinator. She informed the Council that 26 schools had indicated their commitment to returning to the LEA pool should it be re-opened. It was essential that a duty of care needed to be shown and that this would be demonstrated by the immediate re-opening of the LEA pool.

Councillor ACR Chappell urged Members to think of the children in relation to the motion. Council was advised that the report written stated that Herefordshire Swimming Club and Triathlon Club would support the re-opening of the LEA pool and would be interested in hiring the facilities out of hours. LEA pool could be opened longer on weekdays and weekends, so that other young people could represent the county and their country. Hope that Councillors looking at what needs to be done e.g leisure pool / teaching pool. Staff to monitor number of pools. Want children to learn to swim and give teachers the right facilities. Rivers are dangerous places – confidence helps. Need a dedicated learning pool.

Following a named vote, the result of which was; 19 votes cast for the motion, 28 votes cast against the motion, no abstentions, the Chairman announced that the motion was not carried.

Following the announcement of the vote, Councillor PJ Edwards presented the Chairman with letters of support to reopen the LEA pool.



**The Council meeting was adjourned at 3.50 pm and reconvened at 4.00 pm.**

Prior to the commencement of the debate on the notice of motion on smallholdings Councillors PJ Edwards, D Greenow and RJ Phillips left the room.

Councillor TM James had submitted the following Notice of Motion, which was duly seconded.

*This Council notes the recent announcement in the advertisement columns of the local press announcing the sale of a substantial part of the smallholdings estate including three farms with sitting tenants. We also note that a number of other tenants have been given notice to quit or face eviction.*

*There was a clear undertaking made by the Cabinet Member and officers at a special meeting of the strategic monitoring committee meeting on 10 December that no change in the Council's policy would be taking place. On being asked whether there were plans to instigate a policy of selling holdings the Cabinet Member and officers indicated that there was none.*

*We now know that four days after that meeting letters were sent to tenants informing them that their homes and livelihoods were to be placed on the market to sell to a private landlord. This having been done without any consultation with Councillors, tenants or the public. This is clearly seen by the public and agricultural rural community as a major policy change and should have been treated as a key decision, this decision having been made privately by the Cabinet Member and officers should have been subject to full and open debate.*

*For eighty years the retention of our smallholdings estate has been seen across the political divide as a vitally important part of the economic and social fabric of our County, being the only route available to young working people to enter farming.*

*Therefore this Council instructs the Cabinet to withdraw the sale of holdings on the Nieuport estate and begin a consultation on the future of our smallholdings in this County.*

Councillor TM James, as the proposer of the motion, expressed the following statements:

- He stated that the smallholdings issue was important to many of the County's population as agriculture had historically been the backbone of the county, however he expressed disappointment that it had become evident that the agricultural industry was not held in as great an importance as it should be. Smallholding families were active contributors to the economic and community life of the rural county and helped sustain village schools and facilities. Historically smallholdings had enjoyed overwhelming all party support however he feared that this situation was now changing and that smallholdings were considered assets to be cashed.
- Reference was made to consideration of a smallholdings report at the Strategic Monitoring Committee (SMC) of 10 December 2008 and it was stated that many present at that meeting were encouraged by the tone of the report. However, the situation seemed to have changed since that meeting, and this had angered the councillor. During the SMC meeting, Members were advised that there were no plans to sell smallholdings, however since that meeting valuations had been undertaken with agents and surveyors approached to prepare the smallholdings for onward sale with sitting tenants.
- When the Cabinet Member was asked to provide clarification on the issue a

reply was given that there was no knowledge of a sell off; the public and Members of the SMC were comforted by this definitive response. Four days following the SMC meeting, tenants received letters informing them that their smallholding would be sold on the open market or to neighbouring farms with the letter additionally providing tenants with a notice to quit. A firm view was expressed that both Members and the public had been misled by the discussions held at the SMC, it was additionally stated that no mention was made at the December meeting of the SMC of the policy agreed in 2005 in the joint conservative/independent administration.

Following a point of order, the Chairman advised Councillor TM James to moderate his language and to ensure that any further comments were pertinent to the issue under debate.

- Councillor TM James continued by stating that in current recession the selling off of a family business, and evicting people was a disgrace and that Council should be supporting local businesses not undermining their future viability. It was stated that the agricultural community and rural area as a whole were appalled by this situation.

Prior to speaking on the motion, Councillor RI Matthews stated that he had sought legal advice due to this declaration of a personal interest and had been advised that this interest did not preclude him in taking part in the debate. Councillor RI Matthews spoke in favour of the motion and expressed the view that the smallholdings issues had overtones of the small schools closure and was an embarrassing issue for the administration. He raised concerns about the apparent lack of democratic processes in determining the potential selling of smallholdings and questioned the openness of the whole situation. It was additionally stated that the current climate was the wrong time to be considering selling publicly owned assets as the sale would not provide a proper financial return for the taxpayer. The Property Strategy agreed in during a joint administration in 2005 was referred to and the Members quoted directly from this document which state that, 'Land that becomes available can be combined with adjoining holdings and planning opportunities will be considered'. Councillor Matthews stated that had the decision to sell smallholdings been a key decision, the opportunity to hold a debate would have been available.

Councillor JW Hope MBE informed Council that letters outlining the notice to quit was usual practice with such a notice provided after five years. The Councillor had personally lived on the estate up until he was 65. The Farm Business Tenancy (FTB) scheme was set up with tenants and most tenants whose smallholdings may be sold would be continuing as normal. Consultations regarding these disposals had been taking place since January 2008 and prior to this date a possible sale was considered in 2005, no objections were received at this time. Council was reminded that there had been various disposals during the stewardship of preceding local authorities, which had not always been to the benefit of the County.

Councillor SJ Robertson informed Members that she had attended the 10 December SMC and there was no indication of selling off any part of the smallholdings estate. She said that two houses remained redundant from an amalgamation of farms three years ago and a planning application had been received for three dwellings on this site (It was also stated that this was the fifth occasion that a third party had informed the local ward member of a Council issue of which she was unaware). Could not the empty properties be used to house families on the housing list. The Councillor sought assurance, which was given, that the local ward member had been informed of the potential disposal of properties on the Neiuport Estate. It was the view of the Councillor that whilst the amalgamation of farms was acceptable income should be generated from other properties.

Councillor JB Williams stated that following the SMC on 10 December 2008 he had been content in his understanding that the status quo would be maintained. He told Council that he had been on smallholdings committees in prior authorities in which he contributed to tenancy decisions which provided opportunities for keen, capable young farmers to establish themselves in the agricultural business. He acknowledged that the six years notice was not a good way in which to manage the smallholdings business and expressed concern that the estate may be considered an easy target and tenants did not deserve such a negative situation. Assurance was sought that existing tenants would not be evicted. Council was informed that smallholding families made a great contribution to parish life and were an asset to the wider community and would be supporting the motion.

Councillor JP French rose to ask Council to reject the Motion and began by stating her sensitivity to the strain on the tenants affected by the marketing exercise of the land at Almeley, particularly when homes and livelihoods were linked.

- It was stated that the market testing of part of the smallholding estate was transparent and had been advertised in line with council policy and should the tender be acceptable the capital receipt could assist the long term viability of the wider smallholdings estate.
- Council was reminded that the current smallholdings policy was approved by the previous joint administration at Cabinet in May 2005. Former Councillor Charles Mason, Cabinet Member for agriculture and rural regeneration worked hard to ensure that all tenants' accounts were up-to-date and he had approached tenants and brokered arrangements to ensure that outstanding debts were cleared.
- The smallholdings policy recommended the disposal of buildings and farms that required high levels of capital investment, which were expensive to maintain or were redundant. The policy also recommended that £10 million of capital receipts be raised between April 2005 – March 2015.
- The property in question comprised of four farms and a parcel of 90 acres of wood and if the sale proceeded it would reduce the Council's maintenance bill by around £500,000; currently rents received were £22,000, therefore it was clear that the Council could not rely on rent to cover maintenance costs. Members were informed that the Council owned 73 tenant farms and managed the Buchanan Trust Estate which provided an entry point for first time farmers. It was stated that therefore the marketing of four farms and a 90 acre wood did not equate to a substantial part of the smallholdings estate and should the sale proceed it would provide the potential to consider a proper level of capital investment in the maintenance and improvement of the wider smallholdings estate.
- The Council was advised that since 2002 the Council had spent £1million in both Capital and Revenue and a further £150,000 in revenue was scheduled for the current financial year. The Cabinet Member stated that Members would be aware of the difficulties in prioritising the capital bids especially when there was a great need in terms of the County's infrastructure and the Council's statutory services such as adult and children's' social care.
- Members were informed that a list of those properties sold during previous administrations was maintained, and it was acknowledged that rationalisation and appropriate sales were required to ensure investment and to safeguard

the future overall viability of the smallholdings estate.

- The Cabinet Member outlined the business case for the disposal and stated that the sale of the land at Almeley was not a new proposal as it had been under consideration for the last three years and had almost been sold in the previous joint administration. It was reported that all tenants were offered the opportunity to buy their holdings, with one offer received which was unfortunately unrealistic.
- The policy complied with government legislation and was compatible with the policies of other local authorities. Members were advised that whilst the Council had a strong record of budget management, it should not be putting public money into high maintenance smallholdings to the detriment of other council-owned farms.
- Members were advised that in general terms, the Council was not required to consult with all Councillors, all tenants or the public in respect of proposed individual transactions for non-operational properties. In February 2008 valuations and fee bids were sought from four agents for the marketing of the land at Almeley and since that part of the process all relevant tenants had been kept fully informed of developments and had been supported in the process and provided advice. Tenants had been advised in November 2008 that the properties would be marketed on 18 December and all tenants agreed to fully co-operate with the agents with numerous visits made to the farms to ensure that communication was maintained by all concerned and that assistance was provided to Agents in familiarising prospective purchasers with the holdings.
- The Cabinet Member outlined the tenancies involved, one tenant had agreed to a voluntary surrender of the tenancy at an agreed level of compensation; another tenant, should the estate be purchased privately, would acquire a life tenancy in place of a retirement tenancy; and the remaining tenants would continue their existing agreements which would be assured to the end of their current terms.
- Across the smallholdings estate, eight tenants were issued with a notice to quit in January 2008, of these; 3 were offered renewals at the same time as part of the tenancy renewal process, two were subject to proposals at Model Farm (the authority's new business park project); two were re-considered and renewals offered following discussion with the tenant and their retained agents, one tenancy was due to be terminated in September 2009 as part of the rationalisation process to dispose of high maintenance buildings. The retained land would be split between neighbouring smallholdings.
- The then Director of Resources' draft report presented to SMC on 10 December was for consideration and consultation on the proposals and recommendations for a revised strategy for the smallholdings estate. The revised strategy re-affirmed the need to rationalise the estate and that disposals would continue where appropriate.
- Members were informed that the draft revised strategy report considered by SMC included the following recommendations:-
  - That the Council retains the smallholding estate as a valuable strategic asset, whilst recognising that further rationalisation might be necessary.
  - That the Council revokes the financial target of achieving £10 million in Capital receipts over 10 years.

- To reinvest in the estate.
- During the past 10 years, the Council had raised just over £3 million in sales, however turnover in the smallholdings had enabled only 10 new tenancies.
- The draft strategy would be considered by Cabinet later in the year following a further review by the new Director of Resources in which he would be consulting with tenants about the smallholdings estate.
- The Council was assured that the agricultural estate would be retained and that investment would be made in agriculture and the wider economic priorities of the County. The Curry recommendations would be supported.
- Regular meeting between the Council and tenant representatives, including Herefordshire Federation of Young Farmers would be established and the authority would collaborate with managers of other agricultural estates in the public and private sector. It was additionally stated that the Council would re-consider the proposed length of tenancies to ensure they provided for proper business development and sustainable enterprise. The Director of Resources would additionally consider the period of time of 'holding over' for seven months.
- The Cabinet Member stated that she was not in a position to confirm the allegations made, however the new Director of Resources would be putting a new imprint on the strategy, however it was essential that money was made available to invest in and provide for future opportunities in smallholdings.

Councillor RH Smith thanked the Cabinet Member for the clear, well reasoned answer. He advised Council that he would be voting against the motion.

Councillor GFM Dawe sought clarification on the implication that the £3.99million raised from disposals since 2005 had been invested in smallholdings maintenance, and not elsewhere.

Councillor AJM Blackshaw informed Council that the national smallholdings scheme came into effect in 1918 and had a proud history of providing support to soldiers returning from the first world war. He stated that agriculture was vital to the economy and that the authority had an emotional and historic duty of care to the wider smallholdings estate, however it was also important that the Council managed its assets well and gave consideration to its broader issues. Members were reminded that the Council had a big commitment with the relocation of the cattle market, which was a substantial and justifiable investment. In addition, time, energy and capital would be invested into the butter market, which would be vital to local food procurement and the 10 mile diet. The Cabinet Member emphasised that agriculture was vital to the county's economy and was important to the Council as a whole.

Councillor H Davies commented that during the current credit crunch the council should be supporting local businesses, not taking them livelihoods and homes.

Councillor PM Morgan advised Members that she supported the smallholdings estate, however she emphasised the need to ensure value for money and the need for the Council to focus on and achieve its wider objectives. It was restated that disposal of the properties in question was agreed three years ago, and whilst times had changed economically, the costs to the Council are maintained. It was stated that the Council's assets needed to be managed appropriately.

Councillor AT Oliver informed Members that during the SMC meeting, the question was put to the then Director of Resources whether there had been any consideration of smallholdings' sales and the response was that there would be no sales of smallholdings. He stated that the smallholdings should be retained unless there was a corporate priority for such a sale.

Councillor JG Jarvis advised Members that the smallholdings would retain fully protected tenancies no matter who owned the property, this fact needed to be recognised and considered as part of the debate.

Councillor DB Wilcox took exception to any suggestion implied or otherwise of lack of transparency in relation to the SMC meeting in December 2008.

Councillor PD Price recognised that the debate was on an emotional topic. As a farmer all his working life, he advised Council that he had been at the end of various contractual obligations. The FBT introduced clearly set out the period of time and the contractual obligations for the tenancy which included the one year notice to quit. He stated that he considered that there was a wider debate which needed to be held about the direction in which agriculture was going, however on this issue, by using FBT tenants are taken on board and know from the outset the obligations within the tenancy. It was recognised that the Council needed to work with tenants in a more constructive way and to consider future impact. However, it was stated that there was also a need to recognise that the Council might need to sell assets to raise capital, with the option to ring fence some or all of the capital raised for the benefit of smallholdings. It was reiterated that a review of smallholdings was to be the subject of further consideration by the Director of Resources and that through this review there would be an open debate to consider the six year contract and considerations given to options to extend through agreements, however it was emphasised that contracts were a two sided agreement. He made clear that this issue was not about forcing people out of homes. He additionally advised Council that he had received much correspondence on the issue, and would be responding to all in due course.

Councillor TM James expressed his concern that Councillors, members of the public and other organisations in attendance on 10 December all had a similar understanding of the report considered and the discussion that was held and he stated that there was a clear change in policy, which was deceptive. In referring to a comment raised regarding back rents, the Councillor advised Council that as the county was severely hit by the foot and mouth epidemic a policy decision was taken to manage the impact appropriately and as the agricultural industry suffered enormous difficulties, measures were put in place regarding payment of rents..

He stated that he was aware that of the three farms proposed for disposal the adjoining property had stated an interest. He expressed doubt that a fraction of the money raised would be reinvested in modernising the estate and urged Members to support the notice of motion.

Following a named vote, the result of which was; 17 votes cast for the motion, 26 votes cast against the motion, no abstentions, the Chairman announced that the motion was not carried.

Councillors RJ Phillips and PJ Edwards rejoined the meeting for the remainder of the agenda. Councillor Greenow had left the meeting.

### **30. REVIEW OF HEREFORDSHIRE COUNCIL CONSTITUTION**

Members were informed of process for reviewing the Council constitution.

**RESOLVED: That Council notes the process which will support the review of the constitution.**

**31. CABINET**

The Leader of the Council, Councillor R.J. Phillips, presented the report of the meetings of Cabinet held on 16 October, 20 November and 18 December 2008 and 22 January 2009.

In response to a question regarding the Employee Opinion Survey (para 6.5 of page 63) the Leader provided assurance to Council that work to address employee feedback would be undertaken.

**RESOLVED: That the reports from the meetings of Cabinet held on 16 October, 20 November and 18 December 2008 and 22 January 2009 be received.**

**32. PLANNING COMMITTEE**

Councillor TW Hunt presented the report of the meeting of the Planning Committee held on 14 November 2008 and 9 January 2009.

**RESOLVED: That the report of the meeting of the Planning Committee held on 14 November 2008 and 9 January 2009 be received.**

**33. STANDARDS COMMITTEE**

Mr David Stevens presented the report of the meeting of the Standards Committee held on 16 January 2009 and recommended that Council consider the Code of Gifts and Hospitality for adoption, which had been appended as appendix 1 of the report.

Members were informed of the significant increase in the activity of the Standards Committee in recent months and formally recorded his appreciation on behalf of the Committee to the support provided by Officers.

Responding to a question raised by Councillor RI Matthews regarding minute 75(c) of the Standards Committee meeting of 17 October 2008 and the length of time taken to amend decision notices, Mr Stevens advised him that the question had been previously asked and answered and that he would provide a written response following the meeting.

**RESOLVED: That the report of the meeting of the Standards Committee held on 16 January 2009 be received.**

**That the Code on Gifts and Hospitality (appendix 1 of the report) be adopted by Council for inclusion in the Constitution (following rectification of typographical error).**

**34. STRATEGIC MONITORING COMMITTEE**

Councillor PJ Edwards presented the report of the meetings of the Strategic Monitoring Committee held on 19 November and 10 December 2008. Council were informed of the recent reviews carried out and that an external healthcheck had been undertaken of the scrutiny function. He expressed his thanks to all Members and Officers who had been involved in the scrutiny reviews.

**RESOLVED:** That the report of the meetings of the Strategic Monitoring Committee held on 19 November and 10 December 2008 be received.

Councillor GFM Dawe left the meeting.

**35. REGULATORY COMMITTEE**

Councillor Brig P Jones presented the report of the meeting of the Regulatory Committee held on 4 November and 2 December 2008 and 6 January 2009.

**RESOLVED:** That the report of the meetings of the Regulatory Committee held on 4 November and 2 December 2008 and 6 January 2009 be received.

**36. AUDIT AND CORPORATE GOVERNANCE COMMITTEE**

Councillor RH Smith presented the report of the meeting of the Audit and Corporate Governance Committee held on 21 November 2008 and 23 January 2009.

**RESOLVED:** That the report of the meetings of the Audit and Corporate Governance Committee held on 21 November 2008 and 23 January 2009 be received.

**37. WEST MERCIA POLICE AUTHORITY**

Councillor RH Smith presented the report of the West Mercia Police Authority, which was held on 16 December 2008. Members attention was drawn to the policing pledge, the aims and priorities for the Authority for the years 2009-2012 and the new non-emergency helpline telephone number – 0300 333 3000.

**RESOLVED:** That the report of the meeting of the West Mercia Police Authority which was held on 16 December 2008 be agreed.

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

Councillor Brig. P Jones CBE presented the report of the meeting of the Hereford & Worcester Fire and Rescue Authority which were held on 19 December 2008. Council was informed that the following a recent Audit Commission inspection, the Authority has been rated in the top three Fire and Rescue Authorities in the country, which had been achieved due to much effort on the part of all involved.

**RESOLVED:** That the report of the meetings of the Hereford & Worcester Fire and Rescue Authority which were held on 19 December 2008 be received.

The meeting ended at 5.30 pm

**CHAIRMAN**



## APPENDIX 1

## PUBLIC QUESTIONS TO COUNCIL – 6 FEBRUARY 2009

**1 Question from Mr Peter McKay, Leominster, Hereford.**

- 1 Council motto is to Preserve our Heritage, and Full Council initial reply to my question put before that meeting is that Council is keen to ensure information it holds is readily accessible, and will look at how it can improve availability. Back in 1983, on 27 January, Hereford and Worcester Council held a Public Rights of Way County Conference, with the conference learning, question 24, that the Council would look into difficulties concerning paths not shown on the definitive map. This came about due to a large number of parishes at the conference asking why paths were not recorded, a question raised by them at that time due to it only becoming apparent in the 1980/90s when paths were cleared of obstructions and signed that this was not being undertaken on all parish paths, ie they had not all been recorded, and parishes had not been informed that their information had been rejected and the reasons why. Having inspected some of your modern records I find they reveal that many paths submitted for recording by parishes and rural district councils were not recorded, for reasons which Government Inspector has declared to have nothing to do with whether or not they were public rights of way, reference FPS/W1850/7/7 a copy of which is held by your Rights of Way Department regarding paths Wellington 14 and 26, and can be provided. Council action per conference has yet to take place, and these paths are slowly being lost to development. But Council has now completed its computerisation of the definitive map and could raise a layer showing these unrecorded paths, along with the reasons not shown, enabling your planners to take their existence into account, and assume that they exist unless and until proved otherwise, and parishes to likewise have access to this information so that they may consider whether or not the reason for rejection was valid and to bring those paths back into use. This would comply both with your motto to preserve our heritage, and with your stated intention to be keen to make information you hold readily available, along with the conference consideration of this issue. So would Council undertake to do this, or if not, change its motto?

**Answer from Councillor DB Wilcox Cabinet Member Highways and Transportation**

- 1 A digital mapping layer of unrecorded routes would only be of any value if it could be reliably established that the routes recorded on it were indeed public rights of way.

The Council in its roles of highway authority and surveying authority cannot just *assume* that public rights exist over a way: it must act reasonably and on the basis of evidence. Similarly, compiling and using such a mapping layer to influence planning decisions raises significant questions over blighting land for future development, and also legitimate interest of the current landowners/occupiers. This could rightly be challenged on the basis of being arbitrary and not based on sound evidence.

There is considerable range of reasons why routes did not get recorded on the original definitive map. Determining which routes should be included on such a digital mapping layer could only be achieved through considerable research and

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assessment of the evidence against established criteria. Such a process already exists – it is the definitive map modification order procedure set out in section 53 of the Wildlife and Countryside Act 1981. Although time consuming, this process does provide legal certainty over the status of rights of way which are so recorded. Producing an additional map layer of suspected unrecorded rights of way would, in the Council's view, only give rise to greater uncertainty and confusion whilst diverting valuable resources away from the Council's statutory duties under that Act.

#### **Supplementary Question from Mr McKay**

Council stated that the procedure is set out in section 53 of the Wildlife and Countryside Act 1981 – this being the case, could the matter be referred to the Community Services Scrutiny Committee so that they can determine whether it is functioning correctly.

#### **Answer provided by Councillor DB Wilcox Cabinet Member Highways and Transportation**

It is for the Scrutiny Committee to consider appropriate issues for deliberation, however the Cabinet Member will take up the matter with the Interim Head of Culture and Leisure to ensure that the issues are addressed.

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#### 2 Question from Ms Nicola Goodwin, Hereford

*Since the closure of the pool teachers and coaches have found it impossible to give children the standard of swimming coaching that they deserve, the number of badges completed by children has almost halved since the pool was closed (from 212 to 108) and the health and the safety of children using the St Martin's pool has been compromised on numerous occasions. The amount of time available for the Hereford public to swim has been dramatically cut and both Hereford Triathlon Club and Hereford Swimming Club have seen members leave the county due to the lack of pool time available. I would like cabinet to ask to view CCTV of the St Martin's pool between 0930 and 1000 on Friday January 23 when you will see almost 60 pupils from the Kielder Unit forced into half the main pool with no space to improve their swimming, up to 5 fast swimmers unable to swim at their regular speed as the lane they were pushed into had no space for overtaking and the remaining 16 plus recreational swimmers packed into the remaining lane like sardines. The safety of all of those swimmers was at risk and this is at a time advertised on Halo's website and in their promotional material as 'public swimming.*

- 2 *Will the council please consider reopening the LEA pool in Hinton with immediate effect to ensure the safety of Herefordshire's schoolchildren and the general public?*

#### **Answer from Councillor PD Price Cabinet Member ICT, Education and Achievement**

Composite Answer:

- 2 Cabinet recognises the strength of feeling that continues to be expressed in support of ensuring appropriate swimming provision within the county. As a reflection of the priority Cabinet places on maintaining and developing the four public swimming facilities within the county (in the City itself and the market towns of Ledbury, Leominster and Ross on Wye), the capital programme proposals to be put before Council at its meeting in March will include investment over the next two years to ensure these public facilities are fit for purpose. It is also a Cabinet priority to deliver free swimming provision for those county residents under the age of 16 and as well as those over the age of 60.

To enable the local community to have sufficient time to assess the viability of taking on the operation of the closed LEA pool as a community asset, Cabinet has ensured that alternative arrangements are in place for school users and that these arrangements are operating in compliance with all relevant health and safety and best practice guidelines. Cabinet will consider any business case put forward by the community at its meeting on 2 April.

The council continues to work closely with its partner HALO to meet the needs of the different user groups within the county.

**Not in attendance - no supplementary question posed**

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### PUBLIC QUESTIONS TO COUNCIL – 6 FEBRUARY 2009

#### 3 Questions from Mr Iain Nunn, Belmont, Hereford

3 *Please would the Council please consider re-opening the LEA Pool in Hinton because:*

- a: *the structure of the Leisure Pool has proven to be completely unsuitable for teaching young children to swim;*
- b: *the amount of time available on the current timetable for Public Swimming is just not acceptable. The sessions that are available are too restrictive, and at times dangerous due to the large number of swimmers (of all abilities) being restricted to lane swimming;*
- c: *more people should be encouraged to swim and take exercise to combat obesity, heart problems etc. etc., all of which puts a severe strain on our Health System;*
- d: *the population of Hereford/Herefordshire is continuing to grow; and*
- e: *athletes from Hereford are now looking elsewhere to train, possibly even moving away or just giving up due to this closure.*

*I hope you will vote favourably on this very important issue.*

#### **Answer from Councillor PD Price Cabinet Member ICT, Education and Achievement**

Composite Answer:

3 Cabinet recognises the strength of feeling that continues to be expressed in support of ensuring appropriate swimming provision within the county. As a reflection of the priority Cabinet places on maintaining and developing the four public swimming facilities within the county (in the City itself and the market towns of Ledbury, Leominster and Ross on Wye), the capital programme proposals to be put before Council at its meeting in March will include investment over the next two years to ensure these public facilities are fit for purpose. It is also a Cabinet priority to deliver free swimming provision for those county residents under the age of 16 and as well as those over the age of 60.

To enable the local community to have sufficient time to assess the viability of taking on the operation of the closed LEA pool as a community asset, Cabinet has ensured that alternative arrangements are in place for school users and that these arrangements are operating in compliance with all relevant health and safety and best practice guidelines. Cabinet will consider any business case put forward by the community at its meeting on 2 April.

**Not in attendance - no supplementary question posed**

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### PUBLIC QUESTIONS TO COUNCIL – 6 FEBRUARY 2009

#### 4 Question from Mr Steve Grist, Chairman, Herefordshire Association of School Governors

*I can still remember the feeling, at age five years, of slipping under the surface of the River Roding. I can still see my father diving into the river, fully clothed, dragging me to the surface and emptying my lungs of water. A year later I nearly drowned in the sea and again my father pulled me out of the waves. By the age of six years I was terrified of rivers, the sea and any expanse of open water. My father was, understandably totally fed up with pulling me out of those expanses of water, half drowned. The remedy was quite clear, that being that I should attend the LEA swimming pool to learn to swim.*

*It was a very cold summer and the LEA pool was an open pool. I shivered for six weeks gradually developing the confidence to move away from the side of the pool. Then I took a few strokes, then I swam..... and at the end of the summer holiday I was able to swim three hundred yards. Not only was I now able to swim and be safe around water but I developed a sense of confidence and self esteem that carried on into other areas of sport and learning.*

*It is essential that the children of Herefordshire have the same access to a swimming pool that I had. The Hereford Leisure Pool does not meet the requirements for teaching a child to swim, and I am aware that it is incumbent upon schools to teach each child to swim a minimum of twenty five metres. The majority of school governors are parents and they are adamant that their children are taught to swim from an early age. Herefordshire, after all is a County with a large river flowing through it and a number of very swift flowing tributaries. The Hereford Local Authority Pool must be re-opened, and rapidly. It provides both a life saving and educational service to our children.*

4 *A recent questionnaire to school governors poses the question, how will they as governors fulfil their obligations ensuring that children are taught to swim the requisite twenty five metres. I believe that question should now be posed to Herefordshire Council, that being how do they mean to provide the facilities, the LEA pool, whereby children may be taught to swim?*

#### **Answer from Councillor PD Price Cabinet Member ICT, Education and Achievement**

Composite Answer:

4 Cabinet recognises the strength of feeling that continues to be expressed in support of ensuring appropriate swimming provision within the county. As a reflection of the priority Cabinet places on maintaining and developing the four public swimming facilities within the county (in the City itself and the market towns of Ledbury, Leominster and Ross on Wye), the capital programme proposals to be put before Council at its meeting in March will include investment over the next two years to ensure these public facilities are fit for purpose. It is also a Cabinet priority to deliver free swimming provision for those county residents under the age of 16 and as well as those over the age of 60.

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To enable the local community to have sufficient time to assess the viability of taking on the operation of the closed LEA pool as a community asset, Cabinet has ensured that alternative arrangements are in place for school users and that these arrangements are operating in compliance with all relevant health and safety and best practice guidelines. Cabinet will consider any business case put forward by the community at its meeting on 2 April.

**Not in attendance - no supplementary question posed**

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### PUBLIC QUESTIONS TO COUNCIL – 6 FEBRUARY 2009

#### 5 Questions from Mr Mike Wilson, Lugwardine, Hereford

*On matters of procedure:*

- 5.1 *In a recent request to the Standards Committee, for review of an Assessment sub-committee decision, the Review sub-committee failed to comply with the timescale laid down in the Act of Parliament, namely 3 months. What action has been taken for this breach of the Law and what actions have been taken to ensure it does not happen in the future?*
- 5.2 *The Standards Board for England (SBE) in its document on Local Assessment of Complaints states that Standards Committees are to develop Assessment Criteria, which are to be available to the public. Are these in existence and where may they be found? A search-engine search of the website failed to produce them.*
- 5.3 *In the complaint at question 5.1, the Standards Committee's decision notices contained errors of fact (again) and also stated that evidence was not submitted. The document at question 2 clearly shows the task of the sub-committees to be to consider if there was a POTENTIAL breach of the Code of Conduct. To be requiring evidence at this stage is premature and implies the committees are making findings without the full evidence. To quote the document "The assessment and review sub-committees make no findings of fact". If this is the case were the decisions valid and are the sub-committees carrying out the task for which they were set up or are they exceeding their remit?*
- 5.4 *Why is the Standards Committee exempt from any form of scrutiny and apparently answerable to no one?*

#### **Answer from Chairman, Standards Committee**

- 5.1 This question refers to eight complaints brought by the questioner. The Standards Committee's Assessment Sub-Committee considered that there was no *prima facie* evidence of a breach of the Code of Conduct in any of them. The questioner then asked for a review of that decision. The Review Sub-Committee, consisting of different members, endorsed the decision of the Assessment Sub-Committee in every one of the eight cases. The Review Sub-Committee was called for 25 October. One member declared a prejudicial interest and the meeting had to be postponed. 25 November was the earliest date on which it could be rescheduled. The questioner was told of the delay. The meeting took place eleven days outside the required time. We informed the Standards Board for England of the delay and the reasons for it.
- 5.2 The Assessment Criteria have been available to the public since they were agreed by the Committee on the 4 July 2008. An amendment on the handling of anonymous complaints was made on 17 October 2008. They are now on the Council's website.

The new procedures were advertised in the Hereford Times on 7 August 2008.

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### PUBLIC QUESTIONS TO COUNCIL – 6 FEBRUARY 2009

The Assessment Sub-Committee's Terms of Reference were also set out in the Decision Notice, a copy of which was given to the questioner.

5.3 This question is baseless. Obviously the Assessment Sub-Committee has to consider whether *prima facie* there may have been a breach of the Code of Conduct. Similarly, the Review Sub-Committee has to consider whether there are any grounds, including any further information that may be to hand, for reversing the decision of the Assessment Sub-Committee. Neither makes findings of fact, and neither did in this case.

5.4 The questioner has had this question answered before, but for the sake of the record, I will say that the Standards Board for England has regulatory powers in respect of Standards Committees; that:

Committees' determinations may be appealed to the Adjudication Panel for England, and on a point of law to the High Court: and that:

The Herefordshire Standards Committee reports fully on its work both to the Council and to the public.

**Not in attendance - no supplementary question posed**



## APPENDIX 1

### PUBLIC QUESTIONS TO COUNCIL – 6 FEBRUARY 2009

#### **6 Questions from Mr Bob Clay, Hereford**

- 6.1 Will the Cabinet Member Corporate and Customer Services and Human Resources now publish the legal advice that the Cabinet rely on when refuting the opinion of the House of Commons library and Paul Keetch MP, the parliamentary sponsor of the Hereford Markets Act 2003, that “the Act does not require the council to build a new market”?
- 6.2 Does the Council have the legal power to purchase houses within its area that have been re-possessed by financial institutions?
- 6.3 How much has been spent so far on Aylestone Park and what has been achieved so far? What is the current estimate of the time and funding required to complete the project as currently envisaged?
- 6.4 What plans does the Council have for the future use of Churchill House?
- 6.5 What representations has the Council received concerning the lack of a Community centre or any similar facility in Aylestone Ward?

#### **Answer from Councillor JP French Cabinet Member Corporate and Customer Services and Human Resources and Acting Cabinet Member for Resources**

- 6.1 No. The legal advice the Council has received is clear in stating that the Council has a continuing obligation to provide a cattle market. It is also important to emphasise that, in any event, the Council would want to support the local economy through the provision of a market to meet the current and future needs of the agricultural industry. It is the long standing policy of the authority not to disclose confidential legal papers.

#### **Answer from Councillor JG Jarvis, Cabinet Member Environment and Strategic Housing.**

- 6.2 The Council has the general ability to use wide ranging powers conferred by the Local Government Act 2000 for the social, economic or environmental well being of the county. Such powers could be exercised, in appropriate circumstances, for the acquisition of property. Herefordshire Council has, on a number of occasions, provided grant support and worked in partnership with Registered Social Landlords (RSL), to purchase homes off the open market where appropriate opportunities have arisen. Such properties are then owned and managed by the partner RSL who will let the property at affordable rents to households from the Housing Register. The purchase of properties off the open market is expensive by comparison to new build provision and higher levels of grant input may therefore be required. Furthermore, such properties are unlikely to meet the housing standards expected by the Homes and Communities Agency when it provides grant support.

#### **Answer from Councillor AJM Blackshaw Cabinet Member Economic Development and Community Services**

## APPENDIX 1

### PUBLIC QUESTIONS TO COUNCIL – 6 FEBRUARY 2009

- 6.3 The spend to date on Aylestone Park has been approximately £1.03 million, this has been spent on the purchase of the land, the laying the cables underground, the construction of the main road junction, the construction of the gate pillars and underlying groundworks, the refurbishment of the RAF Gates and their erection, a grant to Aylestone Park Association (spent on materials, plant hire etc for footpaths and fencing), the desilting the canal, treating the silt and building the roadway and carparking spaces. This figure also includes fees

The funding required to complete the project is estimated to be £550,000 for Football Pitches, a Bowling Green and a Building. Whilst there are some modest funds available from within the project it is not enough to complete the project. The future completion is dependent on further funding being secured.

- 6.4 The Council currently leases Churchill House to Hereford College of Arts. Discussions are ongoing with the current tenant regarding a possible extension or new lease.

- 6.5 Various discussions have been held over recent years addressing the lack of community facilities in the Aylestone/Tupsley Wards. Representations have been received from the former College Estate Residents Association and its successor body. Following a study undertaken through Hereford Voluntary Action in 2007, a needs analysis for the area confirmed that community facilities were needed. Representations have also been made by one of the local Aylestone Ward members resulting in £180,000 received for the loss of the Youth Centre on College Road to be placed into a reserve fund for future use to provide a community facility in the area.

#### **Supplementary question from Mr Clay**

Has the Cabinet Member Corporate and Customer Services and Human Resources and Acting Cabinet Member for Resources seen the letter referred to in the question from the House of Commons Library to Paul Keetch MP and will the Council disclose its legal advice to enable full consideration of the facts when reaching decisions in this matter?.

#### **Answer from Cabinet Member Corporate and Customer Services and Human Resources and Acting Cabinet Member for Resources.**

Trusted officers have given clear advice to members on this matter, any challenge of this matter should be carried out in court.

## APPENDIX 1

### PUBLIC QUESTIONS TO COUNCIL – 6 FEBRUARY 2009

#### 7 Question from Mr Luke Moseley, Hereford

- 7 As a PE teacher in Herefordshire I am only too aware of the importance of promoting healthy lifestyles for our young people. Can the committee explain how they will ensure that the loss of pool time for young people/schools will **not** have an adverse effect on the number of young people learning to swim (as evidenced by the greater than 50% reduction in the number of swimming badges gained by the young people of Herefordshire since the closure of the LEA pool)?

#### Answer from Councillor PD Price Cabinet Member ICT, Education and Achievement

Composite Answer:

- 7 Cabinet recognises the strength of feeling that continues to be expressed in support of ensuring appropriate swimming provision within the county. As a reflection of the priority Cabinet places on maintaining and developing the four public swimming facilities within the county (in the City itself and the market towns of Ledbury, Leominster and Ross on Wye), the capital programme proposals to be put before Council at its meeting in March will include investment over the next two years to ensure these public facilities are fit for purpose. It is also a Cabinet priority to deliver free swimming provision for those county residents under the age of 16 and as well as those over the age of 60.

To enable the local community to have sufficient time to assess the viability of taking on the operation of the closed LEA pool as a community asset, Cabinet has ensured that alternative arrangements are in place for school users and that these arrangements are operating in compliance with all relevant health and safety and best practice guidelines. Cabinet will consider any business case put forward by the community at its meeting on 2 April.

**Not in attendance - no supplementary question posed**

## APPENDIX 1

### PUBLIC QUESTIONS TO COUNCIL – 6 FEBRUARY 2009

**8 Question from Mr Peter Crowther, Hereford**

- 8 How can the council not consider reopening the Local Education Authority pool after the quality of children's teaching has substantially decreased since its closure." This is clearly evident from the fact that the amount of swimming badges completed by schoolchildren in Herefordshire has dropped from 212 badges per year to 108 per year since the pool was closed.

**Answer from Councillor PD Price Cabinet Member ICT, Education and Achievement**

Composite Answer:

- 8 Cabinet recognises the strength of feeling that continues to be expressed in support of ensuring appropriate swimming provision within the county. As a reflection of the priority Cabinet places on maintaining and developing the four public swimming facilities within the county (in the City itself and the market towns of Ledbury, Leominster and Ross on Wye), the capital programme proposals to be put before Council at its meeting in March will include investment over the next two years to ensure these public facilities are fit for purpose. It is also a Cabinet priority to deliver free swimming provision for those county residents under the age of 16 and as well as those over the age of 60.

To enable the local community to have sufficient time to assess the viability of taking on the operation of the closed LEA pool as a community asset, Cabinet has ensured that alternative arrangements are in place for school users and that these arrangements are operating in compliance with all relevant health and safety and best practice guidelines. Cabinet will consider any business case put forward by the community at its meeting on 2 April.

**Not in attendance - no supplementary question posed**

## APPENDIX 1

### PUBLIC QUESTIONS TO COUNCIL – 6 FEBRUARY 2009

#### 9 Question from Mrs Uta Clay, Hereford

- 9 What consultation took place with service users and carers in relation to the proposed amalgamation of the two respite units for Learning Disabled adults? Will the effect of this amalgamation be that the availability of respite will be reduced?

#### Answer from Councillor LO Barnett Cabinet Member Social Care Adults

- 9 Extensive consultation took place in 2007/08 to agree the strategic direction for service modernisation, which led to the Cabinet decision of May 2008 approving the strategic partnership with 'Midland Heart' as part of the Transformation Plan.

As a follow up to this consultation and the Cabinet decision, it was agreed that individuals would have their needs reviewed to ensure that their services were commissioned to meet those assessed needs. This process will be completed by 31 March 2009.

The Council can reassure Mrs Clay that those service users and their carers who need respite care will receive services in the new arrangements, and that specific, sensitive and careful preparation will be undertaken with families to make sure any potential disruption is kept to a minimum.

In terms of the volume of available service in the future arrangements, the Council is facing a difficult challenge to balance the increasing demand for this service from service users with increasing levels of dependency. The individual reassessments (currently underway) will clarify service users' level of need as measured by 'Fair Access to Care', and ensure that those whose needs are critical or substantial are offered an appropriate volume of service. Inevitably, there could be some service users who no longer meet the eligibility criteria, and there are certainly new service users reaching adulthood who will have critical or substantial needs.

A range of other services have also been developed to support family carers and offer alternatives to residential respite care. These include personal budgets, weekend breaks, adult placements and individual support to access local leisure and social activities.

The Council continues to look for ways in which consultation and engagement can be improved, and will undertake further discussions with the families affected over the next month.

#### Supplementary Question from Mrs U Clay

If the proposed amalgamation of two respite units for Learning Disabled adults goes through, how many respite beds will be lost?

#### Answer from Cabinet Member Social Care Adults

The exact number was not to hand, however the answer will be forwarded to Mrs Clay.

## APPENDIX 1

### PUBLIC QUESTIONS TO COUNCIL – 6 FEBRUARY 2009

**10 Question from Ms Barbara Evans, Kings Thorn, Hereford.**

- 10 Does responsibility for planning all bus services that will access the Edgar Street Grid transport hub rest with the County Council or the ESG company?

**Answer from Councillor DB Wilcox Cabinet Member Highways and Transportation**

10 The ESG Company has no responsibility for planning bus services. The services that are likely to access the proposed Transport Hub will comprise services subsidised by the Council as well as commercial services operated by bus operators. The responsibility for planning bus services will lie with the Council in respect of the services it subsidises and with bus operators in respect of commercial services.

**Supplementary question from Ms Barbara Evans**

When will the detailed plans for transport hub be available and how can the transport hub go ahead without these plans?

**Answer from Councillor DB Wilcox Cabinet Member Highways and Transportation**

Two recent displays have been put on for interested groups and put forward to the bus operators so that they are aware of the outline proposals and are able to provide comments. We will be synchronised and joined up about how public transport will operate.

## APPENDIX 1

### PUBLIC QUESTIONS TO COUNCIL – 6 FEBRUARY 2009

#### 11 Questions from Ms Rebecca Gill, Hereford

I was very disappointed to learn that the LEA pool has not re-opened. I have always taken my 4 year old twins swimming and we are now feeling the impact of the closure of the LEA pool as I am finding the public baths often inaccessible because they are closed due to swimming lessons or galas. I try to take them swimming in the week as at weekends it is usually full of young people who are often boisterous and their behaviour and bad language is upsetting to my twins.

- 11.1 Why can't the LEA pool reopen for school use which would then free up the public baths for the general public?
- 11.2 People are having to take their families to Leominster, do you not agree then that Hereford is not providing enough public swimming time for them and do you not agree that Hereford is losing valuable income?
- 11.3 The Council is failing in its duty to provide adequate swimming for my children along with other members of the public, do you not agree that because of the increased school use and decreased public use, we are now being denied the right as citizens and taxpayers of Hereford to accessible public swimming sessions?

#### **Answer from Councillor PD Price Cabinet Member ICT, Education and Achievement**

Composite Answer:

11.1 – 3

Cabinet recognises the strength of feeling that continues to be expressed in support of ensuring appropriate swimming provision within the county. As a reflection of the priority Cabinet places on maintaining and developing the four public swimming facilities within the county (in the City itself and the market towns of Ledbury, Leominster and Ross on Wye), the capital programme proposals to be put before Council at its meeting in March will include investment over the next two years to ensure these public facilities are fit for purpose. It is also a Cabinet priority to deliver free swimming provision for those county residents under the age of 16 and as well as those over the age of 60.

To enable the local community to have sufficient time to assess the viability of taking on the operation of the closed LEA pool as a community asset, Cabinet has ensured that alternative arrangements are in place for school users and that these arrangements are operating in compliance with all relevant health and safety and best practice guidelines. Cabinet will consider any business case put forward by the community at its meeting on 2 April.

**Not in attendance - no supplementary question posed**





**QUESTIONS FROM MEMBERS OF THE PUBLIC****Report By: Assistant Chief Executive, Legal and Democratic****Wards Affected****Purpose**

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

**Background**

- 1 Standing Order 4.24 of the Constitution states that: A member of the public may ask a Cabinet Member or Chairman of a Committee any question relevant to a matter in relation to which the Council has powers or duties or which affects the County as long as a copy of that question is deposited more than six clear working days before the meeting i.e. by close of business on a Wednesday in the week preceding a Friday meeting.
- 2 Any question which contains defamatory material or the publication of which is likely to be detrimental to the Council's interests, may be rejected.
- 3 A total of 25 minutes shall be set aside for the answering of questions from members of the public save that the Chairman, or Vice-Chairman, if presiding, shall have absolute discretion to vary the period of time by making it shorter or longer as he/she considers appropriate. Any questions unanswered at the expiry of the time limit shall be dealt with by way of written reply to the questioner.
- 4 A member of the public who has lodged a written question (or series of questions) to Council is permitted to ask **one** supplementary question only.
- 5 Supplementary questions will be dealt with in the same order as the questions are presented in the Agenda i.e. the order in which they are received by post or electronically. Once each formal written question (or series of questions from the same person) has been answered, the Chairman may invite the person who submitted the written question to raise one supplementary question only, if they wish to do so.

**Questions**

- 6 Two questions have been received by the deadline and are attached at Appendix 1.



**PUBLIC QUESTIONS TO COUNCIL – 6 March 2009****1 Question from Mr Peter McKay, Leominster, Hereford.**

The Council's Right of Way Improvement Plan (ROWIP) makes mention that there are 144km of unsurfaced unclassified county roads which it refers to as a Quiet Lane network, and if added to figure 3 that shows the 250km bridleway network for equestrians any cyclists would increase that by 57.6%. The ROWIP also contains Enforcement Policy and Procedures concerning obstructions, fallen trees, ploughing, misleading signs, etc., applicable to rights of way, i.e., bridleways and footpaths, yet there is an anomaly in that the Highway Maintenance Plan for unclassified county roads, i.e. as applicable to the Quiet Lane Network, contains no equivalent policies except for annual inspection on foot if need be.

- 1.1 Would Council when next amending the Highway Maintenance Plan make mention that these policies apply to the Quiet Lane Network also, and confirm that they are being applied in the meantime? Furthermore the public having become accustomed to only going where signs say they may now that all rights of way are signed would Council undertake to sign the Quiet Lane Network with the low cost wooden post mounted sign shown in Quiet Lane guidance notes?
- 1.2 In the late 1800's the forerunner of Section 47 of 1980 Highway Act came into force and a handful of lanes were made subject of cease to maintain orders. The lanes remain open and Council remains the Highway Authority for these lanes but without the duty to maintain the surface at public expense. The anomaly is that they become unlisted since the List of Streets only requires those that are maintained at public expense to be listed. With it having been decided, reference Rights of Way Improvement Plan, that unsurfaced unclassified roads, i.e., lanes, will be grouped under the network name of 'quiet Lanes, I would ask if Council would be prepared to list these on its Lists of Streets; under a subheading that surfaces are not maintained at public expense; so that they may be managed in all other respects in a similar way to the other Quiet Lanes?



**REPORT OF THE MEETING OF CABINET****HELD ON 19 FEBRUARY 2009**

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**Cabinet Members:** RJ Phillips (Leader of the Council),  
JP French (Deputy Leader),  
LO Barnett, AJM Blackshaw, H Bramer,  
JA Hyde, JG Jarvis, DB Wilcox and PD Price.

This report submitted to Council covers the proceedings of the meeting held on 19 February 2009.

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

- 1.1 **Draft Financial Strategy 2009/12** – Cabinet considered the draft Medium Term Financial Strategy (MTFS) for 2009/12. Members were advised that during the last year the national financial position had changed with the economic downturn having a significant impact on the local economy. The report outlined that this had necessitated a reconsideration of the council's budget which had resulted in a shortfall in projected income due to a reduction in income and investment interest rates. The Financial Strategy, which is appended to this report, includes the Statutory Statement by the Chief Financial Officer, in the Council's case the Director of Resources, on the robustness of the estimates made for the purpose of budget calculations and the adequacy of the proposed financial reserves.

The Strategic Monitoring Committee's following comments were taken into consideration:

- i) assurance was sought that the savings expected from the Herefordshire Connects project were as reported to Cabinet on 31 July 2008 and would not be affected by the recession.
- ii) Regard needed to be had to the extent of damage to roads by the recent winter conditions
- iii) SMC had noted that the revised MTFS proposed a 3.9% Council Tax increase for 2009/10 and for the further years of the MTFS up to 2011/12, however the Council would have to be mindful of Government pronouncements on Council Tax levels and monitor the situation.

**RECOMMENDATION:**

**Cabinet recommends to Council the updating of the current Medium Term Financial Strategy and resource model as highlighted in the report attached.**

- 1.2 **Draft Capital Programme 2009/10** – Cabinet considered the draft Capital Programme 2009/10 which is appended to this report and outlined an update on the Council's capital spending plans, noting the available funding and capital bid funding recommendations.

**RECOMMENDATION:**

**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 be noted; and
- (d) the position on the capital receipts reserve be noted.
- (e) That £500,000 per annum for three years from 2009-10 to 2011-12 be added to the Capital Programme for maintenance and enhancements to the smallholdings estate. The expenditure to be funded from the Council's Capital Receipts Reserve.

- 1.3 **2009/10 Draft Treasury Management Strategy** – Cabinet considered a report which outlined the Draft Treasury Management Strategy and Prudential Indicators for 2009/10. Members were informed that the setting of Prudential Indicators and the reporting of the Council's Treasury Management Strategy for the coming year was required by the CIPFA Prudential Code for Capital Finance and the CIPFA Code of Practice on Treasury Management. Cabinet noted that the primary requirement of this Code was the approval by full Council of a policy statement that set out the Council's overall approach to treasury management operations. Members were informed that the Strategy provided a sound framework within which to carry out robust treasury management operations.

The Cabinet received the Strategic Monitoring Committee comment that it was observed that the effect of borrowing on the Band D Council Tax rate was estimated to involve a rise from £26.68 to £97.36 in 2011/12.

**RECOMMENDATION:**

**Cabinet recommends to Council that:**

- a) the Prudential indicators detailed in Appendix 1 of the report, which includes the draft Capital Programme, be endorsed.
- b) The Treasury Management Strategy in Appendix 2 of the report be endorsed
- c) The borrowing limits outlined in Appendix 2 of the report be approved
- d) The Council Minimum Revenue Provision Policy for 2009/10 in Appendix 4 of the report be approved.

**2. NOTICES OF MOTION**

- 2.1 Cabinet considered no motions to Council during the time period covered by this report.

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

- 3.1 **Preferred Bidder for the Design and Build of the Hereford Academy.** The Cabinet Member for ICT, Education and Achievement received and approved a report and recommendation for the Design User Group Tender Evaluation Board to appoint Willmott Dixon Construction as the preferred bidder for the construction of the new Hereford Academy. The decision was an urgent one in order to allow the Design User Group to work with the preferred bidder to refine the design proposals for submission to planning in April 2009. Planning consent was a requirement to complete the Final Business Case which would be submitted by Herefordshire Council to Partnerships for Schools (PfS) in July 2009. PfS approval for the Final Business Case would unlock the funding for the project. Approval of the Final Business Case in the summer would be crucial to the programme for the contractor to deliver the new buildings for the Spring term 2011.

- 3.2 Growth Point Funding Allocation.** This was an urgent report for consideration by the Cabinet Members for Environment and Strategic Housing, and Highways and Transportation to agree the areas for expenditure of the Growth Point funding allocations announced by Government on 10 December 2008. The capital allocation of £1.46 million was specifically in response to the bid for expenditure to implement the Park and Ride (North) site. In respect of revenue funding just over £171,000 had been awarded for each of the next two financial years. Whilst the Grant Award was not ringfenced it has been made in response to specific bids included in the Programme of Development.

**4. CORPORATE STRATEGY AND FINANCE**  
**Chairman of Cabinet – Councillor RJ Phillips**

**Report on Decisions Taken**

- 4.1** There were no decisions by Cabinet relating to this portfolio during the reporting period.

**5. CHILDREN’S SERVICES**  
**Cabinet Member - Councillor JA Hyde**

**Report on Decisions Taken**

- 5.1** There were no decisions by Cabinet relating to this portfolio during the reporting period.

**6. CORPORATE AND CUSTOMER SERVICES AND HUMAN RESOURCES**  
**Cabinet Member - Councillor JP French**

**Report on Decisions Taken**

- 6.1 Integrated Corporate Performance Report for April to December 2008 –** Cabinet received a report outlining the performance for the first nine months of 2008-2009 against the Corporate Plan 2008-11, the Local Area Agreement, the Herefordshire Community Strategy, and other key indicators. The report also took into account the separate but complementary financial performance report, risk and progress against the action plans produced following the Crookall review. Cabinet noted that whilst overall picture was one of improvement as many more indicators were reaching their target, it was recognised that some indicators were not meeting their targets, which was in part due to the need to present robust evidence of action taken. Members were also advised that many of the judgments on indicators relating to Adult Social Care were based on forecasts due to the lack of updated data from the Frameworki system; this information would be available at the end of March 2009. It was noted that the economic downturn would prove a challenge, however Members noted that the authority had evidenced improved performance whilst delivering a projected small underspend in the council’s budget. The Cabinet considered the performance to the end of December 2008 and the measures being taken, where necessary to improve and noted progress in implementing the action plans produced following the Crookall review.

**7. ECONOMIC DEVELOPMENT AND COMMUNITY SERVICES**  
**Cabinet Member - Councillor AJM Blackshaw**

**Report on Decisions Taken**

- 7.1 Hereford Open Retail Market** – Cabinet considered a report which outlined the result of the consultations undertaken on the proposed relocation of the Hereford Open Retail Market into the St Peter’s Street/High Town interface and Commercial Street each Saturday and Wednesday. The Cabinet resolved to approve; that subject to the approval of the capital programme bid, the relocation of Hereford Open Retail Market to the St Peter’s Street/High Town interface and Commercial street as from the 8 April 2009 (or as soon as operational arrangements allowed); that the proposed formulation of a policy governing allocation of the stalls be noted and that during the first year of operation a Retail Impact Assessment is undertaken; and that a formal evaluation of the effectiveness of the new arrangements would be considered by the Cabinet Member at the end of that period.

**8. ENVIRONMENT AND STRATEGIC HOUSING**  
**Cabinet Member: Councillor JG Jarvis**

**Report on Decisions Taken**

- 8.1 There were no decisions by Cabinet relating to this portfolio during the reporting period.

**9. HIGHWAYS AND TRANSPORTATION**  
**Cabinet Member - Councillor DB Wilcox**

**Report on Decisions Taken**

- 9.1 There were no decisions by Cabinet relating to this portfolio during the reporting period.

**10 ICT, EDUCATION AND ACHIEVEMENT**  
**Cabinet Member – Councillor PD Price**

**Report on Decisions Taken**

- 10.1 **Strategic Monitoring Review of ICT Services: November 2008** – Cabinet considered the response to the recommendations arising from the Strategic Monitoring Committee review of ICT Services, conducted by the ICT Services Review Group in November. The proposed response to the recommendations arising from the review was agreed.

**11. RESOURCES**  
**Cabinet Member - Councillor J P French**

**Report on Decisions Taken**

- 11.1 The decisions by Cabinet relating to this portfolio during the reporting period are outlined in paragraphs 1.1-1.3.

**12. SOCIAL CARE ADULTS**  
**Cabinet Member - Councillor LO Barnett**

**Report on Decisions Taken**

- 12.1 There were no decisions by Cabinet relating to this portfolio during the reporting period.



**Background Papers**

- Agenda papers of the meeting of Cabinet held on 19 February 2009

**COUNCILLOR RJ PHILLIPS  
LEADER OF THE COUNCIL**



# DRAFT FINANCIAL STRATEGY 2009-2012

## PORTFOLIO RESPONSIBILITY: RESOURCES

CABINET

19 FEBRUARY 2009

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### Wards Affected

County-wide.

### Purpose

To propose the draft financial strategy for 2009-2012.

### Key Decision

This is a Key Decision because it is likely to result in the Council incurring expenditure above agreed budgets for the service or function (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 is likely to be significant in terms of its effect on communities living or working in Herefordshire in an area comprising one or more wards.

It was included in the Forward Plan.

Financial implications are as outlined the draft Medium Term Financial Management Strategy 2009-2012 appended to this report.

### Recommendation(s)

**THAT Cabinet recommends to Council the recommendations for updating the current Medium Term Financial Management Strategy and resource model highlighted in the report.**

### Reasons

2. The current financial strategy set the financial framework for 2008-2011. The strategy now needs to be updated to allow the latest view of financial risks and pressures revealed by the corporate and service planning process.

### Considerations

3. Since 2006, the council has operated within the discipline of a Medium-Term Financial Management Strategy (MTFMS). The MTFMS is the framework within which cash resources follow corporate priorities. The MTFMS is attached at Appendix B.
4. The MTFMS also allows longer term financial planning to reflect the various changes that emerge from central government. Local government is an important partner for

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Further information on the subject of this report is available from  
David Powell, Director of Resources on 01432 383519

central government, as it often uses local government to deliver new services as well as changes to existing services.

5. The overall approach to financial management, especially at a time of financial pressure, must be supported by clarity and transparency around financial policy and resources. The necessary financial discipline includes cash limited budgets, supported by appropriate reserves that need to be managed as part of the overall financial management strategy.
6. The overall level of central government funding for local government has relative stability as a result of Comprehensive Spending Review 2007 (CSR07). The overall increase in Formula Grant for Herefordshire, based on a year-on-year increase, is 4% and this must fund all inflation, service development and increased demand across the council. The efficiency agenda is ongoing, with 3% cashable efficiency savings needed in 2009/10.
7. The latest MTFMS now includes financial year 2011/12. This means that we are already estimating the likely impact of the next Comprehensive Spending Review, due to be announced in 2010. The current economic position is such that the council's new MTFMS assumes nil growth in funding for Herefordshire from 2011.
8. During the Autumn of 2008, the council and PCT jointly commissioned a survey of a representative sample of households across the county to gauge the population's views on the balance we should strike between different priorities and between those and the level of council tax. This was supplemented with workshops for older people in a rural area, disabled people and carers and teenagers. The results for council-led services showed a close correlation between the public's choices and the council's top priorities. The results of the consultation will be considered as part of future planning, along with the findings of the new national Place Survey done in March, 2009.

### **Economic Downturn**

10. The national financial position has changed dramatically since the current MTFMS was agreed by Council on 7 March, 2008. The 'credit crunch' has had a significant impact on the local economy and people of Herefordshire and, as a result, the council's financial planning assumptions have been revisited as the position unfolded.
11. It is clear that assumed levels of income that make a significant contribution to our overall funding will be less in 2009/10. This is based on the evidence already available in this financial year that sees directorate based income falling and investment income declining. It is the job of the MTFMS to bring all these financial elements together to present an overall position.
12. In 2009/10, the loss of income is estimated to be £500k and there is already clear evidence that car parking and planning related income is below anticipated levels built into the revenue budget. As a result, an additional £500k is built into the 2009/10 revenue budget to meet this shortfall.
13. The council produces a Treasury Management Strategy that covers borrowing and investment activities. In 2008, many councils were affected by the banking crisis and lost money invested with Icelandic Banks. Herefordshire Council did not have funds with these banks at the time of their collapse, but it has responded by further tightening investment practices and moving to an even more cautious approach. As a result, we lend balances over a shorter period of time and also find that we have fewer institutions we can deal with, because banks no longer meet our very tight

assessment requirements. This has had a significant impact on this year's investment income and the council's treasury management advisor (Sector) is predicting the bank rate will reduce to 0.5% in 2009/10. The consequent reduction in investment interest rates means that we must plan for £1.5m less income in 2009/10. This is reflected in the MTFMS.

14. The pressures faced by directorates as a result of the downturn are wider than just a loss of income. An increased level of homelessness is already evident and likely to worsen in 2009/10. The Regeneration Directorate see this key pressure as unavoidable and has already taken steps to put the budget on a sustainable footing. Even so, they estimate a £78k requirement for additional services in 2009/10. The same directorate also notes an additional requirement for support to sustain their activity and meet demands, due to the downturn in the economy.

#### **Herefordshire Connects**

15. The Herefordshire Connects programme received formal agreement to proceed to its next phase on 31 July 2008. The decision to move to concluding the programme was supported by a review of the financing of the project and this has been built into the MTFMS. The overall approach is to view all corporate efficiency activity as part of the Herefordshire Connects Programme, so that maximum efficiencies are realised. In the 2009/10 budget, the programme is to realise £700k of savings, with an additional £600k in 2010/11 and a further £2m in 2011/12. This indicates the key role the programme will make to the council's overall financial position.

#### **Financial Resource Model 2009/10-2011/12**

16. The Financial Resource Model (FRM) is the heart of the MTFMS, as it contains a series of assumptions and assessments that shape the financial plan. These are:

- 16.1 Future Council Tax Increases: The current MTFMS agreed in March 2008 assumes Council Tax increases of 4.7%. The government has been clear that it expects to see Council Tax increases "substantially" below 5%, but has been unwilling to define what this translates to in terms of level of increase and the situation will need to be carefully monitored.

**As a result, it is recommended that a 3.9% council tax increase assumption is now included for the 2009-10 budget and the two remaining years of the MTFMS up to 2011/12.**

- 16.2 Inflation Uplifts: The current FRM includes 2.5% for pay inflation. Clearly, future pay awards can only be estimates but there will be downward pressure on pay settlements. **For 2009/10, the pay increase uplift is therefore 2.0%.**

The current FRM does not include inflationary uplifts on non pay budgets. This does not mean that any external providers cannot expect an inflationary uplift, but it does indicate that the council will continue to use this policy as an efficiency measure, with directorates providing increases from value for money activity. This is a challenging policy, but it does ensure that:

16.2.1 Robust contracts for provision of services are negotiated;

16.2.2 Contracts are performance managed effectively;

16.2.3 Value for money arrangements are more likely to be integrated with service delivery arrangements.

The policy creates financial pressure on core services, with one such area being the annual increase in elements of the contract with Amey Wye Valley. This will be covered by the service delivery review that will see anticipated cost reduction of £900k in 2009/10.

**The current FRM assumes inflation on client and customer receipts budgets of 2.5% unless the fee is dictated by a statutory arrangement. This approach will continue in the draft MTFMS.**

16.3 Income Shortfall: The budget includes £500k to offset loss of income resulting from the economic downturn. The proposed allocation is as follows:

**16.3.1 Deputy Chief Executive's Directorate: The current target for land charges is likely to suffer a £150k shortfall in 2009/10.**

**16.3.2 Regeneration Directorate: The recession has impacted upon planning income and the current estimate for 2009/10 is for a shortfall of £175k. However, the Director of Regeneration indicates the directorate could suffer a higher shortfall, depending on the severity of the downturn and the current assessment will be reviewed in 2009/10.**

**16.3.3 Resources Directorate: A reduction in income for business units is likely and £50k is to be used to support the position.**

**16.3.4 Environment Directorate: An additional £125k is to be used to support the reduction in car park fee income.**

The £500k support will not be permanent and will be reviewed at the next budget cycle and thereafter at each budget setting, until the economic position improves and income budgets can be adjusted to their 2008/09 levels.

16.4 Base Budget Adjustments: As in previous years, the FRM is continually reviewed to refine the budget so that the most up-to-date information is used. It is inevitable that some items will be presented as pressures and require adjustment. The following are the recommended adjustments for 2009/10:

**16.4.1 An additional £88k to support Criminal Records Bureau (CRB) checks.**

**16.4.2 Adding £300k to meet the council's liability for job evaluation costs of staff transferred to external organisations, such as HALO.**

**16.4.3 Establish a £140k budget for grounds maintenance costs previously met from the general fund reserve.**

**16.4.4 Build in an extra £275k to meet the commitment given in the 2008/9 budget to provide further funding for Mental Health and Physical Disabilities Services, as a result of the needs analysis work.**

**16.4.5 Adjust the Local Development Framework funding to a level of £375k in 2009/10.**

**16.4.6 Remove the assumption that the Customer Service Division would have been self-funded by 2009/10 and replace with a phased target over the remainder of the MTFMS. This measure is temporary and will be reviewed in the forthcoming financial year.**

**16.4.7 Include the commitment given in 2008/09 to provide £400k to support the ICT Strategy.**

**16.4.8 Reduce the income from investments to reflect an estimated £1.493m loss of income because of lower interest rates; however, some of this is assessed as recovering by the end of 2011/12.**

**16.4.9 The FRM includes the updated capital financing costs reflecting slippage and a prudent level of borrowing for new capital investment.**

### **Directorate Position**

17. The 2009/10 financial year presents directorates with a series of financial challenges and also a requirement that they support the council's overall budget position to deliver a balanced budget. The process going forward has seen extensive involvement of the Joint Management Team (JMT), commencing with the Performance Improvement Cycle (PIC) in Autumn 2008. The proposals brought forward were subject to a process that saw Directors challenged about spend and saving proposals by the Director of Resources and the Policy and Performance team.
18. A second phase was introduced later, when the scale of the impact of the downturn was evident. This second phase saw Directors work together to further challenge the financial assumptions in directorate proposals and also to bring forward further savings. This was concluded at the end of January 2009 with the outcome reported to the Director of Resources. The detail of expenditure requirements and savings proposals is contained at Appendix A. Overall, the process has made a net contribution to balancing the budget.

### **Use of Reserves**

19. The clear message in this report is that the scale of the economic downturn has affected the council's assumptions about its budget. This change is significant, meaning that the current MTFMS cannot be delivered, given the revised financial position. After adding up all the pressures faced by directorates and loss of investment and other income, a 'gap' of £3m would be evident without remedial action. The economic downturn means the worsened position has arisen quickly and therefore the most appropriate response is to manage the finances in such a way that we continue to deliver essential services and also transformational programmes such as Herefordshire Connects.
20. Delivering a balanced budget in 2009/10 can be achieved by a combination of financial discipline in day-to-day budget management, coupled with appropriate financial planning, including the use of reserves. As a result, In 2009/10, the proposal is to use £1m of general fund reserve to assist meeting pressures. This is a one-off measure and it is essential that it is understood that we cannot use this source in the longer term. **Therefore, following consultation with the Joint Management Team, the Chief Executive and Director of Resources recommend this capacity is not only "back-filled" in the revenue budget from 2010/11, but that we also top up the general fund reserve by £1m so that it returns to its 2008/09 level. The MTFMS reflects this approach.**

21. The audited accounts for the 2007/08 financial year confirmed an opening general fund revenue balance of £6.728m. This will reduce by £200k reflecting the funding of job evaluation costs in partner organisations. The MTFMS assumes use of £1m in 2009/10 with this being replaced in 2010/11.

If the overall position is that Directorates achieve a balanced budget in 2008/09, as instructed by the Chief Executive, the likely position will be as follows:

	£m
2009/10 estimated opening balance:	6.728
Use of £1m	-1.000
2009/10 Closing balance	5.728
Add back £1m in 2010/11	<u>1.000</u>
2010/11 balance	<u>6.728</u>

22. At a level of £5.728m in 2009/10, the general reserve is in excess of the council's policy of having a minimum general fund reserve balance of £4.5m to provide adequate cover for demand pressures that are volatile, difficult to predict or unforeseen at the time the budget is set.
23. A further area of proposed support is using an element of the £1.2m local Public Sector Agreement (LPSA) revenue reward grant that relates to areas delivered by the council. **This would give £712k of support and it is proposed that this is used in 2009/10. In 2010/11, its use would be "backfilled".**

## Financial Implications

24. If Cabinet agrees the approach contained in this report, the update FRM for 2009-2012 indicates capacity figures as follows:

- |    |         |   |   |
|----|---------|---|---|
| a) | 2009/10 | - | No capacity after meeting all the above pressures |
| b) | 2010/11 | - | Financial capacity of £766k                       |
| c) | 2011/12 | - | Financial capacity of £4,636k                     |

The position is therefore one of no additional capacity in 2009/10, a small amount of capacity (£766k) in 2010/11 and then a further £4.64m in 2011/12.

25. This tightening of the financial position for the next two years means there is little cash to allocate to corporate priorities until 2011/12 unless further efficiencies are delivered above and beyond those to be produced by Herefordshire Connects.

## Risk Management

26. The report has highlighted that the economic downturn has impacted upon the council's existing MTFMS. The report has indicated how risks such as reduced income are to be managed.
27. Clearly, there is the potential risk that the economy will be in worse shape than assumed for the purpose of budget setting. The appropriate management would be via cost reduction and a review of levels of general and specific reserves.
28. The additional risk that may occur is if the services currently supported through



former specific grants are no longer funded because of a change in priorities. This would need to be managed over time.

## **Alternative Options**

29. Alternative options for balancing the budget were examined that did not use reserves to manage the financial position. These approaches would have led to significant reductions in service.

## **Consultees**

30. Joint Management Team have been consulted on the content of this report.

## **Appendices**

Appendix A: Directorate Expenditure Requirements and Savings Proposals

Appendix B: Medium Term Financial Management Strategy (MTFMS)

## **Background Papers**

- None identified



## Appendix A

### Directorate Expenditure Requirements and Savings Proposals

Directorate	Expenditure Requirement	Savings Proposals	Estimated Cost £000	Estimated Saving £000
<b>Adult Services</b>	Telecare to support people at home Implement personalisation by expanding brokerage and advocacy		75 200	
		Reduction in management costs resulting from integration with the PCT Reduction in numbers in residential and nursing care		50 405
<b>Total</b>			<b>275</b>	<b>455</b>
<b>Children &amp; Young People's Services</b>	Strengthen the Council's approach to safeguarding, addressing specific recommendations from the recent review of Safeguarding, Assessment and Child Protection	A reduction in external placements once special fostering placements are available. Redirection of CYPD	150	100

Directorate	Expenditure Requirement	Savings Proposals	Estimated Cost £000	Estimated Saving £000
		budget to fund Directorate developments. Reduction in school travel costs.		100 100
<b>Total</b>			<b>150</b>	<b>300</b>
<b>Chief Executive</b>		Reduction in development fund		50
<b>Total</b>				<b>50</b>
<b>Deputy Chief Executive</b>	Electoral Registration – software upgrade and support	Reducing the use of consultants for recruitment to senior posts General efficiency savings	25	12 30
<b>Total</b>			25	42
<b>Environment &amp; Culture</b>	Implementation of free swimming for children and over 60's (already committed) Implementation of a new waste collection contract Increase in Landfill Tax		100 500 500	

Directorate	Expenditure Requirement	Savings Proposals	Estimated Cost £000	Estimated Saving £000
		Review the Council's Strategic Partnership Agreement with Amey		900
<b>Total</b>			<b>1,100</b>	<b>900</b>
<b>Regeneration Directorate</b>	Additional funding to support a sustainable temp. accommodation budget and prevention budget. Additional support for CAB to sustain their activity and meet demands due to downturn of economy		77.5	
		Review of Service Level Agreements	20	103
		Introduction of document scanning		25
		Redeployment of staff to fill vacant posts		125
		Reduction in numbers of subsidised bus services or a reduction in frequency of existing services		80
<b>Total</b>			<b>97.5</b>	<b>333</b>

Directorate	Expenditure Requirement	Savings Proposals	Estimated Cost £000	Estimated Saving £000
<b>Resources Directorate</b>	New statutory work to comply with the Commons Act 2006		20	
	Additional Support for Children & Young People's Directorate		35	
	Additional central procurement support		30	
		Reduce staffing levels		50
		Additional benefit subsidy to reflect increased caseload		25
		Additional Court Cost income		15
		Property serviced savings due to redundant and surplus properties		20
		Reduction in external support		15
		Increased savings from procurement efficiencies		10
<b>Total</b>			<b>85</b>	<b>135</b>

## **Medium Term Financial Management Strategy 2009 – 12**

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

The Medium Term Financial Management Strategy (MTFMS) is an important document because it reflects our strategic and operational intentions over a three-year time frame. The strategy continues to have a significant influence on our financial culture, helping to shift thinking and financial behaviour away from short-term budget setting to a more appropriate, longer-term approach that brings stability to our support for service improvement.

When the current MTFMS was agreed by council in March 2008, few people could have accurately assessed the scale of the impact of the economic downturn that has affected the world economy. Herefordshire has not been immune from these effects and we have adapted our medium term plans to address the implications of the dramatic change in the economy. With interest rates at their lowest ever level, we will see less interest received from our cash holdings, but, at the same time, the reduced cost of borrowing means that we will take the opportunity to reschedule debt if appropriate, so that we reduce the cost of existing borrowing for future generations. It is because we have a flexible MTFMS that we can make decisions as and when it is appropriate to do so.

We will shortly see our performance measured within the new Comprehensive Area Assessment (CAA) framework as we move away from a focus on individual organisations to an area-based review of performance. The change to our inspection and assessment framework is allied to the funding received by Herefordshire, which sees the Area Based Grant (ABG) putting previously separate funding streams into a single 'pot' to deliver area-based improvements. The MTFMS reflects these developments.

In 2008, the council has seen continued improvements in its financial performance and procedures that underpin our activity. This performance has been acknowledged by the Audit commission with an improved Use of Resources score that assesses the council to be a "good" performer in this important area.

The following year will be challenging as a result of the economic downturn and, as a result, it is important that we continue to deepen our partnership with the primary care trust. This deep partnership is already paying dividends and, over the next 12 months, there will be stronger evidence of its impact, including the delivery of a Joint Medium Term Financial Management Strategy that helps support the service improvement of both organisations.

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

**Cllr. Harry Bramer**  
**Cabinet Member Resources**

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

Planning the use of public money is a special accountability for Herefordshire and, as a result, it is important we continue to ensure Herefordshire has financial stability and also deploys resources to support agreed priorities. This cannot be achieved if we limit our planning horizon to a single year. The Medium Term Financial Management Strategy (MTFMS) helps the council plan over a longer time framework and demonstrate how it will use its resources in the future.

The MTFMS is now a key part of the way we deliver our services. It is an appropriate way to plan our expenditure and has played a part in helping the council's Use of Resources score improve in 2008. However, we have continued to review and, where appropriate, improve the strategy. This latest MTFMS is a shorter document, reflecting that we now have less explaining to do around some of the basic assumptions. As a result, it should be a more accessible document for the public, as well as our partners

The MTFMS has helped change Herefordshire's financial management culture. It also includes a requirement that responsibility for managing individual budgets rests with our budget managers who operate within our financial policies and procedures. The MTFMS helps explain the overall position, so that we all know that financial management is part of our day-to-day activity and that we must demonstrate we provide value for money at a time when the economic downturn is having a widespread effect.

**Chris Bull**  
**Chief Executive**

**David Powell**  
**Director of Resources**



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## **1. Introduction**

- 1.1 This Medium-Term Financial Management Strategy (MTFMS) for Herefordshire covers the financial years 2008/09 to 2011/12 and it sets out how the council intends to maintain financial stability, support investment in priority services, deliver improved value for money and manage risk as we face up to very challenging times for local government.
- 1.2 The MTFMS forms part of Herefordshire's integrated corporate, service and financial planning cycle. This cycle is designed to ensure that corporate and service plans are developed in the context of available resources and that those resources are allocated in line with corporate priorities.
- 1.3 The outcome of the Comprehensive Spending Review 2007 (CSR07) set the financial context for the three financial years 2008/09 to 2010/11. The stability brought to local government finance by a three year settlement was confirmed by the 2009 financial settlement that remained unchanged from the original allocations outlined in CSR07.
- 1.4 A major development since the last MTFMS has been the downturn in the economy and the "credit crunch", which has impacted across the world. This has had a direct impact on income earned from investing council reserves and also on the demand for the council's services. This significant change in circumstances is reflected in the revised Financial Resource Model (FRM) included in the strategy.
- 1.5 It is important to stress that whilst the Director of Resources is responsible for leading and advising on financial issues, budget managers are responsible for delivering their services within the budget made available to them and in line with the council's financial policies and procedures. This financial discipline must remain in place if the council is to maintain its reputation for good financial management confirmed in the latest Use of Resources assessment.

## **2. Economic Background**

### **2.1 Introduction**

2.1.1 This section outlines the current economic climate. The economic landscape changed dramatically in 2008 because of the 'credit crunch', the subsequent banking crisis and the change in economic outlook from slow growth to recession.

### **2.2 The Credit Crunch and Banking Crisis**

2.2.1 August 2007 saw the beginning of what has become known as the 'credit crunch' that affected the markets and the global economy. The credit crunch originated in the United States through lending to the sub-prime housing market. World wide investors, particularly banks, had invested in packages of sub-prime loans, attracted by the higher yields offered. The inter connection of the financial system meant that when these loans defaulted the impact was global.

2.2.2 At the start of 2008, the sub-prime loans crisis and the major downturn in the housing market in the United States, prompted fears around the world of the potential impact on world banking systems and on world growth. At the same time the Bank of England's Monetary Policy Committee (MPC) was very concerned at the build up of inflationary pressures, especially the rise in the oil prices and the knock on effects on general prices. Consequently, the MPC was cautious about cutting interest rates at that time.

2.2.3 The position shifted significantly in the Autumn of 2008 when the world banking system came near to collapse and governments around the world were forced to recapitalise and rescue their major banks. In the UK the Government and the Bank of England intervened by supplying liquidity to the banking market.

2.2.4 Late 2008 also saw oil and commodity prices start to fall sharply and inflationary fears were replaced by fears of recession. The housing market also came to a virtual standstill.

2.2.5 It was clear by October 2008, after the collapse of a number of financial institutions, including the Icelandic banks, that the financial crisis had precipitated an economic crisis. The extent of the banking crisis and recognition that the economic downturn would be more severe than previously predicted prompted swift reductions in the bank interest rate. On 8<sup>th</sup> October 2008 there was a co-ordinated global interest cut of 0.5%, followed in the UK by 1.5% on 6<sup>th</sup> November, 1% on 4<sup>th</sup> December and 0.5% on 8<sup>th</sup> January 2009.

2.2.6 On 19<sup>th</sup> January 2009 Gordon Brown announced a further range of initiatives, designed to get the banks lending to consumers and businesses.

2.2.7 It was evident that to try to tackle the financial position the Government abandoned its 'golden rule' to borrow only to invest over the economic cycle. The pre Budget Report on 24<sup>th</sup> November 2008 revealed the Government's plans for a significant increase in Government borrowing over coming years. This is designed to help stimulate economic growth to counter the recession.

## **2.3 Treasury Management Strategy**

- 2.3.1 The council produces an annual Treasury Management Strategy for borrowing and investment activities. The importance of the strategy is heightened by the effect of the credit crunch and banking crisis. The recent circumstances have resulted in a further tightening of investment practices and a more cautious approach.
- 2.3.2 As interest rates and the number of institutions the council invests with reduced this has had a significant impact on investment income to support the council's budget. The council has appointed Sector Treasury Services as treasury adviser to the council and part of their service is to assist the council to formulate a view on interest rates. Sector are currently predicting that the bank rate will reduce to 0.5% by 2009/10 because of the intensifying global recession. As a result the Financial Resource Model (FRM) includes a reduction in the investment income budget of £1.5m.

## **2.4 Summary of Current Situation in Herefordshire**

- 2.4.1 The latest report "Impact of the credit crunch on the Herefordshire economy" produced by Herefordshire Council Research Team uses facts and figures to give an overview of the effects of the down turn in the economy. In summary the findings suggest:
- An upward trend in unemployment, although levels are still low compared to other areas
  - An increase in number of empty business properties
  - A decline in the number of people visiting retail outlets
  - A decline in activity in the housing market
  - An increase in numbers of people experiencing debt
- 2.4.2 The impact on the council and council support services is as follows;
- Increase in people presenting as homeless
  - Increased requirement for debt advice
  - Decline in income covering planning services for Development Control and Building Control.
  - Decrease in building activity
  - Parking charges decrease
  - Licensing decreases
  - Property income reduces
  - Grant-giving charities receive less return on their investment that can be passed to public and voluntary sector schemes
- 2.4.3 The current economic down turn is therefore affecting individuals, businesses, voluntary and public sectors. Much of the impact is down to the non-availability of credit and its consequences.

## **2.5 Council Response to the Economic Downturn**

- 2.5.1 The council is intervening in a number of areas to address the negative effects of the down turn in the economy including;

- a) **Rural Enterprise Grants (REG)** – The new REG programme will provide access to finance for small scale diversification and business development projects for the benefit of rural businesses. Herefordshire Council administer this grant on behalf of AWM for the whole of the West Midlands region. The programme was launched in October 2008 and the team have experienced a high level of enquiries.
- b) **Broadband at Rotherwas** – Exploring an improved broadband service at Rotherwas that could reduce costs for some users that currently need leased lines, and help persuade others to make more use of e-business, with improved productivity and wider market opportunities.
- c) **Herefordshire Industrial Association (HIA) portal for local businesses** - This site gives signed-up businesses details of procurement/contract opportunities tendered by Herefordshire Council. The Economic Development Service is also in discussion with Business Link about delivering tailored contracting training to businesses to improve their knowledge of the procurement process and increase the quality of their responses. This approach should improve opportunities for local business to tender successfully for council contracts.
- d) **Retail Support** – A strong element of The Hereford City Centre Regeneration Strategy is to reinvigorate the retail element of the city centre. Rural shops are also under pressure due to the withdrawal of Post Offices. An approach has been made to AWM to support rural shops, and a new Market Town programme could support retail/services if implemented in 2009/10 financial year.
- e) **Housing Financial Support Packages** - The Homelessness and Housing Advice Team offer a range of preventative interventions aimed at reducing the risk of homelessness.
- f) **Affordable Housing** - Strategic Housing are supporting applications for grant support to the Homes and Communities Agency (HCA) for the funding of additional affordable homes. Private sector landlords are also being offered the opportunity to lease their empty property to the council for the purpose of offering a home to homeless households on the waiting list.
- g) **Energy Efficiency grants** – These are promoted to support households to improve energy efficiency in their homes and tackle fuel poverty in support of the Affordable Warmth Strategy.
- h) **Communication regarding benefit entitlement** - An advertising campaign began in December 2008 at Morrison Supermarket, followed by promotional material on the local buses and future advertising is planned at local hospitals in Bromyard and Leominster.
- i) **Access to benefit information** – The Benefit Service is increasing training for front line staff at the Info Shops around the County to give improved benefits advice to customers. Claim forms are being improved and increased publicity leaflets are being produced to provide easier access to help and more useful information to customers.
- j) **Maximise Benefit Database** – There is joint working across the Benefit Service and Children and Young Peoples Directorate to use the council's

benefit database to provide access to free school meals to children who are entitled.

- k) **Benefits for older people** - Recent activity includes an advertising campaign about welfare benefits entitlement and the availability of energy efficiency grants.

2.5.2 The potential loss of income to the council as a result of the economic downturn has been addressed in the financial strategy. The FRM includes £500k reduced income in 2009/10, which is expected to recover to £400k in 2010/11 and £300k in 2011/12.

2.5.3 The proposed allocation of the £500k for 2009/10 is as follows;

- Deputy Chief Executive's Directorate: The current target for land charges is likely to suffer a £150k shortfall in 2009/10.
- Regeneration Directorate: The recession has impacted upon planning income and the current estimate for 2009/10 is for a shortfall of £175k.
- Resources Directorate: A reduction in income for business units is likely and £50k is to be used to support this position.
- Environment Directorate: An additional £125k is to be used to support the reduction in car park fee income.

2.5.4 The 2009/10 capital bids in Section 6.11.8 largely reflect initiatives to mitigate the impact of the economic downturn.

### **3. The National Financial Context**

#### **3.1 Introduction**

3.1.1 This section of the MTFMS sets out the financial context at national level for local government.

#### **3.2 Comprehensive Spending Review 2007 (CSR07)**

3.2.1 CSR07 set Departmental Expenditure Limits (DEL) for all government departments, including local government, taking account of spending plans and priorities for 2008/09 to 2010/11. CSR07 was prepared in the context of projected lower economic growth and was tighter than the previous spending review. However it still assumed underlying economic growth and as a result CSR07 provided local government with a real increase in funding of 1% a year, with the Chancellor stating that annual increases in council tax would be capped at 5%.

3.2.2 Ring-fencing of a number of grants was removed and switched to revenue support grant or area based grant. This change was in line with a commitment to increase flexibility.

3.2.3 Within CSR 07 the key challenges identified for local government were;

- Adult Social Care – rising demands due to long-term demographic changes
- Education – including capital investment
- Waste – pressure to reduce household landfill
- Communities – increasing place-shaping role for councils
- Services – rising expectation for modern and personalised services

3.2.4 Local authorities were expected to develop services within this funding regime by a rigorous pursuit of the efficiency agenda. Public services were set a target of achieving at least 3% per annum net cash releasing gains over the CSR07 period. Cashable efficiency savings of £4.9bn were expected from local government, mainly from better procurement and business processes.

3.2.5 As part of the CSR07 framework announcements around the performance framework for local government included;

- A single set of local government priorities in Public Service Agreements
- 198 national performance indicators
- A maximum of 35 national targets negotiated through Local Area Agreements (LAA)

#### **3.3 Local Area Agreements (LAA) and Area Based Grants**

3.3.1 LAAs are three year agreements between central and local government, designed to meet national targets as well as local priorities. They are intended to devolve more power to local communities combining area based funding streams into an area based grant to give local authorities and their partners more flexibility to make funding decisions in response to local needs and priorities.

#### **3.4 Pre Budget Report 2008**

3.4.1 The Chancellor of the Exchequer's 2008 Pre-Budget statement to the House of Commons on 24<sup>th</sup> November 2008 informed Parliament about what has been achieved to date, updated Parliament on the state of the economy and public



finances, and set out the direction of Government policy in the run up to the spring Budget. At the same time the chancellor indicated that the Government's immediate priority was to support the economy through the current downturn. The Treasury reduced its forecasts for economic growth for 2008 and predicted that the economy would shrink in real terms in 2009. The expectation is that economic growth will recovery from 2010/11 onwards.

3.4.2 Headlines from the Pre-budget report are;

**a) Economy**

- Growth forecast for the UK is expected to fall to -0.75% to -1.25% in 2009
- Inflation is expected to continue to fall
- A £20bn fiscal 'boost' between now and 2010
- Borrowing will be significantly higher than forecast (£78bn in 2008, £118bn in 2009)
- The Government will find £5bn extra efficiency savings by 2010/11.
- £3bn of capital spending will be brought forward from 2010/11.

**b) VAT**

- Temporarily reducing VAT by 2.5 % (17.5% to 15%) until the end of 2009 providing £12.5bn to stimulate the economy

**c) Income Tax**

- The temporary £120 allowance for people who lost out as a result of ending the 10% income tax rate will be made permanent, with the amount rising to £145
- A new 45% income tax rate on earnings over £150k from April 2011 (if Labour wins the next election)

**d) National Insurance**

- National Insurance to go up by 0.5 per cent from April 2011

**e) Alcohol, Tobacco and Petrol**

- Increased duty on alcohol, tobacco and fuel to compensate for the fall in VAT

**f) Car Tax**

- Car tax increases to be less than announced in the April Budget

**g) Businesses**

- Temporary extension of empty property reliefs
- £1bn for a temporary Small Business Finance Scheme
- 1p rise in small business corporation tax postponed

**h) Mortgages**

- Measures to help mortgage payers to be announced
- £15m funding for debt advice
- Help for people with mortgages up to £200k who have lost their jobs

**i) Environment**

- £100m to help households insulate homes
- £530m to be spent on energy efficiency, rail and environmental protection
- Air passenger duty to be rated on distance travelled

#### **j) Social Housing and Regeneration**

- An additional £775m to invest in social homes and regeneration

#### **k) Children and the Elderly**

- Child Benefit to increase from £18.80 to £20 in January 2009
- Pension Credit will increase from £124 to £139 a week for single people
- State Pension for single people increasing from £90.70 to £95.25 a week from April 2009
- Pensioner one-off payment of £60 in January 2009

### **3.5 Local Government**

3.5.1 The Chancellor's only real mention of local services was his promise to continue "improving" public services and ensuring "value for money".

3.5.2 Those announcements of particular interest to local authorities were:

- Bringing forward of £3bn of capital spending from 2010/11 into 2009/10 and 2008/09 for housing, education, transport and other construction projects
- Local government will achieve £4.9bn of annual net cash-releasing efficiency savings by 2010/11.

### **3.6 Local Government Settlement 2008/09 to 2010/11**

3.6.1 The Provisional 2009/10 Settlement was originally announced on 6 December 2007 as part of the first three-year settlement along with Provisional 2008/09 and 2010/11 allocations. The final Local Government Settlement for 2008/09 and provisional settlements for 2009/10 to 2010/11 were laid before the House of Commons in January 2008.

3.6.2 On 26th November 2008 the Minister for Local Government, John Healey MP, presented the Provisional Settlement for 2009/10 and confirmed that;

- a) Formula grant, which includes Revenue Support Grant, redistributed business rates and Police Grant, would be the same as announced in January 2008.
- b) Formula grant will total £28.3bn in 2009/10 and £29bn in 2010/11, increases of 2.8% and 2.6% respectively.
- c) Total funding for councils, including specific grants, would be £73.1bn in 2009/10, an increase of 4.2%, and £76.4bn in 2010/11, an increase of 4.4%.
- d) Specific grants, including PFI and Area Based Grant increased by 4.9%

3.6.3 At the same time the Government published figures for specific grants, including Area Based Grant of £49.1bn in 2009/10 and £51.7bn in 2010/11.

3.6.4 The Minister stressed the importance of the annual efficiency improvements and announced that councils need to be finding more than £1.5bn new savings every year. In order to ensure that local residents have information about their council's efficiency performance the Minister confirmed that councils will be required to set out efficiency figures on council tax bills and in accompanying leaflets from 2009/10.

- 3.6.5 The Government made it clear that they expect council tax increases for 2009/10 to be substantially less than 5% overall and that they would not hesitate to use capping powers if necessary.
- 3.6.6 John Healey MP presented the Final Local Government Finance Report in a written statement to the House of Commons on 21<sup>st</sup> January 2009 and confirmed that the final figures remained unchanged from those published in November 2008.

### **3.7 Efficiency Agenda**

- 3.7.1 The national efficiency agenda was initiated by the 2004 Gershon Review, which promoted savings from shared back office services and joint procurement arrangements. The aim was to make the best use of resources available for the provision of public services and to release more resources to the front line.
- 3.7.2 The 2004 Spending Review incorporated these objectives. All councils had to deliver 2.5% efficiency savings per year, with at least half of these to be cash releasing. The target was a total of £3bn by the third year (2007/08).
- 3.7.3 The 2007 Comprehensive Spending Review (CSR 07) required councils collectively to deliver 3% cash releasing savings per year. The target is £4.9bn by the third year (2010/11).
- 3.7.4 In the 2008 Pre Budget Report the Government announced that departments were making good progress towards the CSR 07 value for money target and announced an additional £5bn target for 2010/11. The details of how the £5bn will be distributed will be published in the Spring Budget.

### **3.8 Outlook for Local Government**

- 3.8.1 The indication for local government is that there will be increasing pressure on services. Demand for services including housing, social services and economic development will increase. Regeneration will be a key priority. Pension costs too are increasing and the concept of public sector pensions is under challenge.
- 3.8.2 The indication is that funding settlements from 2011/12 are likely to include slower growth rates than CSR07. As the council's MTFMS now includes the first year of the next CSR cycle it is taking a cautious assessment of the financial position in 2011/12. As a result nil growth in central government funding is factored into our planning from that year.

## 4. Herefordshire's Financial Context

### 4.1 Introduction

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

### 4.2 Formula Grant

4.2.1 The three year settlement under CSR07 was confirmed in January 2009. Over the CSR07 period Herefordshire Council's Formula Grant allocation, including Revenue Support Grant and Non-distributed rates is:

	<b>2008/09 Final</b>	<b>2009/10 Final</b>	<b>2010/11 Provisional</b>
Formula Grant	£53.3m	£55.4m	£57.6m
Increase on like-for-like basis	4.8%	4.0%	4.0%

4.2.2 These figures remain unchanged from those announced in January 2008. We do not have any indicative figures for 2011/12 and the Financial Resource Model includes an assumption that the grant will remain unchanged from 2010/11.

### 4.3 Specific Grants

4.3.1 The allocation of specific grants was confirmed in January 2009 including Dedicated Schools Grant. The figures for Herefordshire are as follows;

	<b>2009/10 £000</b>	<b>2010/11 £000</b>	<b>Change £000</b>
<b>REVENUE GRANTS</b>			
<b>Education and Children's Personal Social Services</b>			
Dedicated Schools Grant	84,291	87,411	+3,120
Schools Standards Grant (including Personalisation)	5,129	5,236	+107
Ethnic Minority Achievement	47	47	0
Music Services	293	293	0
Extended Schools	513	723	+210
School Development Grant	7,666	7,782	+116
School Meals	239	239	0
Free Entitlement for 3-4 Year Olds	351	1,165	+814
Sure Start, Early Years and Childcare	3,770	4,422	+652
Youth Opportunity Fund	90	90	0
Short Breaks (Aiming High for Disabled Children)	167	537	+370
			0
<b>Adults' Personal Social Services</b>			0
Social Care Reform	712	886	+174
Stroke Strategy	89	89	0
			0
<b>Other</b>			0
Concessionary Fares	555	571	+16
Homelessness Basic Revenue	60	60	0

* Supporting People	5,887		-5,887
Growth Areas - Revenue	171	171	0
			0
<b>CAPITAL GRANTS</b>			0
<b>Department for Children, Schools and Families</b>			0
Devolved Formula Grant	2,745	2,745	0
Extended Schools	321	166	-155
Harnessing Technology Grant	1,225	1,091	-134
Modernisation Grant		1,457	+1,457
Intervention Centre	850	850	0
Sure Start, Early Years & Childcare Capital Grant	1,257	1,010	-247
TCF 14-19 diplomas & SEN projects	2,000	6,000	-4,000
Youth Capital Fund	76	76	0
Building Schools for the Future	7,882	8,644	+762
Academy Funding	9,146	8,662	-484
			0
<b>DEFRA</b>			0
Waste Infrastructure	312	115	-197
			0
<b>Dept of Health</b>			0
Mental Health Grant	96	96	0
Social Care	96	96	0
Improving Management Information	59	64	+5
			0
<b>Dept for Transport</b>			0
Local Transport Plan Highways Maintenance	100	125	+25
Local Transport Plan Integrated Transport (Part)	748	714	-34
Road Safety	74	72	-2
			0
<b>Home Office Capital Grants</b>			0
Safer Stronger Community Fund	44	44	0
			0
<b>DCLG</b>			0
Disabled Facilities Grant	468	tbc	-468
Housing Market Renewal	734	734	0
Growth Areas – Capital	1,460		-1,460
			0
<b>TOTAL</b>	<b>139,723</b>	<b>142,483</b>	<b>+2,760</b>

\*From 2010/11 Supporting People grant will be included in the Area Based Grant. In 2009/10 it will not be ringfenced.

#### 4.4 Area Based Grant

4.4.1 As part of the 2007 Comprehensive Spending Review, the Government announced the creation of Area Based Grants (ABG), a non-ringfenced general grant, made up of a wide range of former specific grants.

4.4.2 The area based grant for Herefordshire Council for 2009/10 is £9.5m, which is made up of the following grant streams;

	<b>£000</b>
Cohesion	49
Supporting People Administration	119
Climate Change (Planning Policy Statement)	22
School Development Grant	82
Extended Schools Start-Up Grants	813
Primary National Strategy - Central Co-ordination	115
Secondary National Strategy - Central Co-ordination	141
Secondary National Strategy - Behaviour and Attendance	68
School Improvement Partners	108
Education Health Partnerships	55
School Travel Advisers	32
Choice Advisers	20
School Intervention Grant	70
14 - 19 Flexible Funding Pot	48
Sustainable Travel - General Duty	16
Extended Rights to Free Transport	257
Connexions	1,470
Children's Fund	357
Child Trust Fund	2
Positive Activities for Young People	86
Teenage Pregnancy	99
Children's Social Care Workforce	40
Care Matters White Paper	115
Child Death Review Processes	16
Young Peoples Substance Misuse	27
Adult Social Care Workforce	504
Carers	834
Child & Adolescent Mental Health	217
Learning & Disability Development Fund	132
Local Involvement Networks	119
Mental Capacity Act & Independent Mental Capacity	107
Mental Health	444
Preserved Rights	1,471
Stronger Safer Communities	182
Young People Substance Misuse Partnership	31
Road Safety Grant	331
Rural Bus Subsidy	921
<b>TOTAL</b>	<b>9,520</b>

4.4.3 The ABG represented a significant shift in the Government's approach to funding when it was introduced in 2008/09. It is important to stress this is not 'new' money.

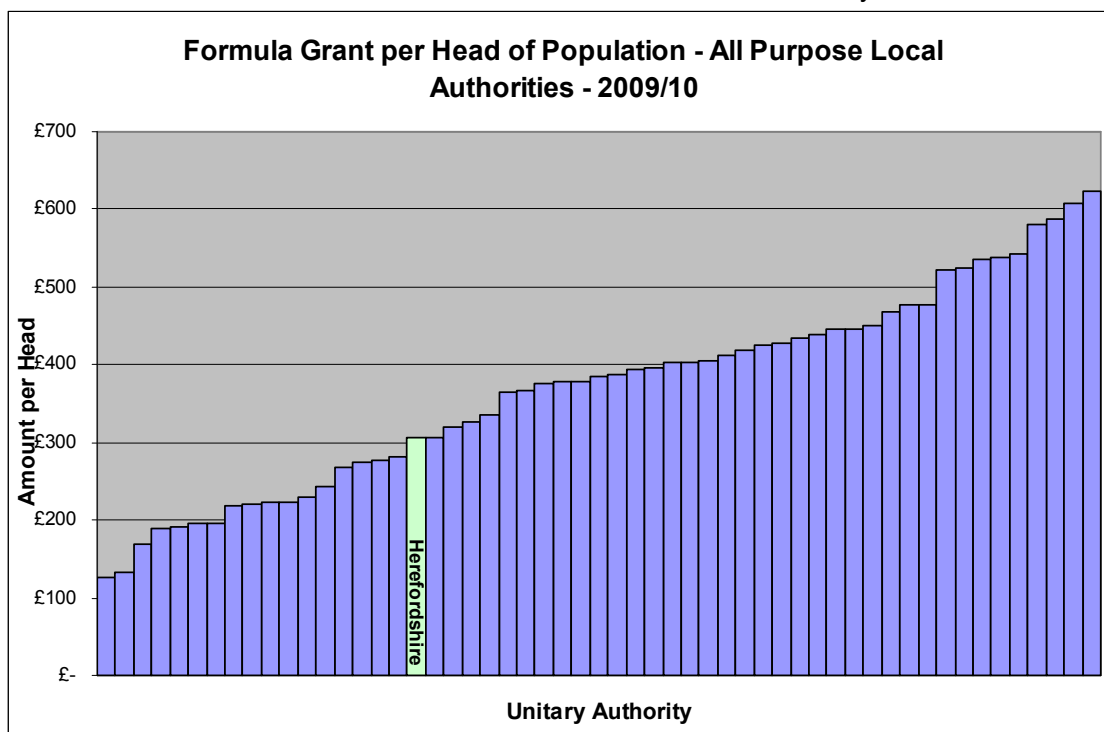
It is a change to the way existing grant schemes are presented and can be used. The challenge faced by all local authorities is one of transition from funding existing services using specific grants that become part of ABG. To help the transition Herefordshire's approach is that all grants automatically stay within existing service areas for the year immediately following their inclusion in ABG. Thereafter the funding decisions are part of the governance arrangements of the Herefordshire Partnership.

## 4.5 Comparative Funding Position

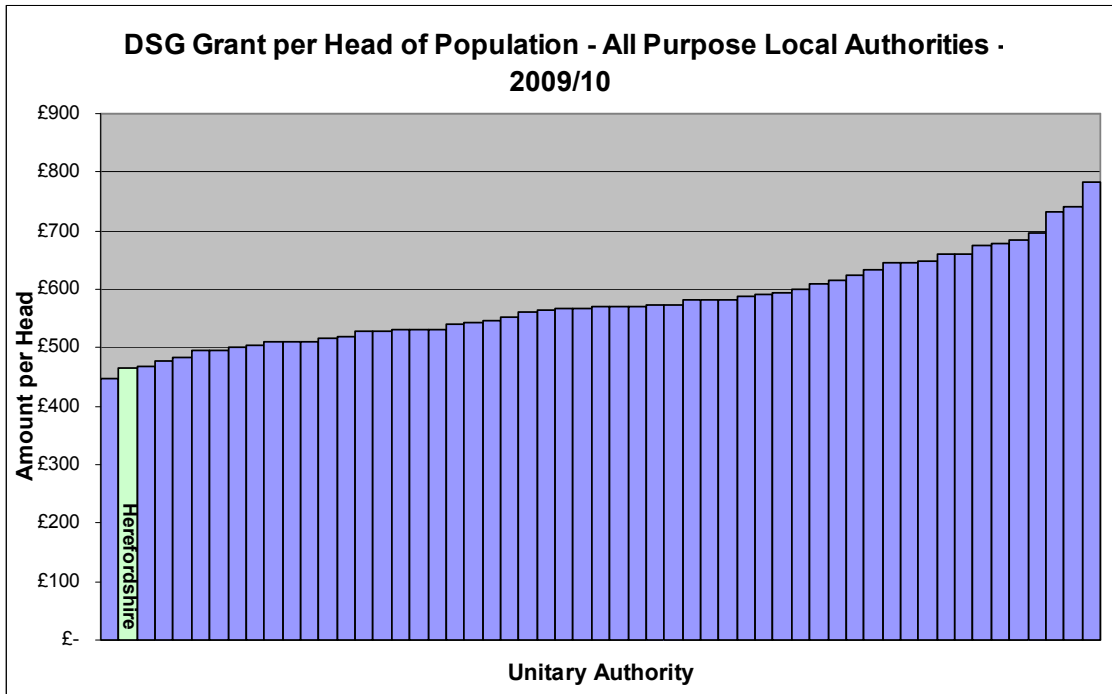
4.5.1 Herefordshire does not get a fair share of central Government funding and this continues to be the case. The 2009/10 settlement figures show that:

- a) Formula Grant per head of population is £306 – 17% below the unitary authority average of £369.
- b) Indicative Dedicated Schools (DSG) Grant per head of population is £466 – 19% below the unitary authority average of £576.
- c) Formula Grant plus indicative DSG per head of population is £771 – 18% below the unitary authority average of £945.

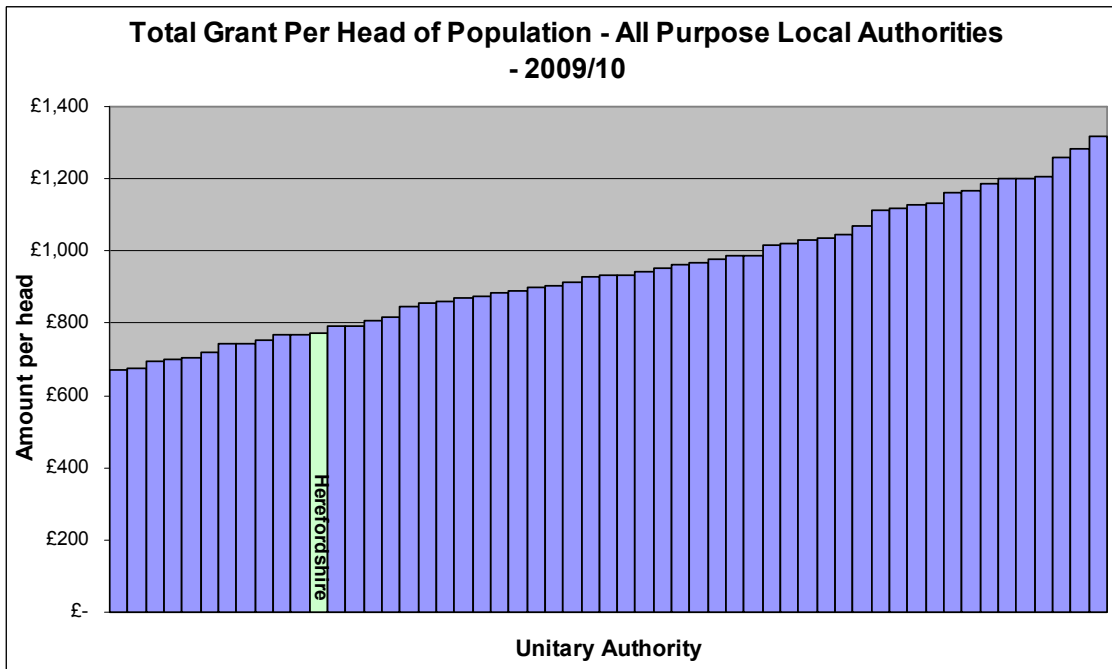
4.5.2 The graph below shows Formula Grant per head of population for all unitary councils for 2009/10. It shows that Herefordshire is 38th out of 55 unitary authorities.



4.5.3 The graph below shows DSG per head of population for all unitary authorities for 2009/10. It shows that Herefordshire is 54th out of 55 unitary authorities.



4.5.4 The graph below shows grant per head of population, including both Formula Grant and DSG for all unitary authorities for 2009/10. It shows that Herefordshire is 44<sup>th</sup> out of 55 unitary authorities.





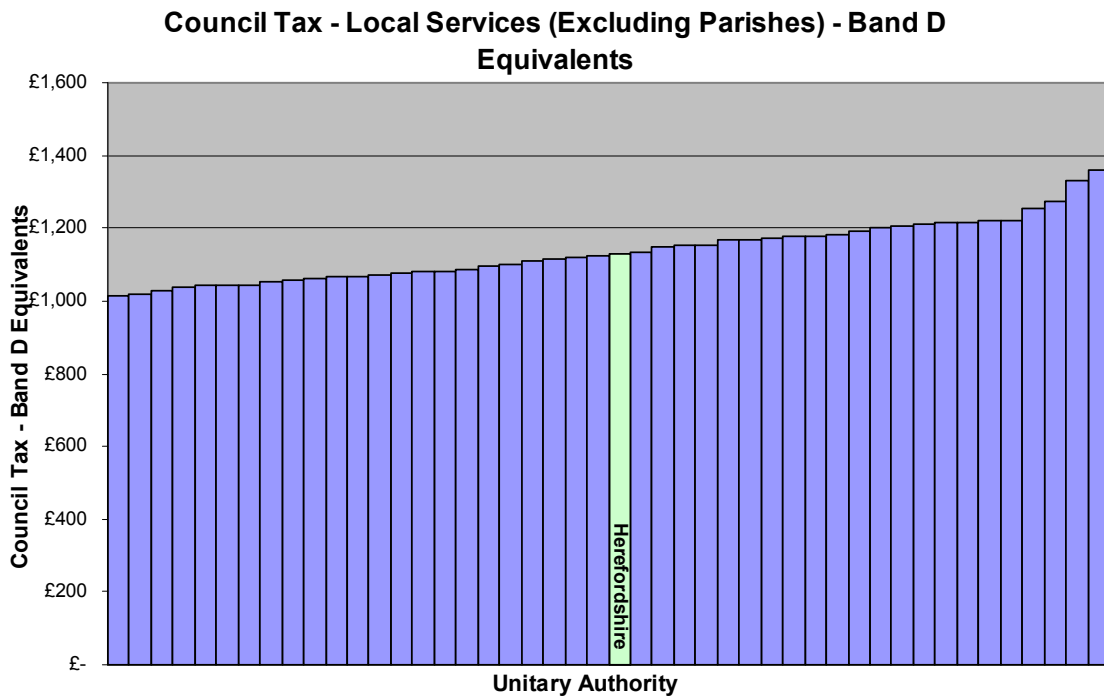
## 4.6 Council Tax

4.6.1 The Government has stated that councils are expected to agree council tax increases of substantially less than 5% overall.

4.6.2 The previous section clearly demonstrated that Herefordshire does not get a fair share of central government funding. This lack of funding is not at the expense of above average levels of council tax. In fact Herefordshire Council's council tax for 2008/09 is below average as shown below;

	Average Council Tax excl. Parish Payments (Band D)	Difference	% Difference
<b>Herefordshire</b>	<b>£1,131.13</b>	<b>-</b>	<b>-</b>
<b>Unitary authorities</b>	<b>£1,132.52</b>	<b>£1.39</b>	<b>0.1%</b>
<b>West Midlands</b>	<b>£1,330.63</b>	<b>£199.50</b>	<b>17.6%</b>
<b>England</b>	<b>£1,355.24</b>	<b>£224.11</b>	<b>19.8%</b>

4.6.3 The following graph shows Herefordshire's Council council tax position in relation to other unitary councils;



## 4.7 Reserves

### 4.7.1 Revenue Reserves

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

4.7.3 The following table shows the balance on the General Fund and the level of Specific Reserves at the end of the last 4 financial years plus an indicative forecast of the position at the end of 2008/09.

Balance as at:	General Fund £000	Specific Reserves		Total £000
		Schools	Other	
31st March 2005	14,491	8,919	2,325	25,735
31st March 2006	14,525	8,739	5,203	28,467
31st March 2007	8,023	8,137	11,637	27,797
31st March 2008	6,728	5,657	10,915	23,300
31st March 2009 (estimated)	6,766	5,200	6,684	18,650

4.7.4 A significant proportion of the Specific Reserves belong to our schools and cannot be used to help pay for non-schools services.

4.7.5 From 1<sup>st</sup> April, 2008, the council's policy has been to maintain the General Reserve at £4.5m (approximately 3.5% of the net revenue budget). This level of General Reserve balance is in line with recommended best practice and is consistent with the approach other similar authorities take. The Director of Resources is content to make his statutory declaration that this level of General Reserves is prudent as it provides adequate cover for:

- a) Demand pressures that are volatile, difficult to predict or unforeseen at the time the budget is set and that are not covered by an earmarked reserve.
- b) The contingent liabilities at the end of the 2007/08 financial year as set out in the annual Statement of Accounts.
- c) An adverse change in the key variables within the Financial Resource Model (FRM) as identified in section 7.7 of the MTFMS 2009 – 2012.
- d) Daily cash flow needs.

### 4.7.6 Capital Reserves

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

4.7.8 The following table shows the level of usable capital receipts for the last 4 financial years and an estimate for 2008/09;

<b>Balance as at:</b>	<b>£000</b>
31st March 2005	18,291
31st March 2006	20,070
31st March 2007	22,426
31st March 2008	17,945
31st March 2009 (estimated)	9,459

4.7.9 The estimated position at 31<sup>st</sup> March 2009 includes additional receipts of £2.53m in 2008/09 and the anticipated use of £11.02m to fund the capital programme.

4.7.10 The council has 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 support future capital expenditure requirements.

4.7.11 The council has a policy that ensures capital cash resources are used effectively in support of corporate priorities. As a result all capital receipts are a corporate resource and not 'owned' or earmarked for directorates unless allocated for a specific purpose.

## **4.8 Summary**

4.8.1 Herefordshire is not a well-resourced council. Government grant systems attempt to make allowance for the additional cost and complexity of delivering services in a sparsely populated area but do not do enough for councils like Herefordshire where its sparse population is more evenly distributed throughout the area.

## **5. Herefordshire's Policy Context**

### **5.1 Introduction**

5.1.1 This section of the MTFMS describes the local policy context for Herefordshire.

### **5.2 Herefordshire Sustainable Community Strategy**

5.2.1 *The Herefordshire Sustainable Community Strategy 2006 to 2020* sets out what the council and its partners aim to achieve to make the county an even better place to live and work. Our priorities are closely aligned with central government priorities for public services. *The Local Area Agreement (LAA)* between the council, its partners and the Government is at the heart of delivering the strategy.

### **5.3 Corporate Plan and Annual Operating Statement**

5.3.1 The current Corporate Plan sets out what the council aims to achieve over the years 2008 to 2011, including what it will do to make a reality of the *Herefordshire Sustainable Community Strategy (HSCS)*. A revised plan for 2010 to 2013 is scheduled to be approved by September 2009.

5.3.2 The Corporate Plan contains the current overall targets, milestones and actions, together with the current budgets and other resources to achieve them, over the coming years. In March 2009 the council will publish a one-year Annual Operating Statement, which will report progress in delivering the Corporate Plan targets and key actions in 2008/09 and set out targets and timetabled key actions in 2009/10.

5.3.3 The council's Corporate Plan themes are:

- a) Children and Young People
- b) Health and Well Being
- c) Older People
- d) Economic development and enterprise
- e) Safer and stronger communities
- f) Sustainable communities
- g) Organisational improvement and greater efficiency

### **5.4 The Council's Top Priorities**

5.4.1 The council's top priorities are:

- The best possible life for every child, safeguarding vulnerable children and improving educational attainment
- Reshaped adult health and social care, so that more older and other vulnerable people maintain control of their lives
- The essential infrastructure for a successful economy, enabling sustainable prosperity for all
- Affordable housing to meet the needs of local people
- Better services, quality of life and value for money, particularly by working in partnership with the Herefordshire Primary Care Trust and other local organisations
- to the HSCS and the Local Area Agreement.

5.4.2 The table in Appendix A illustrates how the council's themes and top priorities relate

## **5.5 Public Consultation**

5.5.1 During the Autumn of 2008, the council and PCT jointly commissioned a survey of a representative sample of households across the county to gauge the population's views on the balance we should strike between different priorities and between those and the level of council tax. This was supplemented with workshops for older people in a rural area, disabled people and carers, and teenagers.

5.5.2 The results for council-led services showed a close correlation between the public's choices and the council's top priorities as shown in its Corporate Plan. In particular, the public wanted to see improvements to tackle traffic congestion, the provision of more support for families to protect vulnerable children and an increase in provision to meet increasing demand for adult social care. The public didn't want any reductions in youth services or in the provision of short-term re-ablement therapy in people's homes. They also didn't want reductions in the amount of support given to carers, nor in services for people with dementia or other mental health problems. Additionally, they didn't want there to be any deterioration in the condition of minor roads and footways.

5.5.3 To help pay for their desired improvements, the public indicated that they would be prepared to see reductions in other services, as well as more being charged for car parking and non-residential social care.

5.5.4 The council and the PCT are considering the outcomes from the consultation as they draw up plans together for coming years. They will also take account of the findings of the new national *Place Survey*, the results of which are expected in March 2009. This measures people's perceptions of the quality of their lives and what they think most needs to be improved.

## **5.6 Directorate and Service Plans**

5.6.1 Plans for individual directorates and services set out what each directorate and service will do to contribute to the corporate plan and achieve relevant targets. These feed into the plans of individual teams and the objectives and targets set annually for individual managers and their staff.

## **5.7 Herefordshire Partnership**

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

- a) Chamber of Commerce Herefordshire and Worcestershire, and Business Link West Mercia.
- b) Herefordshire Association of Local Councils.
- c) Herefordshire Council.
- d) NHS Herefordshire.
- e) Learning & Skills Council, Herefordshire and Worcestershire.

- f) Third Sector Organisations.
- g) West Mercia Constabulary.
- h) Fire Rescue Service

5.7.2 A significant factor that will improve the partnership's effectiveness is that over the last year the council has entered into a 'deep partnership' with the primary care trust – Herefordshire Public Services (HPS) – to provide a more effective and efficient service that will improve outcomes for local people, a better experience of services and improved value for money.

5.7.3 The overarching vision and priorities for Herefordshire are embodied in the Sustainable Community Strategy (Herefordshire Community Strategy) and the associated Local Area Agreement. The Community Strategy is due to be refreshed in 2009 to ensure that it is aligned with other existing and emerging plans and strategies. The Local Area Agreement was signed off by ministers in June 2008 and is due to be refreshed, in line with central government guidance, in March 2009.

## **5.8 The Performance Improvement Cycle (PIC)**

5.8.1 The council's links its financial planning and monitoring with corporate and LAA priorities through the annual Performance Improvement Cycle (PIC) process. The purpose of the PIC is to enable the council to:

- a) link directly, at all stages of planning and performance management, the allocation of resources with the delivery of the council's priorities in terms of measurable outputs and outcomes
- b) make informed choices about the trade-offs between investment in different services
- c) achieve the best possible value for money, overall and in respect of individual services
- d) make cash-releasing and non-cash-releasing savings to meet Government requirements and deliver service improvements in priority areas
- e) drive continuous performance improvement for better customer services across the council
- f) take account of what it needs to contribute to the Herefordshire Community Strategy and the Local Area Agreement
- g) maximise the benefit of the developing public service arrangements with the PCT.

5.8.2 To these ends, the processes for corporate, service and financial planning are fully integrated into the cycle.

5.8.3 The timetable for key elements of the performance improvement cycle for 2008/09 is attached at Appendix B. The PIC will be reviewed and rolled forward shortly for 2009/10.

## **6. Financial Management Strategy**

### **6.1 Introduction**

6.1.1 This section of the MTFMS describes Herefordshire's corporate financial objectives given the national and local context. It also covers Herefordshire's financial management proposals to achieve these objectives. This section also describes the financial management strategies for:

- a) Revenue spending.
- b) Capital investment.
- c) Efficiency review and improving Value for Money.
- d) Treasury management.

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

### **6.2 Corporate Financial Objectives**

6.2.1 Herefordshire's corporate financial management objectives are to:

- a) Ensure budget plans are realistic, balanced and support corporate priorities.
- b) Maintain an affordable council tax – the Financial Resource Model (FRM) in the MTFMS assumes a sub-5% increase. This is in line with the 2009/10 Local Government Settlement announcement.
- c) Manage spending within budgets – Directorates are required as a 'non-negotiable' to manage outturn expenditure for each financial year within budget.
- d) Ensure sustainable balances, reserves and provisions – within a reasonable limit consistent with the corporate financial risks without tying up public resources unnecessarily.
- e) Create the financial capacity for strategic priorities for service improvement.
- f) Support a prudent level of capital investment to meet the council's strategic requirements.
- g) Maintain a strong balance sheet position.
- h) Deliver year on year efficiency and Value for Money improvements.
- i) Ensure an integrated approach to corporate, service and financial planning in full consultation with key stakeholders.
- j) Ensure a whole-life costing approach is taken to both revenue and capital spending decisions.

### **6.3 Managing partnership resources**

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

- a) The financial viability of partners before committing to an agreement.

- b) Clarity of respective responsibilities and liabilities.
- c) Accounting arrangements are established in advance of operation.
- d) Implications of terms and conditions on any associated funding are considered in advance of operation.

6.3.2 From 2008/09 the new Area Based Grant (ABG) has been introduced, which develops the integration of partnership funding to achieve shared objectives. As an interim arrangement it was agreed by the Herefordshire Partnership (HP) Chief Executive's Group (CEG) that 2008/09 would be a transition year, with ABG allocated back to the areas where the base grants originated, giving each partner the autonomy to allocate the funding to their areas of activity. At the same time it was recognised that there was a need to move from this position with resources targeted at areas of most need and linked to the priorities of the Local Area Agreement (LAA).

6.3.3 The need to address the distribution of ABG has become even more apparent as the requirements of Comprehensive Area Assessment emerge with the targeting and use of resources being a key success indicator. A mechanism for achieving this is currently being developed.

#### **6.4 Managing external funding**

6.4.1 External funding provides another opportunity to increase financial capacity. The MTFMS will be to pursue actively such opportunities, providing that:

- a) Match funding requirements are considered in advance.
- b) They support corporate priorities.
- c) They do not conflict or distract from corporate priorities.
- d) They have no ongoing commitment that cannot be met by base budget savings.
- e) They do not put undue pressure on existing resources.
- f) The net cost overall is not excessive

#### **6.5 Managing Developer Contributions**

6.5.1 This is another source of external funding that can be secured through the planning system. It may be possible to secure funding to support the cost of day-to-day services (e.g. commuted sums for maintenance of public open spaces). Support for capital infrastructure can also be achieved in this way (e.g. developer contributing to cost of new access roads).

6.5.2 The MTFMS is to maximise the potential for increasing financial capacity and / or managing growth in volumes through s106 agreements where possible.

#### **6.6 Managing Fees and Charges**

6.6.1 The council is currently developing a corporate charging strategy with the aim of implementing a corporate charging policy.

6.6.2 The MTFMS is to recognise the potential for discretionary charges to fund services and influence behaviour in line with corporate priorities.



## 6.7 Managing the General Fund Balance & Specific Reserves

6.7.1 Herefordshire's General Fund balance at the start of 2008/09 was healthy at a level of £6.728m. This is in excess of the current policy in place to maintain a minimum balance of £4.5m.

6.7.2 The impact on General Fund balances in 2008/09 is illustrated in the following table:

	£000	£000
<b>General Fund balance on 1<sup>st</sup> April 2008</b>		<b>6,728</b>
<b>Plus</b>		
Potential 2008/09 underspend (month 9 monitoring)	238	
<b>Less</b>		
HALO Job evaluation funding	-200	
		38
<b>General Fund Balance on 31st March 2009</b>		<b>6,766</b>

6.7.3 The above table makes a number of assumptions but shows the likely position on General Fund balances at the end of 2008/09.

6.7.4 Herefordshire's financial management strategy is to maintain specific reserves to deal with the key corporate financial risks reducing the need for a higher level of General Fund balances. This strategy ensures there is complete transparency about what is resourced for corporate financial risks that, if realised, would affect the council's financial standing. It represents an 'open-book' approach to accounting.

6.7.5 All Directorates are expected to manage budget pressures within the overall requirement to deliver an outturn at or below budget.

6.7.6 The need for the range and level of specific reserves and the policy for minimum General Fund balances is continually reviewed as part of the financial planning, monitoring and outturn processes. The strategy described here provides cover for the key corporate financial risks.

## 6.8 Managing financial performance

6.8.1 Maintaining strong financial control is a prerequisite to achieving the council's corporate priorities and the integrity of the MTFMS. Good systems and procedures are in place for regularly reporting on financial performance to Cabinet and Strategic Monitoring Committee as part of the integrated performance framework.

## 6.9 Efficiency Review

6.9.1 Herefordshire's strategy for securing efficiency gains is to seek continual improvement in the productivity of all our resources – people, land & property, ICT and cash.

6.9.2 Herefordshire has had a good track record delivering on 2.5% overall efficiency gains targets.

6.9.3 The government indicated a 3% "cashable" target over the term of the CSR07. This is on target for 2008/09 and will be published for the first time on council tax bills in 2009.

6.9.4 The Director of Environment is in the process of implementing a plan to achieve significant efficiencies and improvements in service delivery within the limits of the cash allocations for his area of responsibility.

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

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

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

- a) Ensuring service managers deliver the outputs and outcomes agreed for their service area within budget – managing within budget is a key responsibility for all budget holders embedded in our staff review and development procedures.
- b) Support from the Procurement & Efficiency Review section and reviewing the level of corporate resource for this critical function.
- c) Integrating corporate, service and financial planning processes.
- d) Planning over the medium-term as well as the short-term.
- e) Developing our routine financial performance monitoring reports for Cabinet to include VfM data over the coming year.
- f) Benchmarking our costs and activities with other authorities.
- g) Through internal and external audit reviews.
- h) Through scrutiny reviews.

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

6.11.1 The council has received indicative funding notifications from central government for 2009/10 and future years. Supported Capital Expenditure allocations (borrowing supported by Revenue Support Grant) for 2009/10 total £13.57m, split £2.37m towards children's services and £11.20m towards environment and culture.

6.11.2 In addition the council can borrow to the extent it considers it is affordable and prudent to do so (Prudential borrowing).

6.11.3 The FRM for the revenue account reflects the new borrowing requirement implied by the Treasury Management Strategy (see section 6.12) to support the capital programme.

6.11.4 The capital receipts reserve totalled £17.94m as at 1st April, 2008. Receipts of £2.53m have been received to date in 2008/09. Expected capital receipt reserve spending in 2008/09 totals 11.02m leaving a balance of £9.45m to be carried forward into 2009/10. This may change if additional receipts arise before 31st March 2009 and depending on final funding decisions for capital spending in 2008/09 when the annual accounts are prepared.

6.11.5 Capital receipts reserve funding of £2.77m has been committed to fund the 2009/10 capital programme. However additional capital receipts from the sale of smallholdings are expected.

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

- a) Maximising developers' contributions as outlined in the financial management strategy for the revenue account.
- b) Effective project management of capital schemes to ensure they stay within budget.
- c) Creating the capacity to implement the property review arrangements set out in the Asset Management Plan to see what further opportunities there are for rationalising property assets and releasing resources (capital and revenue).
- d) Maintaining our successful track record for innovative capital investment schemes – e.g. the Whitecross PFI project.
- e) Attracting external funding such as the grant allocation under the government's Building Schools for the Future programme.

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

- a) Treat property assets as a corporate resource
- b) Ensure that corporate assets (including property assets and ICT infrastructure) are not neglected.
- c) Develop a corporate approach to maintaining and developing corporate assets.

#### **Capital Programme 2009/10**

6.11.8 The 2009/10 bids recommended for funding as summarised below. They mainly represent funding required to help mitigate the effects of the current economic climate.

**a) Mortgage Rescue**

This funding will assist families experiencing financial difficulties to remain in their own home by providing grant funding in partnership with a housing association which would buy the property and lease back to the household.

**b) Disabled Facilities Grant**

The disabled facilities grant adaptations within client homes are made in order to facilitate independent living and assist in early hospital discharge. This is a statutory grant the council is mandatorily obliged to provide and currently there is a backlog of grant applications.

**c) Hereford Cathedral Close**

The regeneration of the Cathedral Close will significantly improve the quality of the principal public green space at the heart of the mediaeval city. This bid is recommended or funding subject to confirmation of the grant funding available from the Heritage Lottery fund towards this scheme.

**d) Low Cost Home Ownership**

The scheme assists those in housing need to gain a foot on the housing ladder who would otherwise have no alternative but to seek rented accommodation through Home Point. All those assisted will be registered with Home Point as being in housing need.

**e) Maintenance for Halo Leased Properties**

This bid will fund backlog maintenance works to properties occupied by Halo in Hereford and Leominster. These works are the council's responsibility as landlord.

**f) Replacement Leominster Youth Centre**

This bid is to provide a new youth centre in Leominster through the refurbishment of a former design and technology block on the Minster college site. There is a possible S106 receipt that could be used to partly fund this. However, this funding may not be received so is excluded from the bid. The bid sets out an initial sum to provide further scope of the possible options and solutions. The release of further monies that may be required would be dependent upon an assessment of the viability of each option.

**g) Hereford City Shop Front Grants**

The grants would assist independent businesses in the current economic climate by providing £5k or 80% of the total project costs, whichever is the lesser.

**h) Relocation of Hereford Retail Open Market**

This bid is to relocate the Hereford Open Retail Market (held weekly on a Saturday and Wednesday) to the recommended site of Commercial Street where St Peters Street meets with High Town. This funding will be used to purchase thirty pop up stalls and a vehicle for the transporting and storing of the stalls.

**i) Hereford Academy**

The Department for Children Schools and Families (DCSF) expect local authorities to determine and fund post contract award project management costs of the new Hereford Academy scheme, to provide assurance to the council that the Framework agreement is working as it should be.

**j) Self Service PC Booking System**

The purchase of a new self-service PC booking and print management system for libraries and Info shops would enable service users to book items themselves.

**k) Rotherwas futures**

This bid is for Rotherwas estate development work, including infrastructure, re-roofing, land payments and road works to provide new jobs, part funded by AWM.

**l) Buttermarket Project**

This bid will cover feasibility costs to determine the total project and cost of capital scheme required following deterioration of structure of the building possibly leading to closure of the outlet.

**m) Maintenance for Schools – Legionella works**

This bid will fund backlog maintenance works to prevent legionella in schools within the county that are the council's responsibility.

**n) Essential Maintenance to Corporate Buildings – Legionella works**

This bid will fund maintenance works to building fabric, mechanical and electrical installations in corporate buildings to prevent legionella.

**o) Empty Property Activity**

This scheme is delivered in partnership with registered social landlord partners to bring empty properties back into use primarily through leasing the property from the owner for a six year period.

6.11.9 The following table summaries the existing capital investment programme updated for slippage. The table sets out the updated position.

	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
<b>Investment by directorate:-</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children's Services	17,315	29,668	30,097	3,655
Resources	4,210	2,910	8,600	-
Deputy Chief Executive	5,564	4,570	10	39
Adult Services	905	551	255	-
Regeneration	11,424	5,904	2,945	-
Environment & Culture	23,809	19,542	13,735	1,554
Available funding not yet allocated	-	3,821	646	646
	<b>63,227</b>	<b>66,966</b>	<b>56,288</b>	<b>5,894</b>
<b>Which is funded by:</b>				
Supported Capital Expenditure (Revenue)	12,751	13,567	13,210	1,200
Prudential Borrowing	16,041	16,477	9,650	1,039
Capital Receipts Reserve	11,016	2,768	1,264	-
Government Grants & Contributions	23,419	34,154	32,164	3,655
	<b>63,227</b>	<b>66,966</b>	<b>56,288</b>	<b>5,894</b>

6.11.10 The FRM does not assume any council funding towards the Edgar Street Grid.

## **6.12 Treasury Management Strategy**

6.12.1 The council is required to approve an annual treasury management strategy each year as part of the budget setting process. Herefordshire's Treasury Management Strategy for 2009/10 complies with the detailed regulations that have to be followed.

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

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

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

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

- Fall to 0.5% in the first quarter of 2009.
- Remain at 0.5% until the second quarter of 2010.
- Rise to 4% by in the first quarter of 2012.

6.12.6 These forecasts form part of our Treasury Management Strategy helping us to plan our borrowing and investment activity. Crucially the assessments inform decisions about changing any existing investments activity to increase the level of interest we receive.

### **6.13 Key Corporate & Financial Risks**

6.13.1 Herefordshire sees risk management as an essential element of the corporate governance framework. All formal reports include a risk management assessment. The Cabinet receives regular updates on the corporate risk register as part of our Performance Reporting arrangements.

6.13.2 The most recent update of the Corporate Risk Register is provided for information at Appendix C.

## 7. Medium-Term Financial Resource Model (FRM)

### 7.1 Background

7.1.1 The FRM shown in Appendix D takes into account the corporate financial objectives and MTFMS proposed in this document. The FRM is designed to provide an assessment of the overall resource availability for the revenue account over the medium-term. It sets the financial context for the corporate and service planning so that the two planning processes are fully integrated. It covers the period from 2009/10 to 2011/12.

### 7.2 Assumptions

7.2.1 The FRM includes the following assumptions;

**a) Council Tax**

The Government's expectation for council tax increases is substantially below 5%. The actual increase for 2008/09 was in line with that at 4.4%. The proposed council tax level for 2009/10 is a 3.9% increase.

**b) Formula Grant** – the FRM reflects the final local government finance settlement for 2009/10 and indicative figures provided by the government for 2010/11. The assumption for 2011/12 is that the level of grant remains static, which represents a cautious and prudent approach.

**c) Inflation**

The 2008/09 base budget included an assumption of a 2% pay award and a restated 2007/08 base of 0.475%, to take account of the 2007/08 pay award. The national employers have offered 2.45 per cent for the 2008 pay award, which was rejected by the trade unions and the dispute has now been referred to arbitration. The current FRM includes an estimated pay award of 2.0% per annum, plus a reinstatement of 0.5% for 2008/09.

The current FRM includes an inflationary uplift on non pay expenditure to be met by Directorate efficiency savings. This challenging policy ensures that managers:

- Negotiate appropriate contracts for the provision of services.
- Manage contracts and contractor performance effectively.
- Continually review service delivery arrangements to ensure improvements in efficiency and value for money.

**d) Employers' superannuation costs** – the FRM includes increases in employers' contributions rates in line with latest actuarial advice.

**e) National Taxation** – the FRM assumes there will be an increase in national insurance contributions in 2011/12 in line with the Pre-budget report.

**f) Interest Rates** – the FRM reflects interest rate assumptions for investment income and new borrowing costs in line with the Treasury Management Strategy for 2009/10.

### 7.3 Corporate Priorities

7.3.1 The FRM includes the following growth items and budget pressures identified as corporate priorities.

7.3.2 **Waste Management PFI contract** – the FRM includes additional base budget of £500k per annum pending the finalisation of the renegotiated contract. In the interim period any budget under spend will be transferred to a specific reserve to offset future increased costs.

7.3.3 **Local Development Plan** - £375k allowed in 2009/10 and £275k in 2010/11 for implementing the new planning framework.

7.3.4 **Office Accommodation Strategy** – the FRM reflects the potential financial consequences of rationalising council office accommodation. Funding totalling £17m is currently earmarked in the council's capital programme for a back office accommodation project as follows:

Source of funding	£m
Capital reserves as at 1 April 2008	2.3
Prudential borrowing in 2008/09	3.2
Prudential borrowing in 2009/10	2.9
Prudential borrowing in 2010/11	8.6
<b>Total</b>	<b>17.0</b>

7.3.5 **Capital Investment** – the FRM reflects the revenue implications of the approved capital programme (see Section 6.11)

7.3.6 **ICT Strategy** - £400k is included in 2009/10 for the retendering of the community network, server virtualisation and the new data centre.

7.3.7 **Job Evaluation** - £300k is included in the FRM to deal with the increased impact of Job Evaluation on external partners staff budgets. The council has an obligation to meet the impact of increased pay on transferred posts affected by the single status agreement. Over time this has increased as staff have progressed through pay grades.

7.3.8 **Social Care modernisation** – Funding of £275k in 2008/09 rising to £550k in 2009/10 is included in the FRM as approved in the previous MTFMS. The additional budget was included as the result of a needs analysis exercise for mental health and physical disabilities services.

7.3.9 **Income** - £500k to cover loss of income as a result of the 'credit crunch'.

7.3.10 **Hereford City Council** - £140k is included to correct the base budget position for services previously recharged to the Parish Council.

7.3.11 **CRB** - £88k is included to cover the cost of a new central CRB team within Human Resources



## 7.4 Directorate Budgets

7.4.1 2009/10 presents Directorates with a series of financial challenges and also a requirement that they support the council's overall budget position to deliver a balanced budget.

7.4.2 The Performance Improvement Cycle (PIC) as described in Section 5.8, has seen extensive involvement of the Joint Management Team (JMT). Directors have been involved in a rigorous challenge process around spending and savings proposals.

7.4.3 The final proposals by Directors is summarised in the table below;

Directorate	Spending requirement £000	Estimated savings £000
Adult Services	275	455
Children's and Young People	150	300
Chief Executive	0	50
Deputy Chief Executive	25	42
Environment and Culture	1,100	900
Regeneration	97	333
Resources	85	135
	<b>1,732</b>	<b>2,215</b>

7.4.4 The overall position is a net contribution of £483k, which is included in the FRM.

### 7.4.5 Funding of ICT Services

For 2009/10 ICT Services will be moving to a base budget funded approach rather than relying on recharging for their services. This will involve transferring budgets from Directorates and therefore there is no impact on the budget overall.

## 7.5 Herefordshire Connects

7.5.1 Herefordshire Connects is the council's transformation programme to modernise the way in which day-to-day business is transacted to deliver improved value for money and better services for the community.

7.5.2 The FRM includes the costs and benefits of the refreshed programme, including a Social Care system, Integrated Support Services, an Environment and Planning system, a Performance Management system, and electronic document records management.

7.5.3 At the core of the business plan for Herefordshire Connects is the requirement to make cashable efficiency savings to support the council's Medium Term Financial Management Strategy. The efficiency savings included in the FRM are as follows;

	2009/10 £000	2010/11 £000	2011/12 £000
Herefordshire Connects savings	700	1,300	3,300

The Benefits Realisation Board will closely monitor progress against efficiency targets.

## 7.6 Financial capacity

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

	2009/10 £000	2010/11 £000	2011/12 £000
Potential financial capacity in the base budget.	0	766	4,636

7.6.2 The table shows that there is little cash to allocate to corporate priorities until 2011/12 unless further efficiencies are delivered in addition to those produced by Herefordshire Connects.

## 7.7 Sensitivity Analysis

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

- a) An increase or decrease of 0.5% in the council tax base impacts the budget by £412k in 2009/10.
- b) 1% variance in council tax inflation impacts the budget by £792k for 2009/10.
- c) £100k increase in budget increases council tax by up to 0.13%.
- d) The Treasury Management Strategy for 2009/10 assumes that external borrowing for the capital programme for that year will be delayed into future years and will be funded by borrowing from internal reserves until the economic situation improves. In the current climate long term borrowing would be at considerably higher rates than investment income can generate and the number of counter parties has reduced due to poor credit ratings. Therefore any movement in borrowing rates will not affect the borrowing costs for 2009/10.
- e) A 0.5% variance on investment interest rates equates to £203k in 2009/10.
- f) If the pay settlement varies by 1% from the FRM's assumption this has an impact of approximately £560k

## **8. Statutory Statement by the Chief Finance Officer**

The purpose of this statement is to comply with the requirements of the Local Government Act 2003 whereby the Chief Finance Officer, in the council's case the Director of Resources must report on the:

- a) Robustness of the estimates made for the purposes of the budget calculations.
- b) Adequacy of the proposed financial reserves.

Section 25 of the Local Government Act 2003 requires the Director of Resources to report to the council when it is setting the budget and precept (council tax). The council is required to take this report into account when making its budget and precept decision. The Director of Resources' report must deal with the robustness of the estimates included in the budget and the adequacy of reserves.

The Director of Resources states that to the best of his knowledge and belief these budget calculations are robust and have full regard to:

- The council's corporate plans and strategies;
- The council's budget strategy;
- The need to protect the council's financial standing and manage corporate financial risks;
- This year's financial performance;
- The Government's financial policies;
- The council's medium-term financial planning framework;
- Capital programme obligations;
- Treasury Management best practice;
- The strengths of the council's financial control procedures;
- The extent of the council's balances and reserves; and
- Prevailing economic climate and future prospects.

**David Powell**  
**Director of Resources**

**APPENDIX A**

**How the council's themes and priorities relate to the Herefordshire Sustainable Community Strategy and the Local Area Agreement.**

<b>HSCS themes</b>	<b>The Corporate Plan themes</b>	<b>The Council's top priorities</b>	<b>LAA priorities</b>
Children and young People	Children & young people	The best possible life for every child, safeguarding vulnerable children and improving educational attainment	<ul style="list-style-type: none"> <li>• Encourage and enable children and young people in Herefordshire to achieve their potential and participate in positive activities</li> <li>• To improve participation in, and achievement for, young people in education, employment and training post 14</li> </ul>
Healthier communities and older people	Health and well-being  Older People	Reshaped adult health and social care, so that more older and other vulnerable people maintain control of their lives	<ul style="list-style-type: none"> <li>• Encourage and promote a healthy lifestyle with particular attention to: reducing smoking, levels of obesity and excessive consumption of alcohol</li> <li>• Help vulnerable people to live safely and independently in their own homes</li> </ul>
Economic development and enterprise	Economic development and enterprise	The essential infrastructure for a successful economy, enabling sustainable prosperity for all	<ul style="list-style-type: none"> <li>• Improve access to integrated public and community transport, reduce traffic congestion and encourage alternatives to car use</li> <li>• Increase the economic potential of the county with a particular regard to higher skilled and better paid jobs</li> <li>• Increase access to learning and development at all levels, and increase participation, in order to raise achievement, address worklessness and improve workforce skills</li> </ul>
Safer and stronger communities	Safer & Stronger communities  Sustainable communities	Affordable housing to meet the needs of local people	<ul style="list-style-type: none"> <li>• Further reduce the low levels of crime, disorder and anti-social behaviour in the county and reduce any disproportionate fear of such</li> <li>• Increase safety for road users in the county</li> <li>• Increase the availability of appropriate and affordable housing</li> <li>• Improve the availability of sustainable services and facilities and access to them</li> <li>• Encourage thriving communities where people are able to influence change and take action to improve their area, regardless of their background</li> <li>• Minimise domestic and commercial waste and improve recycling</li> <li>• Lead a local contribution to climate change reduction</li> <li>• Enhance the recovery from events that have significant and potentially long-term impacts upon the community through proactive and effective inter-agency collaboration and coordination</li> </ul>
	Organisational improvement and greater efficiency	Better services, quality of life and value for money, particularly by working in partnership with the Herefordshire Primary Care Trust and other local organisations	

**APPENDIX B**

<b>The Performance Improvement Cycle – Timetable</b>	
17 October	Completed pro formas, approved by directors, submitted by improvement managers
31 October	Analysis and briefing to the Dir. of Resources and Deputy CX
November	<i>Updated Medium-Term Financial Management Strategy (MTFMS)</i>
November	<i>Confirmation of local government settlement</i>
November	<i>LAA Review started</i>
4 November & 6 November & 13 November	<b>Challenge meetings:</b> Dir. of Resources and Director of Public Health with directors
12 November	Draft Operating Statement issued to PIMs for comment and update
18 November	Identification of major issues and strategic options
24 November	JMT discussion of the major issues and strategic options
5 December	Report on public consultation on strategic options submitted by Research for Today
10 December	PIMs to submit revisions to draft Operating Statement
15 December	JMT to receive report on findings from public consultation on strategic options
<i>December</i>	<i>Budget advice to directorates and services</i>
18 December	Joint informal presentation to Cabinet & PCT Board members of the major issues and strategic options, including the results of the public consultation
End December	LAA review completed
<i>January</i>	<i>LAA refresh started</i>
<i>January</i>	Formal presentation of results of the public consultation results to Cabinet
<i>w/c 5 January</i>	<i>Draft 2009-10 operating statement and initial budget proposals</i>
9 January	First drafts of directorate and service plans to be submitted
13 January	JMT considers the draft operating statement/initial budget proposals
13 January	All member briefing on results of public consultation
19 January	Informal briefing/discussion with Strategic Monitoring Committee of the major issues and strategic options, including the results of the public consultation
February	<i>Updated MTFMS</i>
16 February a.m	All member briefing on results of public consultation, MTFMS and budget proposals
16 February p.m.	Strategic Monitoring Committee: results of public consultation, MTFMS and budget proposals
19 February	Cabinet: approval of MTFMS and budget proposals
End February	LAA negotiations completed and refreshed LAA submitted for sign off
Early March	Headline results of the <i>Place Survey</i>
6 March	Council approves the budget and Council Tax
13 March	Directorate and service plans finalised
End March	LAA refresh completed and signed off
End March	Full results of the <i>Place Survey</i>
End March	Draft of HPS Strategy (TBC)
April	Briefing/reports on the results of the Place Survey: JMT, then Leader's briefing, then SMC, then Cabinet
June	Refreshed Herefordshire Community Strategy approved by Partnership Board
June	HPS Strategy finalised and approved (TBC)
June/July	Draft Corporate Plan 2010-13: JMT, then Leader's briefing, then SMC, then Cabinet
September	Council approves the Corporate Plan 2010-13

**CORPORATE RISK REGISTER**

**APPENDIX C**

Risk Details						Existing Controls	Current Risk Rating				
Risk Reference Number	Corporate Objectives	Risk Description	Likelihood	Potential Consequences (Severity)	Risk Score	Controls In place	Likelihood	Consequences (Severity)	Residual Risk Score	Risk Owner	Cost of Mitigation
CR4	Organisational improvement and greater efficiency	Failure to prepare adequately for CAA and raise our DoT score from improving adequately.	4	2	8	The key mitigation actions for the next 12 months are: 1) sustaining our current rate of improvement in key performance indicators through the introduction of the NIS, 2) action to fundamentally improve data quality, 3) preparing adequately for audits / inspections	3	2	6	ALL/CB	
CR5	Organisational improvement and greater efficiency	The inability to provide critical services due to the failure of the ICT networks	4	5	20	Substantial capital investment has been made in ICT network and disaster recovery arrangements. Extensive ICT specific service continuity plans have been developed and are exercised. Workshops held for all directorates and service continuity plans have been prepared and due for testing during the year in business critical systems and services.	3	5	15	AF	

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Risk Details						Existing Controls	Current Risk Rating				
Risk Reference Number	Corporate Objectives	Risk Description	Likelihood	Potential Consequences (Severity)	Risk Score	Controls In place	Likelihood	Consequences (Severity)	Residual Risk Score	Risk Owner	Cost of Mitigation
CR11		Failure to recruit and retain staff where there are national skills shortages and including the impact of Job Evaluation. Ensuring consistent treatment of Equal Pay Claims.	3	3	9	Succession planning as part of management development provision. Utilise SRDs / implement career development posts and conclude job evaluation. HR to support Directorates deliver to identified training needs, to work to Investor in People standard.	2	3	6	ALL/AC	
CR17	Organisational improvement and greater efficiency	Reputational and organisational risk of failing to improve Use of Resources assessments to 4 by the end of the Corporate Plan period - 2011.	3	4	12	Use of Resources 2007/08 improvement plan has been implemented and reflects in a robust self assessment submitted in September 2008. A positive Annual Governance Report 2008 is a further reassurance of improvement over the last 12 months.	2	3	6	JMT	
CR27		CRB process not carried out to an appropriate and reliable level which could lead to inappropriate persons working with vulnerable people	4	4	16	Officers agreed areas of concern and an action plan to be drawn up to redress the issues as quickly as possible.	3	4	12	AMc	

Risk Details						Existing Controls	Current Risk Rating				
Risk Reference Number	Corporate Objectives	Risk Description	Likelihood	Potential Consequences (Severity)	Risk Score	Controls In place	Likelihood	Consequences (Severity)	Residual Risk Score	Risk Owner	Cost of Mitigation
CR28		Deliverable benefits from Herefordshire Connects not realised	4	3	12	MTFS updated for 08/09 to include modernisation fund to allow for review of Herefordshire Connects programme to be integrated with accommodation strategy for future organisation arrangements between Herefordshire Council and the PCT.	3	3	9	DP	
CR29	To ensure that its essential assets, including schools, other buildings, roads and ICT, are in the right condition for the long term cost-effective delivery of services, and ensure business continuity in the face of emergencies.	Both Data Centres are in non-Council owned properties with lease-time constraints; are near capacity, plus there are environment issues such as lack of sufficient power and fire suppression that need to be addressed. Loss of data centres will affect delivery of all services.	4	5	20	1) Data Centre/MRU relocation project approved by Cabinet 16/10/2008. Expected completion April 2011. 2) Server virtualisation Project in progress to decrease power consumption and physical space constraints. Project will also decrease recovery timescales for systems supporting services. Expected completion May 2009.	4	5	20	AF	£2.7m (budgets identified)



Risk Details						Existing Controls	Current Risk Rating				
Risk Reference Number	Corporate Objectives	Risk Description	Likelihood	Potential Consequences (Severity)	Risk Score	Controls In place	Likelihood	Consequences (Severity)	Residual Risk Score	Risk Owner	Cost of Mitigation
CR30	To ensure that its essential assets, including schools, other buildings, roads and ICT, are in the right condition for the long term cost-effective delivery of services, and ensure business continuity in the face of emergencies.	Previous hardware and software procurement by services has resulted in ageing hardware and software platforms with no forward plan or budgets identified for maintenance, support and replacement.	5	4	20	1) Herefordshire Connects programme replacing Social Care System. 2) Planned replacement of finance, HR and payroll systems. 3) Library Services accepted risk on current system. 4) Collation of register of systems and support coverage to identify gaps in key service areas. 5) Critical systems identified by business (first pass complete continuous updating). 6) Server Virtualisation project to replace ageing hardware and improving resilience of applications. 7) Desktop standardisation.	5	4	20	AF	
CR35	Organisational improvement and greater efficiency - data quality	Inadequate attention to data quality governance and leadership, policies, systems and processes, people and skills as well as poor data use and reporting i.e failure to adopt the voluntary national standards promoted by the audit commission	5	3	15	Include internal and external audits, directorate held proforma's for each indicator, limited checks on source systems, limited staff training, limited data sharing protocols	3	3	9	AF	

Risk Details						Existing Controls	Current Risk Rating				
Risk Reference Number	Corporate Objectives	Risk Description	Likelihood	Potential Consequences (Severity)	Risk Score	Controls In place	Likelihood	Consequences (Severity)	Residual Risk Score	Risk Owner	Cost of Mitigation
CR36	Organisational improvement & greater efficiency	Failure to deliver services and meet key objective of achieving performance targets due to lack of Data Base Administrator support and sufficient server capacity for housing benefit and local tax systems (risk BES1 from the Benefit & Exchequer Services ri	3	3	9	Remote support is provided by Academy and ICT are attempting to recruit additional Data Base Administrators. Working with the suppliers and ICT to identify options for resolving the server capacity issue.	3	3	9	DP	
CR37	Organisational improvement & greater efficiency	Failure to deliver services and meet key objective of achieving improvements needed in benefit services to meet the requirements of the new benefit inspection regime due to customer services performance (risk BES2 from the Benefit & Exchequer Services ris	4	4	16	An improvement plan has been developed with the Department for Work & Pensions for benefit and customer services. Input is being provided to the Customer Services Strategy Review.	3	4	12	DP	
CR38	Organisational improvement & greater efficiency	Failure to deliver services and meet key objective of achieving performance targets due to poor performance of ICT servers and network supporting Academy / Idox (risk BES2 from the Benefit & Exchequer Services risk register refers).	5	4	20	System performance has deteriorated significantly leading to poor benefit processing performance. The BES team is working with ICT services to isolate the cause of the problem which is most likely the way in which the council has chosen to deploy the service	4	4	16	DP	

Risk Details						Existing Controls	Current Risk Rating				
Risk Reference Number	Corporate Objectives	Risk Description	Likelihood	Potential Consequences (Severity)	Risk Score	Controls In place	Likelihood	Consequences (Severity)	Residual Risk Score	Risk Owner	Cost of Mitigation
CR39	Organisational improvement & greater efficiency	Failure to deliver the agreed benefits of the Herefordshire Connects programme required to justify the investment in the programme and release cash for reinvestment in priority outcomes for the Herefordshire community (risk FS1 from the Financial Services risk register refers).	4	4	16	Work with Capita and Deloitte to verify the cashable benefits of the Herefordshire Connects programme is complete. The Benefits Group will monitor and report on progress made by the benefit owners to the Herefordshire Connects Board.	3	3	9	DP	
CR40	To ensure that its essential assets, including schools, other buildings, roads and ICT, are in the right condition for the long term cost-effective delivery of services, and ensure business continuity in the face of emergencies.	Inadequate of corporate and service planning and prioritisation around ICT investments is having a significant detrimental impact on the ability of ICT to deliver to customers timescales and meet the value for money requirements of the organisation.	5	4	20	1) Client Account Managers (CAMs) attend Directorate DMTs and run workshops with services to advise on planning ICT investments. 2) Service Plan Guidance 2008, requests IT development to be identified. 3) Business Case process in place (IPG). 4) Corporate ICT Strategy prioritises infrastructural and supporting technologies. 5) Representation from ICT Services on Accommodation Board.	5	4	20		

Risk Details						Existing Controls	Current Risk Rating				
Risk Reference Number	Corporate Objectives	Risk Description	Likelihood	Potential Consequences (Severity)	Risk Score	Controls In place	Likelihood	Consequences (Severity)	Residual Risk Score	Risk Owner	Cost of Mitigation
CR41	Organisational improvement and greater efficiency; improving reputation of and public satisfaction with the council; manage resources efficiently and effectively thus developing the directorate + increasing service quality within the authority	People/Finance/Premises – Lack of resource to carry out surveys, extend opening hours, take on further services as part of Phase II of the Customer Services Strategy and undergo necessary ongoing training whilst maintaining front line service	5	4	20	Improved performance by use of monitoring and amending working patterns	4	4	16	AF	Funding identified to top slice directorate budgets to enable further resource to be taken on to improve capacity and resources

Risk Details						Existing Controls	Current Risk Rating				
Risk Reference Number	Corporate Objectives	Risk Description	Likelihood	Potential Consequences (Severity)	Risk Score	Controls In place	Likelihood	Consequences (Severity)	Residual Risk Score	Risk Owner	Cost of Mitigation
CR42	Corporate critical service	Failure to provide a 24 hour emergency response, resulting in Herefordshire public services not providing timely support to partners during an emergency. <i>Weaknesses: People - not enough EPO's to ensure continuity - Resilient Comms - Finance - on call payments inadequate for level of responsibility.</i>	4	5	20	Emergency Planning Duty Officer scheme in place	3	5	15	TG	
CR43	Corporate critical service	We are currently technically exceeding the number of CRM professional licences required to run the Info service (includes back office and complaints). A financial contingency of £65k has been put in the budget, however based on currently .user numbers the ficial exposure could be as much £178k	5	5	25	We are clarifying with SAP the specific type of licences required – particularly in respect of part-time staff and flexible workers, This may reduce the number of required additional licences The review of named users has confirmed that we have a significant shortfall .	5	5	25	MT	

Risk Details						Existing Controls	Current Risk Rating				
Risk Reference Number	Corporate Objectives	Risk Description	Likelihood	Potential Consequences (Severity)	Risk Score	Controls In place	Likelihood	Consequences (Severity)	Residual Risk Score	Risk Owner	Cost of Mitigation
CR44	Ongoing Customer Service Provision (including Info Centre and Inf Shops)	The current service budget includes a £500k fund (a two year special provision) that was made for the initial set-up and operation of the service. This funding is due to end in March 2009. Should this funding not be secured that the closure of some services will be required. For example; Closure of market town info shops.	5	5	25	Review of funding arrangement has been escalated through the performance improvement cycle and a service improvement plan has been produced for consideration by JMT in November. A detailed paper has been submitted in December 2008 to the Deputy Chief Executive and Director of Resources	5	4	20	AW / MT	
CR45	To ensure that its essential assets, including schools, other buildings, roads and ICT, are in the right condition for the long term cost-effective delivery of services, and ensure business continuity in the face of emergencies.	Breach of Information Security from IT platforms	4	5	20	1) ISO27001 achieved for ICT and MRU. 2) External supplier for external penetration testing for website/network. 3) Internal penetration testing capability being improved. 4) Education and awareness sessions for all employees / roadshows. Policies and procedures in place.	3	5	15		

Risk Details					Existing Controls		Current Risk Rating				
Risk Reference Number	Corporate Objectives	Risk Description	Likelihood	Potential Consequences (Severity)	Risk Score	Controls In place	Likelihood	Consequences (Severity)	Residual Risk Score	Risk Owner	Cost of Mitigation
CR46	Successful delivery of the Connects Programme	<p>The Council will be operational with a planning system that is not supported by the supplier (Northgate). The contract with Northgate finishes in October 2008. Comment – The selection of Civica as the new system for Planning has compounded this problem. Agreement reached with Head of planning that risk is acceptable providing Connects can ensure that:</p> <ul style="list-style-type: none"> <li>- the system (Civica) is made operational by August 2009;</li> <li>- the Council can continue to use Northgate (albeit unsupported) between April and August 2009.</li> </ul>	5	5	25	<p>1. Request an additional extension until October 2009.            2. Request the CE to write a letter to encourage Northgate to extend the support agreement for a final 6 months. This is to go to the CE at Northgate.            3. To ensure that data is extracted out of the legacy systems as quickly as possible so that the Civica planning system can be made operational</p>	5	3	15	AK	Budgeted for
CR47		<p>Agresso Payroll is not fit for purpose; Update Dec 2008 AK – Meetings between Payroll and Agresso have provided assurance that the functionality is in place.</p>	4	5	20	<p>Update note to be submitted to JMT on this; existing payroll system (Selima) to remain operational until testing is signed off by payroll</p>	3	5	15	AK	Budgeted for

Risk Details						Existing Controls	Current Risk Rating				
Risk Reference Number	Corporate Objectives	Risk Description	Likelihood	Potential Consequences (Severity)	Risk Score	Controls In place	Likelihood	Consequences (Severity)	Residual Risk Score	Risk Owner	Cost of Mitigation
CR48		Project resourcing is insufficient - there are not sufficient internal resources to deliver the projects	4	5	20	Project managers tasked with completing readiness reviews. Until resources are in place, projects will not start.	3	5	15	AK	Budgeted for
CR49		In adequate procedures in place to ensure safeguarding of children which could lead to closer scrutiny and in extreme cases a 'Baby P' case in Herefordshire	5	5	25	External review within CYPD has been commissioned to include a review of all cases of children subject to a child protection plan and the overall multi-agency child protection system.	3	5	15	SM	



MTFRM	APPENDIX D		
	2009/2010	2010/2011	2011/2012
	Budget £'000	Budget £'000	Budget £'000
<b>Base Budget</b>	<b>131,778</b>	<b>137,718</b>	<b>143,563</b>
<b>Inflation - Staff</b>	1,675	1,480	1,761
<b>Inflation - Gas &amp; electric</b>	217	0	0
<b>Inflation - contract</b>	2,273	2,294	2,304
<b>Inflation - Other costs</b>	1,308	1,380	1,394
<b>Inflation - Income</b>	(295)	(303)	(310)
<b>Inflation</b>	<b>5,178</b>	<b>4,851</b>	<b>5,149</b>
	<b>136,956</b>	<b>142,569</b>	<b>148,712</b>
<b>Deliverable Efficiency Gains</b>			
- Inflation efficiency savings	(3,580)	(3,674)	(3,698)
- Directorate savings identified	(483)	0	0
- Corporate budgets	(7)	0	0
<b>Transfers to/from RSG</b>			
- Student Finance	(71)	(27)	0
<b>MTFMS changes</b>			
- Waste management - PFI Contract	500	500	500
- Whitcross PFI requirement	0	200	0
- Local Development Framework	375	(100)	(275)
<b>Herefordshire Connects</b>			
- Revenue Costs	1,806	(1,292)	(204)
- Capital Financing	256	1,088	(47)
- Herefordshire Connects Savings	(700)	(600)	(2,000)
- Core team costs (rev)	(225)	245	9
- Core team costs (capital financing)	65	90	(6)
- Social Care System (rev)	(533)	0	0
- Social Care System (capital financing)	94	(13)	(13)
<b>Capital Financing Costs</b>			
Cost of borrowing	508	1,305	1,744
Investment income	1,493	(64)	(697)
<b>Emerging Pressures</b>			
- Student Finance	53	(42)	(47)
- ICT Strategy	400	0	0
- Modernisation	(300)	0	0
- Hereford City Council	140	0	0
- Unison	20	0	0
- HR CRB	88	0	0
- External partners JE	300	0	0
- Needs Analysis Mental Health/Physical Disabilities	275	0	0
- Income shortfall	500	(100)	(100)
<b>Use of 2008/09 capacity reserve</b>	1,500	0	0
<b>General reserves</b>	<b>(1,000)</b>	<b>2,000</b>	<b>(1,000)</b>
<b>LPSA reserve</b>	<b>(712)</b>	<b>712</b>	<b>0</b>
<b>Capacity to achieve desired Tax increase</b>	<b>0</b>	<b>766</b>	<b>4,636</b>
<b>TOTAL BUDGET</b>	<b>137,718</b>	<b>143,563</b>	<b>147,514</b>



## DRAFT CAPITAL PROGRAMME 2009/10

### PORTFOLIO RESPONSIBILITY: RESOURCES

CABINET

19 FEBRUARY 2009

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#### Wards Affected

County-wide

#### Purpose

To propose the draft capital programme for 2009/10.

#### Key Decision

This is a Key Decision because it is likely to result in the Council incurring expenditure above agreed budgets for the service or function (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 is likely to be significant in terms of its effect on communities living or working in Herefordshire in an area comprising one or more wards.

#### Recommendation(s)

**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 be noted; and
- (d) the position on the capital receipts reserve be noted.

#### Reasons

To bring the council's capital spending plans up to date, noting the available funding and capital bid funding recommendations.

#### Considerations

##### OVERALL

1. The council has received indicative funding notifications from central government for 2009/10 and future years. A table showing the anticipated position for the next three years' (taking into account 2008/09 slippage) is detailed in **Appendix 1**. The financing costs of existing allocations, including allocations previously committed to for future years, is included in the Financial Resource Model (FRM).
2. Supported Capital Expenditure (Revenue) allocations for 2009/10 receiving Revenue Support Grant (RSG) support, totals £13.57m, split £2.37m towards children's

services and £11.20m towards environment and culture.

3. The council faces a number of uncertainties around future capital projects with the financial commitment not known at this stage. These projects include corporate accommodation, Edgar Street Grid and the Livestock Market. It is for this reason that the council needs to exercise caution when releasing funding to the capital programme.

### **CAPITAL BIDS**

4. Prudential borrowing funded commitments already allocated following the submission of successful capital bids in prior years' totals £12.66m in 2009/10. This includes £3.09m of funding allocated to Herefordshire Connects. The financing cost of existing commitments is included in the FRM along with the capacity to fund an additional £3.82m in 2009/10. Additional capacity in the FRM is also generated by slippage in capital projects however caution must be applied when using this funding source.

5. Bids have been requested from all directorates as part of the annual capital strategy process. The details of bids received are set out in **Appendix 2**. It was decided to recommend bids that commence in 2009/10 only, future years' funding requests will be considered in future year bidding rounds.

6. In total 31 bids were received and of these 15 are recommended for funding at a cost of £3.68m in 2009/10. One bid to be financed from future revenue savings is also recommended for funding, relating to leisure centre plant and equipment. The majority of bids that are not recommended for funding failed because their ranked score fell below the funding available. In addition one bid was for a revenue scheme so cannot be funded and three bids were not able to be costed so are also not recommended for funding. The bids received were reviewed by the Capital Strategy and Monitoring Group. The assessment process covered;-

- Links to existing corporate plans – strong links equals a higher score,
- Costing certainty for capital and revenue costs – greater certainty equals higher score,
- Service Delivery Improvements – more improvements equals higher score,
- Alternative funding sources from outside bodies and revenue savings – contributions and savings identified equals higher score,
- Carbon Footprint implications – a separate questionnaire was drafted and reviewed by the Sustainability Manager, a higher score was given where the carbon footprint was reduced. This was the first year this element was included,
- VAT implications – where the scheme would impact on the council's VAT partial exemption position a low score was recorded,
- Legal requirements – where the bid was made under a legal requirement a higher score was given.

Each bid was given a total score and ranked as detailed in **Appendix 2**. The scores were not weighted.

7. Bids recommended for funding are summarised below. Several bids help mitigate the effects of the current economic climate.

7.1 Mortgage Rescue

This funding will assist families experiencing financial difficulties to remain in their own home by providing grant funding in partnership with a housing association who would buy the property and lease back to the household.

7.2 Disabled Facilities Grant

The disabled facilities grant adaptations within client homes are made in order to facilitate independent living and assist in early hospital discharge. This is a statutory grant the council is mandatorily obliged to provide and currently there is a backlog of grant applications.

7.3 Hereford Cathedral Close

The regeneration of the Cathedral Close will significantly improve the quality of the principal public green space at the heart of the mediaeval city. This bid is recommended for funding subject to confirmation of the grant funding available from the Heritage Lottery fund towards this scheme.

7.4 Low Cost Home Ownership

The scheme assists those in housing need to gain a foot on the housing ladder. In the absence of such a scheme they would have no alternative but to seek rented accommodation through Home Point. All those assisted will be registered with Home Point as being in housing need.

7.5 Maintenance for Halo Leased Properties

This bid will fund backlog maintenance works to properties occupied by Halo in Hereford and Leominster. These works are the council's responsibility as landlord.

7.6 Replacement Leominster Youth Centre

This bid is to provide a new youth centre in Leominster through the refurbishment of a former design and technology block on the Minster college site. There is a possible S106 receipt that could be used to partly fund this, however, this funding may not be received so is excluded from the bid. The bid covers an initial sum to provide further scope of the possible options and solutions. The release of further monies that may be required would be dependent upon an assessment of the viability of each option.

7.7 Hereford City Shop Front Grants

This bid will assist independent businesses in the current economic climate by providing grants of either £5k or 80% of the total project costs - whichever is the lesser.

7.8 Relocation of Hereford Retail Open Market

This bid is to relocate the Hereford Open Retail Market (held weekly on a Saturday and Wednesday) to the recommended site of Commercial Street where St Peters Street meets with High Town. This funding will be used to purchase thirty pop up stalls and a vehicle for the transporting and storing of the stalls.

7.9 Hereford Academy

The DCSF expect local authorities to determine and fund as necessary the level of post contract award project management costs of the new Hereford Academy scheme. This will provide assurance to the Council that the Framework agreement is working as it should be.

7.10 Self Service PC Booking System

This bid is for the purchase of a new self-service PC booking and print management system for libraries and Info shops which will be used to enable service users to book items themselves.

7.11 Rotherwas futures

This bid is for Rotherwas estate development work, including infrastructure, re-roofing, land payments and road works to provide new jobs and is part funded by AWM.

7.12 Buttermarket Project

This bid will cover feasibility costs which will determine the total capital project and cost required following the deterioration of the structure of the building which could possibly lead to the closure of the outlet.

7.13 Maintenance for Schools – Legionella works

This bid will fund backlog maintenance works to schools within the county that are the council's responsibility to prevent legionella.

7.14 Essential Maintenance to Corporate Buildings – Legionella works

This bid will fund maintenance works to building fabric, mechanical and electrical installations in corporate buildings to prevent legionella.

7.15 Empty Property Activity

This scheme is delivered in partnership with registered social landlord partners to bring empty properties back into use primarily through leasing the property from the owner for a six year period.

8. A bid was also received for funding towards the Building Schools for the Future capital scheme. The council has submitted an expression of interest to bring forward the Building Schools for the Future initiative. If successful the first project will see approximately £80m capital spend on new build and the significant refurbishment of six schools. However, the DCSF expects Local Authorities to provide funding to implement these capital schemes at approximately 3% of the cost, representing £2.4m. The funding required would be approximately £800k per annum over the next three years and is expected to fund project management, consultants, survey, technical and site investigation costs. However, a greater part of this funding may be required in the earlier stages of the programmes with less later on. Not all of these costs would be capital so sources of revenue funding would need to be explored, for example through school contributions, Dedicated Schools Grant, Devolved Formula Capital and council reserves. A decision on when Herefordshire will join the BSF programme is expected from the DCSF in late February.

9. The council will receive a capital reward grant for targets reached under the Local Public Service Agreement 2 (LPSA2). This funding may be drawn upon to fund

capital bids but it is not included in the available resources for 2009/10.

10. There are a number of developers' contributions towards capital schemes that may be realised over the coming year. These include contributions towards youth facilities in Leominster, highway improvements in North Hereford and a replacement playing pitch at Aylestone Park. However, the current economic climate suggests that these are likely to be delayed or even lost should planning permission expire.

### **CAPITAL RECEIPTS RESERVE POSITION**

11. The capital receipts reserve totalled £17.94m as at 1<sup>st</sup> April 2008. In 2008/09 receipts of £2.53m have been received to date with expected capital receipt reserve spending in 2008/09 of £11.02m leaving an expected balance of £9.45m to be carried forward into 2009/10. This may change if schemes slip and additional receipts are received before the end of March. The remaining balance is committed to strategic housing, corporate accommodation and the livestock market.
12. Capital receipts reserve funding of £2.77m has been committed to fund the 2009/10 capital programme so far.

### **Financial Implications**

13. The financial implication of funding the recommended bids is detailed in **Appendix 2**. As a related issue it should be noted that revised Prudential Indicators will need to be considered and approved by full Council before the new financial year as part of the draft Treasury Management Strategy

### **Risk Management**

14. The risks associated with individual bids are often unique to that scheme and therefore will need to be considered on an individual basis.

The risk of committing funding needs to be considered as part of the Medium Term Financial Management Strategy and the revised Prudential Indicators. These can be mitigated through careful financial management and monitoring of the programme's funding against the relevant Prudential Indicators.

### **Alternative Options**

The alternative options centre on funding fewer schemes or increasing the pressure on the revenue budget by funding more schemes.

### **Consultees**

Capital Strategy and Monitoring Group.

### **Appendices**

Appendix 1 Medium Term Capital Plan

Appendix 2 Summary of 2009/10 Prudential Borrowing bids

## **Background Papers**

Financial Resource Model

Medium Term Financial Management Strategy



## APPENDIX 1

### MEDIUM TERM CAPITAL PLAN

	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Children's Services	17,315	29,668	30,097	3,655
Resources	4,210	2,910	8,600	-
Deputy Chief Executive	5,564	4,570	10	39
Adult Social Services	905	551	255	-
Regeneration	11,424	5,904	2,945	-
Environment & Culture	23,809	19,542	13,735	1,554
Available funding not yet allocated	-	3,821	646	646
	<b>63,227</b>	<b>66,966</b>	<b>56,288</b>	<b>5,894</b>
Funded by:				
Supported Capital Expenditure (Revenue)	12,751	13,567	13,210	1,200
Prudential Borrowing	16,041	16,477	9,650	1,039
Capital Receipts Reserve	11,016	2,768	1,264	-
Government Grants & Contributions	23,419	34,154	32,164	3,655
	<b>63,227</b>	<b>66,966</b>	<b>56,288</b>	<b>5,894</b>

APPENDIX 2

2009/10 CAPITAL BIDS

BID	AMOUNT				LIFE	ESTIMATED CAPITAL FINANCING COSTS				
	2009/10	2010/11	2011/12	2012/13		2009/10	2010/11	2011/12	2012/13	FUTURE YRS
	£	£	£	£		£	£	£	£	£
<u>Recommended for funding</u>										
<b>Mortgage Rescue</b>	600,000				25	4,500	35,520	51,048	49,872	799,656
Mortgage Rescue assists families experiencing financial difficulties to remain in their own home/support network										
<b>Disabled Facilities Grant</b>	232,000				25	1,740	13,734	19,739	19,284	309,200
The disabled facilities grant adaptations within client homes are made in order to facilitate independent living and assist in early hospital discharge.										
<b>Hereford Cathedral Close</b>	75,000	75,000			25	563	5,940	12,909	12,615	206,148
The regeneration of the Cathedral Close will significantly improve the quality of the principal public green space at the heart of the mediaeval city.										

BID	AMOUNT				LIFE	ESTIMATED CAPITAL FINANCING COSTS				
	2009/10	2010/11	2011/12	2012/13		2009/10	2010/11	2011/12	2012/13	FUTURE YRS
	£	£	£	£		£	£	£	£	£
<u>Recommended for funding</u>										
<b>Low Cost Home Ownership</b>	500,000				25	3,750	29,600	42,540	41,560	666,380
The scheme assists those in housing need to gain a foot on the housing ladder that would otherwise have no alternative but to seek rented accommodation through homepoint.										
<b>Maintenance for Halo Leased Properties</b>	266,000				10	1,995	31,388	37,027	35,724	213,571
Funds to carry out backlog maintenance works to properties leased to Halo that are the Councils responsibility.										
<b>Replacement Leominster Youth Centre</b>	30,000	357,000	347,000	36,000	30	225	8,720	48,185	60,317	1,224,929
Through the refurbishment of a former D&T block on The Minster College site.										
<b>Hereford City Shop Front Grants</b>	30,000				25	225	1,776	2,552	2,494	39,983
To assist independent businesses in the current economic climate.										

BID	AMOUNT				LIFE	ESTIMATED CAPITAL FINANCING COSTS				
	2009/10	2010/11	2011/12	2012/13		2009/10	2010/11	2011/12	2012/13	FUTURE YRS
	£	£	£	£		£	£	£	£	£
<u>Recommended for funding</u>										
<b>Relocation of Hereford Retail Open Market</b>	58,500				4	439	15,503	16,058	15,342	14,625
<div style="border: 1px solid black; padding: 5px;"> <p>To relocate Hereford Open Retail Market (held weekly on a Saturday &amp; Wednesday) to the recommended site of Commercial Street &amp; interface of St Peters Street with High Town.</p> </div>										
<b>Hereford Academy</b>	66,000	80,000	60,000		50	495	4,214	12,806	13,804	425,143
<div style="border: 1px solid black; padding: 5px;"> <p>The DCSF/PfS expect local authorities to determine and fund as necessary, the level of post contract award project management/clerk of works costs of Academy schemes.</p> </div>										
<b>Self Service PC Booking System</b>	39,000				5	293	8,424	8,947	8,564	15,982
<div style="border: 1px solid black; padding: 5px;"> <p>The purchase of new self-service PC booking &amp; print management system for libraries and Info shops.</p> </div>										

BID	AMOUNT				LIFE	ESTIMATED CAPITAL FINANCING COSTS				
	2009/10	2010/11	2011/12	2012/13		2009/10	2010/11	2011/12	2012/13	FUTURE YRS
	£	£	£	£		£	£	£	£	£
<u>Recommended for funding</u>										
<b>Rotherwas Futures</b>	1,160,000	346,000			25	8,700	75,592	128,809	125,857	2,035,896
Rotherwas estate development work, including infrastructure, re-roofing, land payment and road works.										
<b>Buttermarket Project</b>	50,000				25	375	2,960	4,254	4,156	66,638
Feasibility work to determine total project (and cost) following deterioration of structure of the building possibly leading to closure of outlet.										
<b>Maintenance for Schools - Legionella Works</b>	250,000				25	1,875	14,800	21,270	20,780	333,190
The carrying out of backlog maintenance works to schools within the county that are the Councils responsibility.										
<b>Essential Maintenance to Corporate Buildings - Legionella Works</b>	125,000				25	938	7,400	10,635	10,390	166,595
Carrying out of maintenance works to building fabric, mechanical & electrical installations in corporate buildings.										

BID	AMOUNT				LIFE	ESTIMATED CAPITAL FINANCING COSTS				
	2009/10	2010/11	2011/12	2012/13		2009/10	2010/11	2011/12	2012/13	FUTURE YRS
	£	£	£	£		£	£	£	£	£
<u>Recommended for funding</u>										
<b>Empty Property Activity</b>	200,000				6	1,500	36,667	39,867	38,233	104,900
The scheme is delivered in partnership with RSL partners to bring empty properties back into use primarily through leasing the property from the owner for a 6 year period.										
<b>sub-total</b>	<b>3,681,500</b>	<b>858,000</b>	<b>407,000</b>	<b>36,000</b>		<b>27,613</b>	<b>292,238</b>	<b>456,646</b>	<b>458,992</b>	<b>6,622,836</b>
<u>Revenue savings bid recommended for funding</u>										
<b>Leisure Centre Plant &amp; Equipment Renewal</b>	111,000				4	833	29,415	30,470	29,110	27,750
Planned and preventative maintenance at leisure centres.										
<u>Not recommended for funding</u>										
<b>DDA Compliance Work</b>	250,000				25	1,875	14,800	21,270	20,780	333,190
To continue the present programme of upgrading the Council's corporate buildings to meet the requirements of the DDA legislation.										
<b>Energy Conservation</b>	110,000				10	825	12,980	15,312	14,773	88,319
Heat conservation measures to improve the energy performance of the Council's building stock.										

BID	AMOUNT				LIFE	ESTIMATED CAPITAL FINANCING COSTS				
	2009/10	2010/11	2011/12	2012/13		2009/10	2010/11	2011/12	2012/13	FUTURE YRS
	£	£	£	£		£	£	£	£	£
<u>Not recommended for funding</u>										
<b>Small Holdings Maintenance Programme</b>	300,000				25	2,250	17,760	25,524	24,936	399,828
Continuation of the capital improvement programme to improve the condition of the Smallholdings buildings and meet statutory obligations.										
<b>Self Service Borrowing &amp; Returns in Libraries</b>	199,500				5	1,496	43,092	45,765	43,810	81,755
The scheme will provide self service issue, return & charges payment facilities in all libraries except Ross and Ledbury										
<b>Essential Maintenance to Corporate Buildings</b>	1,665,000				25	12,488	98,568	141,658	138,395	2,219,045
Carrying out of maintenance works to building fabric, mechanical & electrical installations in corporate buildings.										
<b>Prospect Wall Ross on Wye</b>	150,000				25	1,125	8,880	12,762	12,468	199,914
Expected additional costs to approved bid last year due to archaeological find whilst re-building the retaining wall										

BID	AMOUNT				LIFE	ESTIMATED CAPITAL FINANCING COSTS				
	2009/10	2010/11	2011/12	2012/13		2009/10	2010/11	2011/12	2012/13	FUTURE YRS
	£	£	£	£		£	£	£	£	£
<u>Not recommended for funding</u>										
<b>Maintenance for Schools</b>	642,500				25	4,819	38,036	54,664	53,405	856,298
The carrying out of backlog maintenance works to schools within the county that are the Councils responsibility.										
<b>Belmont Pools</b>	41,900				25	314	2,480	3,565	3,483	55,843
To support South Wye Regeneration Partnership in the purchase of Belmont Pools & the development of Haywood Country Park										
<b>Refurbishment of Public Toilets</b>	150,000	150,000			25	1,125	11,880	25,818	25,230	412,296
Refurbishment of public toilets at Central toilets, Leominster; Red Meadow, Ross-on-Wye and Bromyard										
<b>Improvements to County Record Office</b>	114,035				25	855	6,751	9,702	9,479	151,981
The current Record Office building is unsuitable as shown through the results of The National Archives inspection & annual self-assessments										



# 2009/10 DRAFT TREASURY MANAGEMENT STRATEGY

## PORTFOLIO RESPONSIBILITY: RESOURCES

**CABINET**

**19 FEBRUARY 2009**

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### **Wards Affected**

County-wide.

### **Purpose**

To propose the draft treasury management strategy and prudential indicators for 2009/10.

### **Key Decision**

This is a Key Decision because it is likely to result in the Council incurring expenditure above agreed budgets for the service or function (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 is likely to be significant in terms of its effect on communities living or working in Herefordshire in an area comprising one or more wards.

It was included in the Forward Plan.

### **Recommendations**

**THAT Cabinet recommends to Council that:**

- a) **the Prudential Indicators detailed in Appendix 1, which include the draft Capital Programme, be endorsed;**
- b) **the Treasury Management Strategy in Appendix 2 be endorsed;**
- c) **it be recommended to council that the borrowing limits outlined in Appendix 2 be approved; and**
- d) **the council's Minimum Revenue Provision Policy for 2009/10 in Appendix 4 be approved.**

### **Reasons**

The setting of Prudential Indicators and the reporting of the council's Treasury Management Strategy for the coming financial year is required by the CIPFA Prudential Code for Capital Finance and the CIPFA Code of Practice on Treasury Management.

The primary requirement of the Code of Practice on Treasury Management in the Public Services (2001) is the approval by full council of a policy statement that sets out the council's overall approach to treasury management operations.

## **Considerations**

### **Prudential Indicators**

1. The key objectives of the Prudential Code are to ensure that capital investment plans and treasury management decisions are made in a manner that supports prudence, affordability and sustainability.
2. The code requires the Council to set a range of Prudential Indicators (PIs) for 2009/10 and where appropriate for at least the subsequent two years, in order to support such local decision making in a manner that is publicly accountable. The PIs must be set before the beginning of each financial year by Council in line with the budget setting process.
3. Regular in-year monitoring of the PIs will take place and any significant deviations from expectations are to be reported accordingly.
4. The framework of PIs has to cover Capital Expenditure plans and Treasury Management and these are set out on Appendix 1. These indicators include:
  - Actual and estimated capital expenditure for the current and future years
  - Ratio of financing costs to net revenue stream
  - Capital Financing Requirement
  - Authorised limit for External Debt
  - Operational boundary for External Debt
  - Council Tax implications of the incremental effect of capital decisions
  - Treasury Management Indicators

### **Treasury Management Policy Statement and Treasury Management Strategy**

5. The Council has adopted and is currently working within CIPFA's Code of Practice on Treasury Management in the Public Services (2001).
6. A Treasury Management Strategy for 2009/10 has been prepared that conforms to the CIPFA Code of Practice 2001. This strategy includes a number of PIs specifically relating to Treasury Management and is set out in Appendix 2. The Treasury Management PIs are reproduced from the list of PIs contained in Appendix 1. The Strategy has been prepared in line with the Treasury Management Policy Statement adopted by Council in March 2006, a copy of which is attached for reference at Appendix 3.
7. The CIPFA Code of Practice 2001 requires chief financial officers to prepare Treasury Management Practice Statements (TMPs). TMPs outline how the Council's strategic policy objectives for treasury management will be achieved and are supported by schedules that describe the specific procedures to be used by the Council's staff involved in treasury management activities. The Director of Resources has prepared TMPs that conform to the CIPFA Code of Practice 2001. The Council is currently investing within the UK and these investments are being carefully monitored as detailed in the strategy.

## **Minimum Revenue Provision Policy**

8. Local authorities are required to charge to revenue a minimum revenue provision (MRP) to account for the cost of their debt and to approve a statement on its policy for making MRP before the start of the financial year. The Statement on Minimum Revenue Provision for 2009/10 is attached as Appendix 4.

## **Risk Management**

Risk is managed in accordance with the Treasury Management Policy Statement approved by council in March 2008. The setting and monitoring of Performance Indicators is designed to be a fundamental process in the management of risk.

## **Consultees**

Treasury Management advisers – Sector Treasury Services Limited.

## **Appendices**

- Appendix 1 Prudential Indicators 2009/10
- Appendix 2 Treasury Management Strategy 2009/10
- Appendix 3 Treasury Management Policy Statement
- Appendix 4 Minimum Revenue Provision Policy 2009/10

## **Background Papers**

None



## HEREFORDSHIRE COUNCIL

### PRUDENTIAL INDICATORS 2009/10

#### 1. INTRODUCTION

The PIs set out below are recommended by the Prudential Code. However members may prefer additional or alternative indicators that will help with the decision making process.

#### 2. ACTUAL AND ESTIMATED CAPITAL EXPENDITURE

This table takes into account new borrowing for which the government is providing support, government grants, capital receipts, other funding (including s106 receipts) and Prudential Borrowing.

Certain allocations of Government capital funding are not expected until March or April 2009. Such allocations of funding will be added to the Capital Programme and reported as part of the Capital Monitoring process.

	Forecast Outturn 2008/09 £'000	Estimated 2009/10 £'000	Estimated 2010/11 £'000	Estimated 2011/12 £'000
<b>Directorate: -</b>				
Children's Services	17,315	29,668	30,097	3,655
Resources	4,210	2,910	8,600	-
Deputy Chief Executive	5,564	4,570	10	39
Adult Services	905	551	255	-
Regeneration	11,424	5,904	2,945	-
Environment & Culture	23,809	19,542	13,735	1,554
To be allocated	-	3,821	646	646
	<b>63,227</b>	<b>66,966</b>	<b>56,288</b>	<b>5,894</b>
<b>By funding</b>				
Capital Receipts Reserve	11,016	2,768	1,264	-
Grants and Contributions	23,419	34,154	32,164	3,655
Supported Capital Expenditure (Revenue)	12,751	13,567	13,210	1,200
Prudential Borrowing – allocated	16,041	12,656	9,004	393
Prudential Borrowing – to be allocated	-	3,821	646	646
	<b>63,227</b>	<b>66,966</b>	<b>56,288</b>	<b>5,894</b>

### 3. RATIO OF FINANCING COSTS TO NET REVENUE STREAM

The net revenue stream is the budget amount to be met from Formula Grant and Council Tax income (the budget requirement). The ratio is the proportion of the budget requirement that relates to the ongoing capital financing costs.

	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Net Revenue Stream	131,778	137,715	143,560	147,511
Capital Financing Costs (less contributions)	10,434	13,176	15,100	15,877
Ratio of financing costs to net revenue stream	7.92%	9.57%	10.52%	10.76%

### 4. CAPITAL FINANCING REQUIREMENT

This indicator represents the underlying need to borrow for a capital purpose. The use of combined anticipated capital receipts and reduction in cash balances may result in actual future debt levels beginning to reduce.

	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Financing Requirement (as at 31/3)	158,249	180,697	194,123	186,138

### 5. AUTHORISED LIMIT FOR EXTERNAL DEBT

The Authorised Limit for external debt represents the absolute maximum level of debt that may be incurred. This limit would only be reached in exceptional circumstances.

	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	175,000	190,000	210,000	230,000
Other Long Term Liabilities	10,000	10,000	10,000	10,000
<b>Total</b>	<b>185,000</b>	<b>200,000</b>	<b>220,000</b>	<b>240,000</b>

## 6. OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

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

	2008/09	2009/10	2010/11	2011/12
	£'000	£'000	£'000	£'000
Borrowing	152,000	174,000	189,000	189,000
Other Long Term Liabilities	6,000	6,000	6,000	6,000
<b>Total</b>	<b>158,000</b>	<b>180,000</b>	<b>195,000</b>	<b>195,000</b>

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

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

<b>Increase in council tax (Band D, per annum) for the Capital Financing costs of the following:</b>	2009/10	2010/11	2011/12
	£ p	£ p	£ p
Existing Prudential Borrowing allocations	38.18	69.79	96.30
New Prudential Borrowing bids	0.20	3.03	4.70
<b>Total</b>	<b>38.38</b>	<b>72.82</b>	<b>101.00</b>
Existing Prudential Borrowing allocations	(14.70)	(6.58)	(3.64)
New Prudential Borrowing bids	-	-	-
<b>Net Band D Impact</b>	<b>23.68</b>	<b>66.24</b>	<b>97.36</b>

## 8. TREASURY MANAGEMENT INDICATORS

These are specific indicators which relate to the management of the Treasury Management process.

	2007/08	2008/09	2009/10	2010/11
<b>Upper Limit for Fixed Interest Rate Exposure</b>				
Net principal re fixed rate borrowing / investments	100%	100%	100%	100%
<b>Upper Limit for Variable Interest Rate Exposure</b>				
Net principal re variable rate borrowing / investments	50%	50%	50%	50%
<b>Maturity Structure of new fixed rate borrowing during 2007/08</b>				
	<b>Upper Limit</b>	<b>Lower Limit</b>		
Under 12 Months	50%	0%		
12 months and within 24 months	50%	0%		
24 months and within 5 years	100%	0%		
5 years and within 10 years	100%	0%		
10 years and above	100%	0%		
<b>Upper Limit for total principal sums invested for over 364 days</b>				
	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
(per maturity date)	10,000	10,000	10,000	10,000



## HEREFORDSHIRE COUNCIL

### TREASURY MANAGEMENT STRATEGY 2009/10

#### 1. INTRODUCTION

- 1.1 The Financial Services Technical Accounting Team is responsible, under the direction of the Director of Resources for the day-to-day management of the Council's treasury management activities. The Treasury Management Strategy for borrowing and Annual Investment Strategy for 2009/10 details the expected activities for the Team in the coming financial year and has been produced in accordance with the Council's approved Treasury Management Policy Statement.
- 1.2 The 2003 Prudential Code for Capital Finance in local authorities introduced new requirements for the manner in which capital spending plans are to be considered and approved, and in conjunction with this, the development of this integrated Treasury Management Strategy.
- 1.3 The Treasury Management Strategy covers the:
- current treasury portfolio position;
  - treasury limits for 2009/10;
  - prudential indicators for 2009/10 – 2011/12;
  - prospects for the economy and interest rates;
  - borrowing strategy;
  - debt rescheduling opportunities;
  - specified and non-specified investments;
  - investment objectives;
  - security of capital: the use of credit ratings;
  - investment strategy;
  - externally managed funds; and
  - end of year report.

It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. A local authority is required to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from: -

1. increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
2. any increases in running costs from new capital projects

are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

#### 2. CURRENT TREASURY PORTFOLIO POSITION

- 2.1 The Council's treasury portfolio position as at 31<sup>st</sup> December 2008 is as follows: -

<b>(a) DEBT POSITION</b>	<b>Principal (£)</b>	<b>Borrowing Rate (%)</b>
Public Works Loan Board	103,595,378	4.47
Market Debt *	12,000,000	4.50
<b>Total Debt</b>	<b>115,595,378</b>	<b>4.48</b>

Estimated Borrowing Requirement 2009/10 – supported borrowing approvals of approximately £13.57 million, plus £16.48 million unsupported borrowing under the Prudential Code (which includes slippage from previous year). In addition refinancing of maturing debt of £255,361 in the year will be required, plus there is the potential for the market debt of £12,000,000 to be recalled and require refinancing.

The Council may, however, decide not to go to the market for loans but use internal balances to fund this requirement in the short term (due to the current credit crunch). This would result in no new external borrowing until 2010/11 and current debts may be settled early where considered prudent, affordable and sustainable to do so.

\* The Market debt refers to two LOBO (Lender Option Borrower Option) loans that were taken out at low interest rates fixed for 2 years with the remaining 48 years of the loans currently running at an interest rate of 4.50%

<b>(b) INVESTMENT POSITION</b>	<b>Principal (£)</b>	<b>Rate of Return (%)</b>
<b>Total Investments (Internally Managed)</b>	<b>50,760,000</b>	<b>4.22</b>

### **3. TREASURY LIMITS FOR 2009/10**

- 3.1 It is a statutory duty under Section 3 of the Local Government Act 2003, and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. The authorised limit represents the legislative limit specified in Section 3 of the Local Government Act 2003.
- 3.2 The Council must have regard to the Prudential Code when setting their Affordable Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax levels is ‘acceptable’.
- 3.3 Whilst termed an “Affordable Borrowing Limit”, the capital plans to be considered for inclusion incorporate those planned to be financed by both external borrowing and other forms of liability, such as credit arrangements. The affordable borrowing limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.

### **4. PRUDENTIAL INDICATORS FOR 2009/10 – 2011/12**

- 4.1 The following prudential indicators are relevant for the purposes of setting an integrated Treasury Management Strategy.

<b>PRUDENTIAL INDICATOR</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
<b>(1). Budget Setting Indicators</b>				
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Expenditure	63,227	66,966	56,288	5,894
<b>Ratio of financing costs to net revenue stream</b>				
Net Revenue Stream	131,778	137,715	143,560	147,511
Financing Costs	10,434	13,176	15,100	15,877
Ratio of financing costs to net revenue stream	7.92%	9.57%	10.52%	10.76%
		<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
<b>Incremental effect of Prudential Borrowing</b>				
		<b>£ p</b>	<b>£ p</b>	<b>£ p</b>
Existing Prudential Borrowing allocations		38.18	69.79	96.30
New Prudential Borrowing bids		0.20	3.03	4.70
<b>Total</b>		<b>38.38</b>	<b>72.82</b>	<b>101.00</b>
Contributions from existing revenue budgets		(14.70)	(6.58)	(3.64)
<b>Net Band D Impact</b>		<b>23.68</b>	<b>66.24</b>	<b>97.36</b>
<b>Capital Financing Requirement (as at 31/3)</b>				
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Total	158,249	180,697	194,123	186,138
<b>PRUDENTIAL INDICATOR</b>				
<b>(2). Treasury Management Prudential Indicators</b>				
<b>Authorised Limit for External Debt</b>				
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	175,000	190,000	210,000	230,000
Other Long Term Liabilities	10,000	10,000	10,000	10,000
Total	<b>185,000</b>	<b>200,000</b>	<b>220,000</b>	<b>240,000</b>
<b>Operational Boundary</b>				
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Borrowing	152,000	174,000	189,000	189,000
Other Long Term Liabilities	6,000	6,000	6,000	6,000
Total	<b>158,000</b>	<b>180,000</b>	<b>195,000</b>	<b>195,000</b>
<b>Upper Limit for Fixed Interest Rate Exposure</b>				
	<b>£ or %</b>	<b>£ or %</b>	<b>£ or %</b>	<b>£ or %</b>
Net principal re fixed rate borrowing / investments	100%	100%	100%	100%
<b>Upper Limit for Variable Interest Rate Exposure</b>				
	<b>£ or %</b>	<b>£ or %</b>	<b>£ or %</b>	<b>£ or %</b>
Net principal re variable rate borrowing / investments	50%	50%	50%	50%

investments

<b>Maturity Structure of new fixed rate borrowing during 2009/10</b>	<b>Upper Limit</b>	<b>Lower Limit</b>		
Under 12 Months	50%	0%		
12 months and within 24 months	50%	0%		
24 months and within 5 years	100%	0%		
5 years and within 10 years	100%	0%		
10 years and above	100%	0%		
<b>Upper Limit for total principal sums invested for over 364 days</b>	<b>2008/09 £'000</b>	<b>2009/10 £'000</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>
	10,000	10,000	10,000	10,000

## 5. PROSPECTS FOR THE ECONOMY & INTEREST RATES

- 5.1 The Council currently has Sector Treasury Services Limited as its treasury advisers and part of their service is to assist in forming a view on economic trends and the effect on interest rates. This section of the strategy outlines the Council's view of the economy and interest rates based on the advice of its treasury advisers.

### Economic Background

- 5.2 The sub prime crisis of early 2008 was followed by the banking crisis of autumn 2008. The world banking system came near to collapse and governments were forced to recapitalise and rescue their major banks. Lending from banks has fallen, with banks anxious to preserve capital, leading to economic forecasts being sharply reduced and recession being priced into markets. This in turn led to sharp falls in oil and other commodity prices. Inflation, which was running at over 5% in September 2008, is decreasing and recession fears are driving interest rate policies. A co-ordinated global interest rate cut of 0.5% took place on 8<sup>th</sup> October 2008 followed by further sharp cuts.

#### 5.2.1 UK

- Gross Domestic Product (GDP) growth was already slowing in 2008 before the full impact of the credit crunch was felt. In early 2008 GDP was 2.3%, whereas in the autumn the figure fell back to -0.3% and was then expected to continue to be negative going into 2009.
- Wage inflation remained relatively subdued as the Government kept a firm lid on public sector pay. Private sector wage growth was kept in check by the slowing economy.
- Growth slowed across the economy and unemployment rose throughout the year with forecasts of two million unemployed by the end of the financial year and continuing increases thereafter throughout 2010.
- Notwithstanding the pressures on household finances, consumer spending still continued at a reasonable pace, although the trend was slowing as the year progressed.
- Bank lending came to a virtual standstill in the autumn as the credit crunch tightened its grip and various banks internationally had to be rescued, or supported, by their governments.

- The UK Government and Bank of England supplied massive amounts of liquidity to the banking market in an attempt to reignite longer inter-bank lending.
- The Government took action in September to either supply finance to recapitalise some of the major clearing banks itself; or to require the others to strengthen their capital ratios by their own capital raising efforts. This was done to ensure that banks would be seen to have sufficient reserves to last through the coming recession with its inevitable increase in bad loans.
- The housing market also came to a virtual standstill as lenders demanded larger deposits and higher fees. House sales and prices both dropped sharply.
- Government finances deteriorated as income from taxation dropped as the economy slowed and the cost of the bailout of the banks was added to the deficit.
- U.K. equity prices declined sharply in the 3<sup>rd</sup> and 4<sup>th</sup> quarters as the impending recession was priced into the markets. Prices hit five year lows and volatility was extremely high.
- The story of 2008 has been the credit crunch, the banking crisis and the change in economic outlook from slow growth to recession. After the initial concerns about the impact of the credit crunch in the earlier part of 2008 it appeared that the storm had been weathered. The Monetary Policy Committee (MPC) had been very concerned about Consumer Price Index inflation, which had been rising sharply on the back of higher commodity and food prices. Bank Rate reached a peak of 5.75% in July 2007 after which cuts of 0.25% occurred in December 2007 and February and April 2008 before the major cuts in the autumn. The economic data had been indicating a slowing economy for some while but it was not sufficiently weak to force the MPC into cuts. It was the strength of the banking crisis, pre-empted by the collapse of Lehman's in New York that eventually drove the MPC to cut interest rates by 0.5% on October 8th in concert with the Federal Reserve (Fed), the European Central Bank (ECB) and other central banks. It was then appreciated that the economic downturn would be much more severe than previously thought and interest rates were subsequently slashed by 1.5% on 6<sup>th</sup> November, by 1% on 4<sup>th</sup> December and 0.5% on 8<sup>th</sup> January to reach 1.5%.
- The London Interbank Bank Offer Rate (LIBOR) spread over Bank Rate has also been a feature, and a concern, of 2008/09. Because of the credit fears and the reluctance of lenders to place cash for long periods, 3-month LIBOR (this is the rate at which banks will lend to one another) has been substantially higher than Bank Rate. This has meant that the MPC's power over monetary policy has been eroded by the widening of this spread between LIBOR and Bank Rate and it has therefore had a limited ability to bring relief to hard pressed borrowers through lower interest rates. However, the power of the Government over the semi nationalised clearing banks had considerable impact in enforcing pro rata reductions to the 1.5% Bank Rate cut in November on some borrowing rates.
- The Government has abandoned its 'golden rule'. The pre Budget Report on 24 November revealed the Government's plans for a huge increase in Government borrowing over coming years as a result of falling tax revenues and also due to tax cuts and increases in Government expenditure in the short term designed to help stimulate economic growth to counter the recession.

### **5.2.2 International**

- Early in 2008 the US economy was being badly affected by the housing market slump. Interest rates were at 2% and inflation was being dragged higher by the rise in commodity prices.

- The second quarter of 2008/09 was torn between inflation worries on the one hand, with oil rising towards \$150 per barrel, and the deteriorating economic outlook on the other.
- In the second and third quarters of the year the financial crisis erupted and escalated as the world became aware of the extent of the sub-prime problem and the impact it was having on institutions that had invested in these issues.
- In September Fannie Mae/Freddie Mac (the mortgage banks) and AIG, the insurance giant, had to be bailed out by the US Federal Government.
- Then in mid September, Lehman Bros., the investment bank, was allowed to fail. This triggered a domino effect with other banks and financial institutions having to be rescued or supported by governments around the world.
- After the collapse into receivership of the Icelandic banks in early October, other countries then started to feel the strain and a number had to approach the International Monetary Fund for support.
- Eventually even the Asian economies were affected, including India and China, and it became clear that the crisis had become a global one and no country was insulated from it.
- The financial crisis had therefore precipitated an economic crisis and there was a co-ordinated global interest rate cut with the Fed, ECB and MPC all cutting rates by 0.5% on 8<sup>th</sup> October. The Fed subsequently cut rates again by 0.5% to 1% on 29<sup>th</sup> October and again on 16<sup>th</sup> December to a band of 0.0% to 0.25% in an attempt to stave off the oncoming recession. Inflation was no longer the problem.
- The ECB reduced rates again on 6<sup>th</sup> November by 0.5% and by its biggest ever cut of 0.75% on 4 December to reach 2.5%.

### **Interest rate forecast**

#### **Base Rate:**

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

- Will fall from current levels because of the intensifying global recession;
- Starting 2009 at 2.00%, Bank Rate is forecast to fall to 0.5% in Q1 2009;
- It is then expected to remain there until starting to rise gently up from Q2 2010 until it reaches 4.0% in Q1 2012;
- There is downside risk to these forecasts if the recession proves to be deeper and more prolonged than currently expected.

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

- The 50 year Public Works Loan Board (PWLB) rate is expected to remain around current levels of about 3.80% - 3.90% until Q2 2010 when it is forecast to rise to 4.00%. The rate then edges up gradually to reach 5.00% at the end of Q1 2012;
- The 25 year PWLB rate is expected to drop to 3.95% in Q1 2009 and stay around there until starting to rise in Q1 2010 and then to eventually reach 5.05% at the end of Q1 2012;
- The 10 year PWLB rate is expected to drop to 2.55% in Q3 2009 but then to start rising again in Q2 2010 to eventually reach 4.85% at the end of Q1 2012;
- The 5 year PWLB rate is expected to fall to a floor of 2.15% during Q3 2009. The rate then starts rising in Q2 2010 to eventually reach 4.60% at the end of Q1 2012.

5.4 Having set the scene in economic terms, the likely impact for interest rates can be assessed and is illustrated in the following tables.

**Table 1 Sector Treasury - Interest Rate Forecast**

(This table represents the view of the Council's Treasury advisors as at December 2008)

%	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
<b>Base Rate</b>	0.50	0.50	0.50	0.50	0.50
<b>5 Year PWLB</b>	2.50	2.25	2.15	2.15	2.15
<b>10 Year PWLB</b>	3.10	2.75	2.55	2.55	2.55
<b>25 Year PWLB</b>	4.00	3.95	3.95	3.95	4.00
<b>50 Year PWLB</b>	3.85	3.80	3.80	3.80	3.85

**Table 2 Summary of Independent Forecasts of Base Rate**

(This table represents the views of independent forecasters' views of base rate as at December 2008)

%	2009 Q4	2010 average	2011 average	2012 average
<b>Median</b>	1.00	3.11	3.97	4.49
<b>Highest</b>	4.00	4.70	5.00	5.25
<b>Lowest</b>	0.50	1.00	2.25	3.00

## 6. BORROWING STRATEGY

6.1 Based upon the prospects for interest rates, there is a range of options available for the borrowing strategy for 2009/10. Variable rate borrowing is expected to be cheaper than long term borrowing and will therefore be attractive throughout the financial year compared to simply taking long term fixed rate borrowing. Under 10 year PWLB rates are expected to be substantially lower than longer term PWLB rates so this will open up a range of choices for new borrowing for authorities that want to spread their debt maturities away from a concentration in long dated debt. Rates are expected to be slightly lower at the middle to end of the year than earlier on so it may be advantageous to borrow later in the year.

6.2 In order to minimise debt interest costs, the main strategy is therefore as follows:

- The under 10 year rates will provide significantly cheaper rates than longer-term borrowing. Under 5 year rates are also expected to be significantly lower than 5-10 year rates. Rates are expected to be slightly lower at the middle to end of the year than earlier on so it may be advantageous to borrow later in the year.
- There is expected to be little difference between 25 year and 50 year rates. However, despite the minimally more expensive new borrowing rates expected in the 25 – 30 year period later in the year, these could be seen as being much more attractive than 50 year borrowing as the spread between the PWLB new borrowing and early repayment rates is considerably less. This then maximises the potential for debt rescheduling at a later time by minimising the spread between these two rates.
- This strategy would also mean that after some years of focusing on usually borrowing at or near the 50 year period, the council would be able to undertake borrowing in a markedly different period and so achieve a better spread in their debt maturity profile.

- When long term PWLB rates fall back to the central forecast rates of 3.95%, borrowing may be taken at any time in the financial year. A suitable trigger point for considering new fixed rate long term borrowing, therefore, would be 3.95%. The central forecast rate will be reviewed in the light of movements in the slope of the yield curve, spreads between PWLB new borrowing and early payment rates, and any further changes that the PWLB may introduce to their lending policy and operations.
- Consideration will also be given to borrowing fixed rate market loans at 25 – 50 basis points below the PWLB target rate if they become available again.

### **External versus internal borrowing**

6.3 The next financial year is expected to be a time of historically low Bank Rate. This opens up an opportunity for the Council to fundamentally review the strategy of undertaking external borrowing.

6.4 Herefordshire Council has investments that it can use to finance the borrowing requirement over the next year so consideration will be given to the potential merits of internal borrowing. As long term borrowing rates are expected to be higher than investment rates and look likely to be so for the next couple of years or so, Herefordshire may prefer to avoid all new external borrowing in the next financial year in order to maximise savings in the short term.

6.5 The running down of investments also has benefits of reducing exposure to interest rate and credit risk.

6.6 Against this background caution will be adopted with the 2009/10 treasury operations. The Director of Resources will monitor the interest rate market and adopt a pragmatic approach to any changing circumstances.

**6.7 Sensitivity of the forecast** – In normal times the main sensitivities of the forecast are likely to be the two scenarios below. The Council officers, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to any changes:

- ***if it were felt that there was a significant risk of a sharp rise in long and short term rates***, perhaps arising from a greater than expected increase in world economic activity or further increases in inflation, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates were still relatively cheap.
- ***if it were felt that there was a significant risk of a sharp fall in long and short term rates***, due to e.g. growth rates weakening, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term funding will be considered.

## **7. DEBT RESCHEDULING OPPORTUNITIES**

7.1 The introduction of different PWLB rates on 1 November 2007 for new borrowing as opposed to early repayment of debt, and the setting of a spread between the two rates (of about 40 – 50 basis points for the longest period loans narrowing down to 25 – 30 basis points for the shortest loans), has meant that PWLB to PWLB debt



restructuring is now much less attractive than before that date because of the small savings compared to premium charges. However, significant interest savings may still be achievable through using LOBOs (Lenders Option Borrowers Option) loans and other market loans if these become available after the drying up of their supply during autumn 2008.

- 7.2 Due to short term borrowing rates being expected to be considerably cheaper than longer term rates, there are likely to be significant opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of their short term nature and the likely cost of refinancing those short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio. Any such rescheduling and repayment of debt is likely to cause a rebalancing of an authority's debt maturities towards a flattening of the maturity profile as in recent years there has been a skew towards longer dated PWLB.
- 7.3 Consideration will also be given to the potential for making savings by running down investment balances by repaying debt prematurely as short term rates on investments are likely to be lower than rates paid on currently held debt. However, this will need careful consideration in the light of premiums that may be incurred by such a course of action and other financial considerations.
- 7.4 The Director of Resources will actively give consideration during the year to undertaking rescheduling in line with the strategy set out in paragraph 6 above.
- 7.5 The reasons for any rescheduling to take place will include:
- the generation of cash savings and / or discounted cash flow savings;
  - help fulfil the strategy outlined in paragraph 6 above; and
  - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

## 8. SPECIFIED AND NON-SPECIFIED INVESTMENTS

- 8.1 Under CIPFA's Treasury Management Code of Practice and the DCLG's Guidance on Local Government Investments (issued in March 2004) the Council is required to formulate a strategy each year regarding its investments.
- 8.2 This Annual Investment Strategy states which investments the Council may use for the prudent management of its treasury balances during the financial year under the headings of **Specified Investments** and **Non-Specified Investments** as detailed in **Annex A**.
- 8.3 This Annex sets out:
- The procedures for determining the use of each category of investment (advantages and associated risk), particularly if the investment falls under the category of "non-specified investments."
  - The maximum periods for which funds may be prudently committed in each category.
  - If non-specified investments are to be used, whether prior professional advice is to be sought from the Council's treasury advisors (Sector Treasury Services Ltd).

- 8.4 With regard to the Council's Joint Ownership of West Mercia Supplies and the level of balances held by this organisation; the Council may, if deemed in the best interest of prudent management of the West Mercia business undertake transactions pertaining to foreign currencies, such as foreign exchange deals and investments. Such dealings must have **relevance to the course of business of West Mercia Supplies**. These dealings will be classified as **non-specified** as they are not sterling denominated.

## **9. INVESTMENT OBJECTIVES**

- 9.1 The general policy objective for Herefordshire Council is the prudent investment of its treasury balances. The Council's investment priorities are:

- (a) the **security** of capital; and
- (b) **liquidity** of its investments.

The Council will aim to achieve the optimum return on its investments in accordance with proper levels of security and liquidity.

- 9.2 The borrowing of monies purely to invest or on-lend and make a return is unlawful and the Council will not engage in such activity.

## **10. SECURITY OF CAPITAL: THE USE OF CREDIT RATINGS**

- 10.1 The Council uses credit ratings published by *Fitch Ratings* and *Moody's Investors Service* to establish the credit quality of counterparties and investment schemes. The Council has also determined the minimum long-term, short-term and other credit ratings it deems to be "high" for each category of investment in conjunction with its Treasury Management advisor.

### **Monitoring of credit ratings:**

- 10.2 All credit ratings will be monitored monthly: The Council has access to Fitch and Moody's Investors Service credit ratings and is alerted to changes from its Treasury Management advisor.
- 10.3 If a counterparty's or investment scheme's rating is downgraded with the result that it no longer meets the Council's minimum criteria, the further use of that counterparty/investment scheme as a new investment will be withdrawn immediately. Any intra-month credit rating downgrade, which the Council has identified, that affects the Council's pre-set criteria will also be similarly dealt with.

## **11. INVESTMENT STRATEGY**

- 11.1 The Director of Resources manages the Council's investment portfolio. Investments managed by the in-house team are generally temporary in nature and short-term. All decisions are made in the light of the Council's forecast cash flow requirements.
- 11.2 Bank Rate started on a downward trend from 5.75% in December 2007 with further cuts of 0.25% in February and April 2008, then 0.5% in October, 1.5% in November, 1% in December and 0.5% in January 2009 with further cuts expected during Q1 2009. It is then expected to stabilise at 0.50% until starting to rise gradually with the first increase in Q2 2010 and then to be back up to 4.00% during Q1 2012. The Council will therefore avoid locking into longer term deals while investment rates are down at historically low levels.

**12. END OF YEAR REPORT**

- 12.1 At the end of the financial year, the Council will prepare a report on its investment activity as part of its Annual Treasury Report.

## SPECIFIED INVESTMENTS

*All specified investments will be sterling-denominated with maturities up to a maximum of 1 year.*

<b>Investment</b>	<b>Security / Credit Rating</b>	<b>Circumstance of use</b>
<b>Debt Management Agency Deposit Facility (DMADF)</b>	Govt-backed	In-house
<b>Term deposits</b> with the UK government or with UK local authorities ( <i>i.e. deposits with local authorities as defined under Section 23 of the 2003 Act</i> )	High security although LAs not credit rated.	In-house
<b>Term deposits</b> with credit-rated deposit takers <i>i.e. deposits with banks and building societies, (including callable deposits), with maturities up to 1 year</i>	Yes-varied <i>Minimum rating "A" Long-term and "F1" Short-term (or equivalent)</i>	In-house
<b>Certificates of Deposit</b> issued by credit-rated deposit takers ( <i>i.e. a certificate issued for deposits made with a bank or building society, who agree to pay a fixed rate of interest for the specified period of time and repay the principal at maturity</i> ) up to 1 year.  <i>Custodial arrangement required prior to purchase</i>	Yes-varied <i>Minimum rating "F1+" Short-term (or equivalent)</i>	External fund manager
<b>Gilts:</b> up to 1 year <i>(a fixed interest security issued or secured by the British Government)</i>  <i>Custodial arrangement required prior to purchase</i>	Govt-backed	Buy and hold to maturity: to be used in-house after consultation with Treasury Management advisor
<b>Money Market Funds</b> <i>(a AAA credit rated collective investment scheme such as a mutual fund or a unit trust, as defined in Statutory Instrument 2004 No. 534, that invests exclusively in money market securities)</i>	Yes-varied <i>Minimum AAA credit rated</i>	In-house after consultation with Treasury Management advisor
<b>Forward deals</b> with credit rated banks and building societies < 1 year ( <i>i.e. a deal negotiated before the deposit is paid, with the negotiated deal period plus period of deposit &lt; 1 year</i> )	Yes-varied <i>Minimum rating "A" Long-term and "F1" Short-term (or equivalent)</i>	In-house

## NON-SPECIFIED INVESTMENTS

*All investments listed below must be sterling-denominated*

<b>Investment</b>	<b>Security / Minimum credit rating</b>	<b>Circumstance of use</b>	<b>Max % of overall investments</b>	<b>Maximum maturity of investment</b>
<b>Term deposits</b> with credit rated deposit takers (banks and building societies) with maturities greater than 1 year	YES-varied <i>Minimum rating "AA-" Long-term and "F1" Short-term (or equivalent) Support 1,2 or equivalent</i>	In-house	25%	5 years
<b>Certificates of Deposit</b> with credit rated deposit takers (banks and building societies) with maturities greater than 1 year <i>Custodial arrangement required prior to purchase</i>	YES-varied <i>Minimum rating "AA-" Long-term and "F1+" Short-term (or equivalent)</i>	In-house after consultation with Treasury Management advisor	20%	5 years
<b>Callable deposits</b> with credit rated deposit takers (banks and building societies)	YES-varied <i>Minimum rating "AA-" Long-term and "F1" Short-term (or equivalent) Support 1,2 or equivalent</i>	In-house after consultation with Treasury Management advisor	20%	5 years in aggregate
<b>Range trade deposits</b> with credit rated deposit takers (banks and building societies)	YES-varied <i>Minimum rating "AA-" Long-term and "F1" Short-term (or equivalent) Support 1,2 or equivalent</i>	In-house after consultation with Treasury Management advisor	20%	5 years
<b>Snowballs</b> with credit rated deposit takers (banks and building societies)	YES-varied <i>Minimum rating "AA-" Long-term and "F1" Short-term (or equivalent) Support 1,2 or equivalent</i>	In-house after consultation with Treasury Management advisor	20%	5 years
<b>Gilt Funds and other Bond Funds***</b> . <i>[These are open-end mutual funds investing predominantly in UK govt gilts and corporate bonds. These funds do not have any maturity date. These funds hold highly liquid instruments and the Council's investments in these funds can be sold at any time.]</i>	<i>Minimum rating "AA-"</i>	External fund manager only subject to guidelines and parameters agreed with them	20%	10 years

## ANNEX A

<b>Investment</b>	<b>Security / Minimum credit rating</b>	<b>Circumstance of use</b>	<b>Max % of overall investments</b>	<b>Maximum maturity of investment</b>
<b>UK government gilts</b> <i>Custodial arrangement required prior to purchase</i>	Govt backed	Buy and hold to maturity: in-house after consultation with Treasury Management advisor	20%	10 years (but also including the 10 year benchmark gilt)
<b>Treasury bills</b> <i>[Government debt security]</i> <i>Custodial arrangement required prior to purchase</i>	Govt backed	In-house after consultation with Treasury Management advisor	20%	5 years
<b>Forward deposits</b> with credit rated banks and building societies for periods > 1 year (i.e. negotiated deal period plus period of deposit)	Yes-varied  <i>Minimum rating "AA-" Long-term and "F1" Short-term (or equivalent)</i> <i>Support 1,2 or equivalent</i>	In-house after consultation with Treasury Management advisor	20%	5 years
<b>Deposits with unrated deposit takers (banks and building societies) but with unconditional financial guarantee from HMG or credit-rated parent institution:</b> any maturity	Not rated in their own right, but parent must be rated. <i>Minimum rating for parent "AA-" Long-term and "F1" Short-term (or equivalent)</i> <i>Support 1,2 or equivalent</i>	In-house	20%	1 year
<b>Bonds issued by a financial institution that is guaranteed by the UK Government</b> (as defined in Statutory Instrument 2004 No. 534) <i>Custodial arrangement required prior to purchase</i>	AAA / Govt guaranteed	Buy and hold to maturity: in-house after consultation with Treasury Management advisor	20%	10 years
<b>Bonds issued by multilateral development banks</b> (as defined in Statutory Instrument 2004 No. 534)  <i>Custodial arrangement required prior to purchase</i>	AAA / Govt guaranteed	Buy and hold to maturity: in-house after consultation with Treasury Management advisor	20%	10 years

## HEREFORDSHIRE COUNCIL

### TREASURY MANAGEMENT POLICY STATEMENT

#### Statement of Purpose

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

#### Definition of Treasury Management

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

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

#### Policy Objectives

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

## **Delegation & Reporting**

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



**HEREFORDSHIRE COUNCIL**

**STATEMENT ON MINIMUM REVENUE PROVISION 2009/10**

**1. Introduction**

Local Authorities are required to charge to their revenue account for each financial year Minimum Revenue Provision (MRP) to account for the cost of their debt in that year. Under the **The Local Authorities (Capital Finance and accounting) (England) (Amendment) Regulations 2003 (the 2003 Regulations)** set out the method council's had to follow in calculating MRP. **The Local Authorities (Capital Finance and accounting) (England) (Amendment) Regulations 2008** replaces these detailed rules for calculating MRP with a requirement to calculate an amount of MRP which they consider to be prudent.

**2. Annual MRP Statement**

The Secretary of State recommends that before the start of each financial year that a local authority prepares a statement of its policy on making MRP in respect of that financial year and submits it to the full council.

**3. Options for making 'Prudent Provision'**

3.1 There are four options for Prudent Provision set out in the guidance;

**Option 1 - Regulatory**

For debt which is supported by the Government through Revenue Support Grant (RSG), authorities may continue to use the formulae under the 2003 Regulations, as RSG debt support is calculated in that way. This includes applying an adjustment (the Item A adjustment), which reduces the charge back to the former credit ceiling accounting methodology.

**Option 2 - CFR method**

This is similar to option 1, but just uses the CFR and doesn't apply the full formula, including the Item A adjustment. Under this option the annual repayment would be higher.

**Option 3 - Asset Life Method**

For new borrowing under the prudential system there are 2 options in the guidance. The first is to make provision over the estimated life of the asset for which the borrowing is undertaken. This is a simpler alternative to the use of depreciation accounting (Option 4) and the council has already been applying to do this on a voluntary basis. This can either be on an equal instalment method or an annuity basis.

**Option 4 - Depreciation method**

An alternative to Option 3 is to make provision in line with depreciation accounting. Although this would follow standard rules for depreciation accounting there would have to be some exceptions, for example, that MRP would continue until the provision is equal to the original debt and then cease.

3.2 MRP normally commences in the year following the one in which expenditure was incurred. However, the guidance allows for an exception to this for options 3 and 4 when a new asset is provided, in which case the MRP would not have to be charged until the year following the year in which the asset first becomes operational.

#### **4 MRP Policy 2009-10**

4.1 In line with the guidance produced by the Secretary of State the proposed policy for the 2009-10 calculation of MRP is as follows;

4.2 Borrowing supported through the RSG grant system will be repaid in accordance with the 2003 Regulations.

4.3 Prudential borrowing will be repaid over the life of the asset on an equal instalment basis commencing in the year following the year in which the asset first becomes operational.

4.4 For expenditure under Regulation 25(1)(b), loans and grants towards capital expenditure by third parties, prudential borrowing will be repaid over the life of the asset in relation to which the third party expenditure is incurred.

**COUNCIL TAX RESOLUTION 2009/10****Report By: Director of Resources****Wards Affected**

Countywide

**Purpose**

To set the Council Tax amounts for each category of dwelling in Herefordshire for 2009/10 and to calculate the Council's budget requirements.

**Key Decision**

This is a Key decision

**Recommendation**

- (1) In respect of the Council's 2009/10 Budget:
- (a) a council tax of £1,175.24 be levied (at Band D);
  - (b) service areas contain expenditure within "cash limits" i.e. outturn budgets with no further allowance for pay or price inflation beyond that already provided;
- and
- (2) in respect of council tax for 2009/10 that the following amounts be approved by the Council for the year 2009/10 in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:
- (a) £325,731,480 being the estimated aggregate expenditure of the Council in accordance with Section 32(2)(a) to (e) of the Act;
  - (b) £185,624,124 being the estimated aggregate income of the Council for the items set out in Section 32(3)(a) to (c) of the Act;
  - (c) £140,107,356 being the amount by which the aggregate at (a) above exceeds the aggregate at (b) calculated by the Council in accordance with Section 32(4) of the Act, as its total net budget requirement for the year;

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Further information on the subject of this report is available from  
David Powell, Director of Resources on (01432) 383519

- (d) £55,378,780 being the aggregate of the sums which the Council estimated will be payable for the year into its general fund in respect of redistributed non-domestic rates, revenue support grant, additional grant or relevant special grant, increased by the transfer from the Collection Fund;
- (e) £1,209.34 being the amount at (c) above less the amount at (d) above all divided by the amount of the Council Tax base calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year;
- (f) £ 2,389,356 being the aggregate amount of all special items referred to in Section 34(1) of the Act;
- (g) £1,175.24 being the amount at (e) above less the result given by dividing the amount at (f) above by the amount of the Council Tax base calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates;
- (h) that the precepting authority details incorporated in Annex 1 (i-v), relating to Special Items, West Mercia Police and Hereford and Worcester Combined Fire Authority be approved in accordance with Sections 30(2), 34(3), 36(1) and Section 40 of the Local Government Finance Act 1992.

- (3) Pursuant to the requirements of the Local Government (Functions and Responsibility) (England) Regulations 2000, any decisions on the application of reserves and balances as required from time to time during the financial year be taken by Cabinet.

### Considerations

1. Sections 25 to 29 of Part 2 of the Local Government Act 2003 impose duties on local authorities designed to ensure they make prudent allowance for risk and uncertainties in their budgets and that they regularly monitor their finances during the course of the year.
2. Section 25 of the Act deals with budget calculations and requires the statutory chief finance officer to report on the robustness of estimates and reserves. This duty was introduced because the Council decides on the Council Tax before the financial year begins and Council Tax cannot be increased during a financial year. It therefore needs to consider the risks and uncertainties that might force them to spend more

than planned. The Council has a statutory duty to take the chief finance officer's Section 25 report into account when it sets the Council Tax.

- 3 Whilst local authorities have discretion to make their own judgments on a prudent level of budget and reserves, Section 26 of the Act contains reserve powers for the government to set a minimum level of reserves. This means that the government has the right to intervene if it thinks a local authority is acting irresponsibly.
- 4 Section 27 of the Act requires the statutory chief finance officer to report to Council if reserves have dipped below the minimum agreed level when the next budget is set. That report must include suggestions on how to avoid it happening again.
- 5 Sections 28 and 29 of the Act deal with budget monitoring issues and make budget monitoring a statutory duty. If monitoring establishes that the budget position has deteriorated, authorities are required to take appropriate action. This might include reducing spending in the rest of the year, increasing income or funding the shortfall from reserves.
- 6 Annex 1 (i-v) to this report contains the individual Council Tax amounts for each category of dwelling as required by the Local Government Finance Act 1992 and associated regulations. As a contingency it is also recommended that Cabinet continue to be authorised to draw on reserves and balances from time to time as required during 2009/10.
- 7 The Parish Precepts for 2009/10 total £2,389,355.90 amounting to an average Band D Council Tax Charge of £34.10 (a decrease of 1.15% over 2008/09). Annex 1 (i) details the Parish Precept requirement and the Band D Council Tax Charge for each Parish. The Parish Precepts are reflected in Section 2 of the recommendations to Council.
- 8 Details of the West Mercia Police Authority Precept are contained in Annex 1 (iii).
- 9 Details of the Hereford & Worcester Fire and Rescue Authority Precept are contained in Annex 1 (iv).



**Annex**

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

<b>Herefordshire Council requirement by Parish, including Band D equivalent</b>				
<b>Parish</b>	<b>Parish Precept</b>	<b>Tax Base</b>	<b>Parish Precept Basic Tax Rate (Band D)</b>	<b>Band D Charge (Parish and Herefordshire Council's Basic Rate - £1,175.24)</b>
	<b>£</b>		<b>£</b>	<b>£</b>
Abbeydore & Bacton Group Parish Council	4,750.00	160.54	29.59	1,204.83
Aconbury Parish Meeting	0.00	36.74	0.00	1,175.24
Acton Beauchamp Group	2,000.00	173.62	11.52	1,186.76
Allensmore Parish Council	1,000.00	246.31	4.06	1,179.30
Almeley Parish Council	6,250.00	266.66	23.44	1,198.68
Ashperton Parish Council	3,150.00	119.16	26.44	1,201.68
Aston Ingham Parish Council	1,750.00	210.07	8.33	1,183.57
Avenbury Parish Council	2,500.00	113.04	22.12	1,197.36
Aymestrey Parish Council	2,382.00	159.66	14.92	1,190.16
Ballingham Bolstone & Hentland Group Parish Council	4,000.00	280.90	14.24	1,189.48
Bartestree & Lugwardine Group Parish Council	21,000.00	809.66	25.94	1,201.18
Belmont Rural Parish Council	30,000.00	1,386.74	21.63	1,196.87
Birley with Upper Hill Parish Council	1,827.00	128.00	14.27	1,189.51
Bishop's Frome Parish Council	15,000.00	329.67	45.50	1,220.74
Bishopstone & District Group Parish Council	3,500.00	210.20	16.65	1,191.89
Bodenham Parish Council	5,989.00	462.36	12.95	1,188.19
Border Group Parish Council	6,500.00	306.08	21.24	1,196.48
Bosbury and Coddington Parish Council	3,750.00	372.81	10.06	1,185.30
Brampton Abbots & Foy Group Parish Council	2,000.00	222.37	8.99	1,184.23
Bredenbury & District Group Parish Council	1,700.00	165.26	10.29	1,185.53
Breinton Parish Council	6,250.00	395.77	15.79	1,191.03
Bridstow Parish Council	5,750.00	400.16	14.37	1,189.61
Brilley Parish Council	2,000.00	119.00	16.81	1,192.05
Brimfield and Little Hereford Group Parish Council	7,000.00	516.46	13.55	1,188.79
Brockhampton Parish Council	1,600.00	87.63	18.26	1,193.50
Brockhampton Group Parish Council	13,500.00	326.94	41.29	1,216.53
Bromyard & Winslow Town Council	152,000.00	1,547.72	98.21	1,273.45
Burghill Parish Council	8,905.00	706.42	12.61	1,187.85
Callow & Haywood Group Parish Council	3,750.00	200.67	18.69	1,193.93
Clehonger Parish Council	7,500.00	530.04	14.15	1,189.39
Clifford Parish Council	4,000.00	249.34	16.04	1,191.28
Colwall Parish Council	60,106.00	1,167.69	51.47	1,226.71
Malvern Hills Conservators (Colwall Parish Council)	31,350.00	"	26.85	26.85
Cradley Parish Council	21,000.00	774.07	27.13	1,202.37
Credenhill Parish Council	16,000.00	677.52	23.62	1,198.86
Cusop Parish Council	6,000.00	181.33	33.09	1,208.33
Dilwyn Parish Council	11,473.00	311.88	36.79	1,212.03
Dinedor Parish Council	6,250.00	125.20	49.92	1,225.16
Dinmore Parish Meeting	0.00	8.00	0.00	1,175.24
Dormington & Mordiford Group Parish Council	6,650.00	317.21	20.96	1,196.20
Dorstone Parish Council	1,700.00	174.70	9.73	1,184.97
Eardisland Parish Council	12,600.00	231.99	54.31	1,229.55
Eardisley Group Parish Council	7,000.00	481.24	14.55	1,189.79
Eastnor & Donnington Parish Council	3,500.00	145.80	24.01	1,199.25
Eaton Bishop Parish Council	4,000.00	193.46	20.68	1,195.92
Ewyas Harold Group Parish Council	16,843.30	446.59	37.72	1,212.96
Fownhope Parish Council	16,000.00	436.00	36.70	1,211.94
Foxley Parish Council	1,500.00	169.28	8.86	1,184.10
Garway Parish Council	3,500.00	166.91	20.97	1,196.21
Goodrich & Welsh Bicknor Group Parish Council	4,500.00	256.26	17.56	1,192.80
Hampton Bishop Parish Council	6,500.00	196.80	33.03	1,208.27



**ANNEX 1 (i)**

<b>Parish</b>	<b>Parish Precept</b>	<b>Tax Base</b>	<b>Parish Precept Basic Tax Rate (Band D)</b>	<b>Band D Charge (Parish and Herefordshire Council's Basic Rate - £1,175.24)</b>
	<b>£</b>		<b>£</b>	<b>£</b>
Hampton Charles Parish Meeting	0.00	20.20	0.00	1,175.24
Hatfield and District Group Parish Council	2,000.00	207.68	9.63	1,184.87
Hereford City Council	676,850.00	17,318.53	39.08	1,214.32
Holme Lacy Parish Council	7,000.00	195.41	35.82	1,211.06
Holmer & Shelwick Parish Council	6,000.00	573.94	10.45	1,185.69
Hope Mansell Parish Council	1,000.00	135.63	7.37	1,182.61
Hope under Dinmore Group Parish Council	3,000.00	165.06	18.18	1,193.42
How Caple, Sollershope & Yatton Group Parish Council	4,250.00	155.68	27.30	1,202.54
Humber, Stoke Prior & Ford Group Parish Council	3,500.00	286.78	12.20	1,187.44
Huntington Parish Council	585.00	48.60	12.04	1,187.28
Kentchurch Parish Council	5,200.00	113.47	45.83	1,221.07
Kilpeck Group Parish Council	7,750.00	209.04	37.07	1,212.31
Kimbolton Parish Council	5,500.00	205.10	26.82	1,202.06
Kings Caple Parish Council	4,000.00	147.56	27.11	1,202.35
Kingsland Parish Council	6,000.00	461.31	13.01	1,188.25
Kingstone & Thrupton Group Parish Council	7,000.00	439.72	15.92	1,191.16
Kington Rural and Lower Harpton Group Parish Council	2,200.00	245.80	8.95	1,184.19
Kington Town Council	51,762.50	926.28	55.88	1,231.12
Kinnersley and District Group Parish Council	3,800.00	250.69	15.16	1,190.40
Lea Parish Council	5,600.00	269.63	20.77	1,196.01
Ledbury Town Council	252,396.00	3,640.48	69.33	1,244.57
Leintwardine Group Parish Council	11,000.00	439.00	25.06	1,200.30
Leominster Town Council	178,228.00	4,044.69	44.06	1,219.30
Linton Parish Council	5,800.00	460.12	12.61	1,187.85
Little Birch Parish Council	2,000.00	95.60	20.92	1,196.16
Little Dewchurch Parish Council	5,500.00	175.21	31.39	1,206.63
Llangarron Parish Council	4,000.00	463.94	8.62	1,183.86
Llanwarne & District Group Parish Council	1,400.00	261.38	5.36	1,180.60
Longtown Group Parish Council	5,531.10	407.26	13.58	1,188.82
Lower Bullingham Parish Council	9,800.00	649.73	15.08	1,190.32
Luston Group Parish Council	7,725.00	372.97	20.71	1,195.95
Lyonshall Parish Council	4,000.00	284.20	14.07	1,189.31
Madley Parish Council	8,000.00	420.81	19.01	1,194.25
Marden Parish Council	17,500.00	533.50	32.80	1,208.04
Marstow Parish Council	3,500.00	170.26	20.56	1,195.80
Mathon Parish Council	5,771.00	149.08	38.71	1,213.95
Malvern Hills Conservators (Mathon Parish Council)	4,180.00	"	28.04	28.04
Middleton-on-the-Hill and Leysters Group Parish Council	2,750.00	173.37	15.86	1,191.10
Monkland and Stretford Parish Council	2,000.00	86.34	23.16	1,198.40
Moreton on Lugg Parish Council	10,000.00	297.39	33.63	1,208.87
Much Birch Parish Council	6,500.00	394.99	16.46	1,191.70
Much Cowarne Group Parish Council	3,500.00	206.26	16.97	1,192.21
Much Dewchurch Parish Council	1,500.00	268.91	5.58	1,180.82
Much Marcle Parish Council	4,685.00	305.36	15.34	1,190.58
North Bromyard Group Parish Council	3,500.00	322.77	10.84	1,186.08
Ocle Pychard Parish Council	3,000.00	270.02	11.11	1,186.35
Orcop Parish Council	4,500.00	176.37	25.51	1,200.75
Orleton Parish Council	13,750.00	357.48	38.46	1,213.70
Pembridge Parish Council	18,000.00	462.87	38.89	1,214.13
Pencombe Group Parish Council	5,750.00	189.03	30.42	1,205.66
Peterchurch Parish Council	11,258.00	412.80	27.27	1,202.51
Peterstow Parish Council	2,500.00	180.27	13.87	1,189.11
Pipe and Lyde Parish Council	1,400.00	145.66	9.61	1,184.85
Pixley & District Parish Council	3,500.00	226.28	15.47	1,190.71
Putley Parish Council	4,300.00	108.44	39.65	1,214.89

**ANNEX 1 (i)**

<b>Parish</b>	<b>Parish Precept</b>	<b>Tax Base</b>	<b>Parish Precept Basic Tax Rate (Band D)</b>	<b>Band D Charge (Parish and Herefordshire Council's Basic Rate - £1,175.24)</b>
	<b>£</b>		<b>£</b>	<b>£</b>
Pyons Group Parish Council	5,895.00	347.01	16.99	1,192.23
Richard's Castle Parish Council	2,750.00	126.87	21.68	1,196.92
Ross-on-Wye Town Council	200,000.00	3,551.53	56.31	1,231.55
Ross Rural Parish Council	3,000.00	441.47	6.80	1,182.04
Sellack Parish Council	1,000.00	110.42	9.06	1,184.30
Shobdon Parish Council	8,750.00	300.70	29.10	1,204.34
St. Weonards Parish Council	1,400.00	145.69	9.61	1,184.85
Stapleton Group Parish Council	5,250.00	147.62	35.56	1,210.80
Staunton-on-Wye and District Group Parish Council	2,000.00	208.93	9.57	1,184.81
Stoke Edith Parish Meeting	0.00	43.17	0.00	1,175.24
Stoke Lacy Parish Council	6,000.00	164.16	36.55	1,211.79
Stretton Grandison Group Parish Council	1,000.00	215.42	4.64	1,179.88
Stretton Sugwas Parish Council	3,000.00	164.87	18.20	1,193.44
Sutton Parish Council	18,500.00	371.17	49.84	1,225.08
Tarrington Parish Council	9,500.00	237.64	39.98	1,215.22
Thornbury Group Parish Council	2,500.00	181.59	13.77	1,189.01
Titley and District Group Parish Council	3,750.00	223.22	16.80	1,192.04
Upton Bishop Parish Council	8,364.00	264.01	31.68	1,206.92
Vowchurch & District Group Parish Council	4,600.00	311.52	14.77	1,190.01
Walford Parish Council	8,000.00	652.19	12.27	1,187.51
Wellington Parish Council	6,750.00	408.27	16.53	1,191.77
Wellington Heath Parish Council	7,150.00	223.69	31.96	1,207.20
Welsh Newton & Llanrothal Group Parish Council	6,530.00	134.64	48.50	1,223.74
Weobley Parish Council	7,720.00	497.62	15.51	1,190.75
Weston Beggard Parish Council	600.00	87.50	6.86	1,182.10
Weston-under-Penyard Parish Council	6,000.00	476.71	12.59	1,187.83
Whitbourne Parish Council	8,000.00	331.88	24.11	1,199.35
Whitchurch & Ganarew Group Parish Council	6,000.00	511.38	11.73	1,186.97
Wigmore Group Parish Council	12,000.00	351.41	34.15	1,209.39
Withington Group Parish Council	14,500.00	623.30	23.26	1,198.50
Woolhope Parish Council	5,150.00	210.38	24.48	1,199.72
Wyeside Group Parish Council	4,200.00	307.60	13.65	1,188.89
Yarkhill Parish Council	2,500.00	133.56	18.72	1,193.96
Yarpole Group Parish Council	7,500.00	323.64	23.17	1,198.41
Being the amounts given by adding to the amount at 2(g) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the tax base above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate.				

<b>Council Tax for each valuation band, by Parish, without the Police &amp; Fire precepts</b>								
PARISH	VALUATION BANDS							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Abbeystead & Bacton Group Parish Council	803.22	937.09	1,070.96	1,204.83	1,472.57	1,740.31	2,008.05	2,409.66
Aconbury Parish Meeting	783.49	914.08	1,044.66	1,175.24	1,436.40	1,697.57	1,958.73	2,350.48
Acton Beauchamp Group	791.17	923.04	1,054.90	1,186.76	1,450.48	1,714.21	1,977.93	2,373.52
Allensmore Parish Council	786.20	917.24	1,048.27	1,179.30	1,441.36	1,703.43	1,965.50	2,358.60
Almeley Parish Council	799.12	932.31	1,065.50	1,198.68	1,465.05	1,731.43	1,997.80	2,397.36
Ashperton Parish Council	801.12	934.64	1,068.16	1,201.68	1,468.72	1,735.76	2,002.80	2,403.36
Aston Ingham Parish Council	789.04	920.56	1,052.06	1,183.57	1,446.58	1,709.60	1,972.61	2,367.14
Avenbury Parish Council	798.24	931.28	1,064.32	1,197.36	1,463.44	1,729.52	1,995.60	2,394.72
Aymestrey Parish Council	793.44	925.68	1,057.92	1,190.16	1,454.64	1,719.12	1,983.60	2,380.32
Ballingham Bolstone & Hentland Group Parish Council	792.98	925.16	1,057.32	1,189.48	1,453.80	1,718.14	1,982.46	2,378.96
Bartestree & Lugwardine Group Parish Council	800.78	934.26	1,067.72	1,201.18	1,468.10	1,735.04	2,001.96	2,402.36
Belmont Rural Parish Council	797.91	930.90	1,063.89	1,196.87	1,462.84	1,728.81	1,994.78	2,393.74
Birley with Upper Hill Parish Council	793.00	925.18	1,057.34	1,189.51	1,453.84	1,718.18	1,982.51	2,379.02
Bishop's Frome Parish Council	813.82	949.47	1,085.10	1,220.74	1,492.01	1,763.29	2,034.56	2,441.48
Bishopstone & District Group Parish Council	794.59	927.03	1,059.46	1,191.89	1,456.75	1,721.62	1,986.48	2,383.78
Bodenham Parish Council	792.12	924.15	1,056.17	1,188.19	1,452.23	1,716.28	1,980.31	2,376.38
Border Group Parish Council	797.65	930.60	1,063.54	1,196.48	1,462.36	1,728.25	1,994.13	2,392.96
Bosbury and Coddington Parish Council	790.20	921.90	1,053.60	1,185.30	1,448.70	1,712.10	1,975.50	2,370.60
Brampton Abbots & Foy Group Parish Council	789.48	921.07	1,052.65	1,184.23	1,447.39	1,710.56	1,973.71	2,368.46
Bredenbury & District Group Parish Council	790.35	922.08	1,053.81	1,185.53	1,448.98	1,712.43	1,975.88	2,371.06
Breinton Parish Council	794.02	926.36	1,058.70	1,191.03	1,455.70	1,720.38	1,985.05	2,382.06
Bridstow Parish Council	793.07	925.26	1,057.43	1,189.61	1,453.96	1,718.33	1,982.68	2,379.22
Brilley Parish Council	794.70	927.15	1,059.60	1,192.05	1,456.95	1,721.85	1,986.75	2,384.10
Brimfield and Little Hereford Group Parish Council	792.52	924.62	1,056.70	1,188.79	1,452.96	1,717.14	1,981.31	2,377.58
Brockhampton Parish Council	795.66	928.28	1,060.89	1,193.50	1,458.72	1,723.95	1,989.16	2,387.00
Brockhampton Group Parish Council	811.02	946.19	1,081.36	1,216.53	1,486.87	1,757.21	2,027.55	2,433.06
Bromyard & Winslow Town Council	848.96	990.47	1,131.96	1,273.45	1,556.43	1,839.43	2,122.41	2,546.90
Burghill Parish Council	791.90	923.89	1,055.87	1,187.85	1,451.81	1,715.78	1,979.75	2,375.70
Callow & Haywood Group Parish Council	795.95	928.62	1,061.27	1,193.93	1,459.24	1,724.57	1,989.88	2,387.86
Cleghonger Parish Council	792.92	925.09	1,057.24	1,189.39	1,453.69	1,718.01	1,982.31	2,378.78
Clifford Parish Council	794.18	926.56	1,058.92	1,191.28	1,456.00	1,720.74	1,985.46	2,382.56
Colwall Parish Council (incl. Malvern Hills Conservators)	835.70	974.99	1,114.28	1,253.56	1,532.13	1,810.70	2,089.26	2,507.12
Cradley Parish Council	801.58	935.18	1,068.78	1,202.37	1,469.56	1,736.76	2,003.95	2,404.74
Credenhill Parish Council	799.24	932.45	1,065.66	1,198.86	1,465.27	1,731.69	1,998.10	2,397.72
Cusop Parish Council	805.55	939.82	1,074.07	1,208.33	1,476.84	1,745.37	2,013.88	2,416.66
Dilwyn Parish Council	808.02	942.69	1,077.36	1,212.03	1,481.37	1,750.71	2,020.05	2,424.06
Dinedor Parish Council	816.77	952.91	1,089.03	1,225.16	1,497.41	1,769.68	2,041.93	2,450.32
Dinmore Parish Meeting	783.49	914.08	1,044.66	1,175.24	1,436.40	1,697.57	1,958.73	2,350.48
Dormington & Mordiford Group Parish Council	797.46	930.38	1,063.29	1,196.20	1,462.02	1,727.85	1,993.66	2,392.40
Dorstone Parish Council	789.98	921.65	1,053.31	1,184.97	1,448.29	1,711.62	1,974.95	2,369.94
Eardisland Parish Council	819.70	956.32	1,092.94	1,229.55	1,502.78	1,776.02	2,049.25	2,459.10
Eardisley Group Parish Council	793.19	925.40	1,057.59	1,189.79	1,454.18	1,718.59	1,982.98	2,379.58
Eastnor & Donnington Parish Council	799.50	932.75	1,066.00	1,199.25	1,465.75	1,732.25	1,998.75	2,398.50
Eaton Bishop Parish Council	797.28	930.16	1,063.04	1,195.92	1,461.68	1,727.44	1,993.20	2,391.84
Ewyas Harold Group Parish Council	808.64	943.42	1,078.19	1,212.96	1,482.50	1,752.05	2,021.60	2,425.92
Fownhope Parish Council	807.96	942.62	1,077.28	1,211.94	1,481.26	1,750.58	2,019.90	2,423.88
Foxley Parish Council	789.40	920.97	1,052.54	1,184.10	1,447.23	1,710.37	1,973.50	2,368.20
Garway Parish Council	797.47	930.39	1,063.30	1,196.21	1,462.03	1,727.86	1,993.68	2,392.42
Goodrich & Welsh Bicknor Group Parish Council	795.20	927.74	1,060.27	1,192.80	1,457.86	1,722.93	1,988.00	2,385.60
Hampton Bishop Parish Council	805.51	939.77	1,074.02	1,208.27	1,476.77	1,745.28	2,013.78	2,416.54
Hampton Charles Parish Meeting	783.49	914.08	1,044.66	1,175.24	1,436.40	1,697.57	1,958.73	2,350.48
Hatfield and District Group Parish Council	789.91	921.57	1,053.22	1,184.87	1,448.17	1,711.48	1,974.78	2,369.74
Hereford City Council	809.54	944.48	1,079.40	1,214.32	1,484.16	1,754.02	2,023.86	2,428.64
Holme Lacy Parish Council	807.37	941.94	1,076.50	1,211.06	1,480.18	1,749.31	2,018.43	2,422.12
Holmer & Shelwick Parish Council	790.46	922.21	1,053.95	1,185.69	1,449.17	1,712.66	1,976.15	2,371.38
Hope Mansell Parish Council	788.40	919.81	1,051.21	1,182.61	1,445.41	1,708.22	1,971.01	2,365.22
Hope under Dinmore Group Parish Council	795.61	928.22	1,060.82	1,193.42	1,458.62	1,723.83	1,989.03	2,386.84
How Caple, Sollershope & Yatton Group Parish Council	801.69	935.31	1,068.93	1,202.54	1,469.77	1,737.00	2,004.23	2,405.08
Humber, Stoke Prior & Ford Group Parish Council	791.62	923.57	1,055.50	1,187.44	1,451.31	1,715.19	1,979.06	2,374.88
Huntington Parish Council	791.52	923.44	1,055.36	1,187.28	1,451.12	1,714.96	1,978.80	2,374.56
Kentchurch Parish Council	814.04	949.73	1,085.40	1,221.07	1,492.41	1,763.77	2,035.11	2,442.14
Kilpeck Group Parish Council	808.20	942.91	1,077.61	1,212.31	1,481.71	1,751.12	2,020.51	2,424.62
Kimbolton Parish Council	801.37	934.94	1,068.50	1,202.06	1,469.18	1,736.31	2,003.43	2,404.12
Kings Caple Parish Council	801.56	935.17	1,068.76	1,202.35	1,469.53	1,736.73	2,003.91	2,404.70
Kingsland Parish Council	792.16	924.20	1,056.22	1,188.25	1,452.30	1,716.36	1,980.41	2,376.50
Kingstone & Thrupton Group Parish Council	794.10	926.46	1,058.81	1,191.16	1,455.86	1,720.57	1,985.26	2,382.32
Kington Rural and Lower Harpton Group Parish Council	789.46	921.04	1,052.62	1,184.19	1,447.34	1,710.50	1,973.65	2,368.38
Kington Town Council	820.74	957.54	1,094.33	1,231.12	1,504.70	1,778.29	2,051.86	2,462.24
Kinnersley and District Group Parish Council	793.60	925.87	1,058.14	1,190.40	1,454.93	1,719.47	1,984.00	2,380.80
Lea Parish Council	797.34	930.23	1,063.12	1,196.01	1,461.79	1,727.57	1,993.35	2,392.02

PARISH	VALUATION BANDS							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Ledbury Town Council	829.71	968.00	1,106.29	1,244.57	1,521.14	1,797.71	2,074.28	2,489.14
Leintwardine Group Parish Council	800.20	933.57	1,066.94	1,200.30	1,467.03	1,733.77	2,000.50	2,400.60
Leominster Town Council	812.86	948.35	1,083.82	1,219.30	1,490.25	1,761.21	2,032.16	2,438.60
Linton Parish Council	791.90	923.89	1,055.87	1,187.85	1,451.81	1,715.78	1,979.75	2,375.70
Little Birch Parish Council	797.44	930.35	1,063.26	1,196.16	1,461.97	1,727.79	1,993.60	2,392.32
Little Dewchurch Parish Council	804.42	938.49	1,072.56	1,206.63	1,474.77	1,742.91	2,011.05	2,413.26
Llangarron Parish Council	789.24	920.78	1,052.32	1,183.86	1,446.94	1,710.02	1,973.10	2,367.72
Llanwarne & District Group Parish Council	787.06	918.25	1,049.42	1,180.60	1,442.95	1,705.31	1,967.66	2,361.20
Longtown Group Parish Council	792.54	924.64	1,056.73	1,188.82	1,453.00	1,717.19	1,981.36	2,377.64
Lower Bullingham Parish Council	793.54	925.81	1,058.06	1,190.32	1,454.83	1,719.35	1,983.86	2,380.64
Luston Group Parish Council	797.30	930.19	1,063.07	1,195.95	1,461.71	1,727.48	1,993.25	2,391.90
Lyonshall Parish Council	792.87	925.02	1,057.17	1,189.31	1,453.60	1,717.89	1,982.18	2,378.62
Madley Parish Council	796.16	928.87	1,061.56	1,194.25	1,459.63	1,725.03	1,990.41	2,388.50
Marden Parish Council	805.36	939.59	1,073.82	1,208.04	1,476.49	1,744.95	2,013.40	2,416.08
Marstow Parish Council	797.20	930.07	1,062.94	1,195.80	1,461.53	1,727.27	1,993.00	2,391.60
Mathon Parish Council (incl. Malvern Hills Conservators)	827.99	966.00	1,103.99	1,241.99	1,517.98	1,793.98	2,069.98	2,483.98
Middleton-on-the-Hill and Leysters Group Parish Council	794.06	926.42	1,058.76	1,191.10	1,455.78	1,720.48	1,985.16	2,382.20
Monkland and Stretford Parish Council	798.93	932.09	1,065.25	1,198.40	1,464.71	1,731.02	1,997.33	2,396.80
Moreton on Lugg Parish Council	805.91	940.24	1,074.55	1,208.87	1,477.50	1,746.15	2,014.78	2,417.74
Much Birch Parish Council	794.46	926.88	1,059.29	1,191.70	1,456.52	1,721.35	1,986.16	2,383.40
Much Cowarne Group Parish Council	794.80	927.28	1,059.74	1,192.21	1,457.14	1,722.08	1,987.01	2,384.42
Much Dewchurch Parish Council	787.21	918.42	1,049.62	1,180.82	1,443.22	1,705.63	1,968.03	2,361.64
Much Marcle Parish Council	793.72	926.01	1,058.30	1,190.58	1,455.15	1,719.73	1,984.30	2,381.16
North Bromyard Group Parish Council	790.72	922.51	1,054.30	1,186.08	1,449.65	1,713.23	1,976.80	2,372.16
Ocle Pychard Parish Council	790.90	922.72	1,054.54	1,186.35	1,449.98	1,713.62	1,977.25	2,372.70
Orcop Parish Council	800.50	933.92	1,067.34	1,200.75	1,467.58	1,734.42	2,001.25	2,401.50
Orleton Parish Council	809.13	943.99	1,078.85	1,213.70	1,483.41	1,753.12	2,022.83	2,427.40
Pembridge Parish Council	809.42	944.33	1,079.23	1,214.13	1,483.93	1,753.74	2,023.55	2,428.26
Pencombe Group Parish Council	803.77	937.74	1,071.70	1,205.66	1,473.58	1,741.51	2,009.43	2,411.32
Peterchurch Parish Council	801.67	935.29	1,068.90	1,202.51	1,469.73	1,736.96	2,004.18	2,405.02
Peterstow Parish Council	792.74	924.87	1,056.99	1,189.11	1,453.35	1,717.60	1,981.85	2,378.22
Pipe and Lyde Parish Council	789.90	921.55	1,053.20	1,184.85	1,448.15	1,711.45	1,974.75	2,369.70
Pixley & District Parish Council	793.80	926.11	1,058.41	1,190.71	1,455.31	1,719.92	1,984.51	2,381.42
Putley Parish Council	809.92	944.92	1,079.90	1,214.89	1,484.86	1,754.84	2,024.81	2,429.78
Pyons Group Parish Council	794.82	927.29	1,059.76	1,192.23	1,457.17	1,722.11	1,987.05	2,384.46
Richard's Castle Parish Council	797.94	930.94	1,063.93	1,196.92	1,462.90	1,728.89	1,994.86	2,393.84
Ross-on-Wye Town Council	821.03	957.88	1,094.71	1,231.55	1,505.22	1,778.91	2,052.58	2,463.10
Ross Rural Parish Council	788.02	919.37	1,050.70	1,182.04	1,444.71	1,707.39	1,970.06	2,364.08
Sellack Parish Council	789.53	921.13	1,052.71	1,184.30	1,447.47	1,710.66	1,973.83	2,368.60
Shobdon Parish Council	802.89	936.71	1,070.53	1,204.34	1,471.97	1,739.60	2,007.23	2,408.68
St. Weonards Parish Council	789.90	921.55	1,053.20	1,184.85	1,448.15	1,711.45	1,974.75	2,369.70
Stapleton Group Parish Council	807.20	941.74	1,076.27	1,210.80	1,479.86	1,748.93	2,018.00	2,421.60
Staunton-on-Wye and District Group Parish Council	789.87	921.52	1,053.17	1,184.81	1,448.10	1,711.39	1,974.68	2,369.62
Stoke Edith Parish Meeting	783.49	914.08	1,044.66	1,175.24	1,436.40	1,697.57	1,958.73	2,350.48
Stoke Lacy Parish Council	807.86	942.51	1,077.15	1,211.79	1,481.07	1,750.36	2,019.65	2,423.58
Stretton Grandison Group Parish Council	786.58	917.69	1,048.78	1,179.88	1,442.07	1,704.27	1,966.46	2,359.76
Stretton Sugwas Parish Council	795.62	928.24	1,060.84	1,193.44	1,458.64	1,723.86	1,989.06	2,386.88
Sutton Parish Council	816.72	952.84	1,088.96	1,225.08	1,497.32	1,769.56	2,041.80	2,450.16
Tarrington Parish Council	810.14	945.18	1,080.20	1,215.22	1,485.26	1,755.32	2,025.36	2,430.44
Thornbury Group Parish Council	792.67	924.79	1,056.90	1,189.01	1,453.23	1,717.46	1,981.68	2,378.02
Titley and District Group Parish Council	794.69	927.15	1,059.59	1,192.04	1,456.93	1,721.84	1,986.73	2,384.08
Upton Bishop Parish Council	804.61	938.72	1,072.82	1,206.92	1,475.12	1,743.33	2,011.53	2,413.84
Vowchurch & District Group Parish Council	793.34	925.57	1,057.79	1,190.01	1,454.45	1,718.90	1,983.35	2,380.02
Walford Parish Council	791.67	923.62	1,055.57	1,187.51	1,451.40	1,715.29	1,979.18	2,375.02
Wellington Parish Council	794.51	926.94	1,059.35	1,191.77	1,456.60	1,721.45	1,986.28	2,383.54
Wellington Heath Parish Council	804.80	938.94	1,073.07	1,207.20	1,475.46	1,743.73	2,012.00	2,414.40
Welsh Newton & Llanrothal Group Parish Council	815.82	951.80	1,087.77	1,223.74	1,495.68	1,767.63	2,039.56	2,447.48
Weobley Parish Council	793.83	926.14	1,058.45	1,190.75	1,455.36	1,719.97	1,984.58	2,381.50
Weston Beggard Parish Council	788.06	919.42	1,050.76	1,182.10	1,444.78	1,707.48	1,970.16	2,364.20
Weston-under-Penyard Parish Council	791.88	923.87	1,055.85	1,187.83	1,451.79	1,715.76	1,979.71	2,375.66
Whitbourne Parish Council	799.56	932.83	1,066.09	1,199.35	1,465.87	1,732.40	1,998.91	2,398.70
Whitchurch & Ganarew Group Parish Council	791.31	923.20	1,055.09	1,186.97	1,450.74	1,714.51	1,978.28	2,373.94
Wigmore Group Parish Council	806.26	940.64	1,075.02	1,209.39	1,478.14	1,746.90	2,015.65	2,418.78
Withington Group Parish Council	799.00	932.17	1,065.34	1,198.50	1,464.83	1,731.17	1,997.50	2,397.00
Woolhope Parish Council	799.81	933.12	1,066.42	1,199.72	1,466.32	1,732.93	1,999.53	2,399.44
Wyeside Group Parish Council	792.59	924.70	1,056.79	1,188.89	1,453.08	1,717.29	1,981.48	2,377.78
Yarkhill Parish Council	795.97	928.64	1,061.30	1,193.96	1,459.28	1,724.61	1,989.93	2,387.92
Yarpole Group Parish Council	798.94	932.10	1,065.26	1,198.41	1,464.72	1,731.04	1,997.35	2,396.82

Being the amounts given by multiplying the amounts at 2(g) and Annex 1(i) - (Special Items) by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

**Police Authority precept requirement for each valuation band**

	VALUATION BANDS							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
<b>West Mercia Police Authority</b>	115.75	135.04	154.33	173.62	212.20	250.78	289.37	347.24

On 17th February 2009 West Mercia Police Authority set a Budget Requirement of £197,575,000, requiring a precept from Herefordshire Council of £12,164,108 for 2009/2010. The Band D Council Tax Charge for West Mercia Police Authority amounts to £173.62 (an increase of 4.94% over 2008/2009).

That it be noted for the year 2009/2010 West Mercia Police Authority have stated the above amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown above.

**Fire Authority precept requirement for each valuation band**

	VALUATION BANDS							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
<b>Hereford &amp; Worcester Fire and Rescue Authority</b>	47.71	55.67	63.62	71.57	87.48	103.38	119.29	143.14

On 18th February 2009 Hereford & Worcester Fire and Rescue Authority set a Budget Requirement of £30,450,990 requiring a precept from Herefordshire Council of £5,014,452.82 for 2009/2010. The Band D Council Tax Charge for Hereford & Worcester Fire and Rescue Authority amounts to £71.57 (an increase of 4.93% over 2008/2009).

That it be noted for the year 2009/2010 Hereford & Worcester Fire and Rescue Authority have stated the above amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown above.

<b>Council Tax for each valuation band, by Parish, including the Police &amp; Fire precepts</b>								
<b>PARISH</b>	<b>VALUATION BANDS</b>							
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Abbeystre & Bacton Group Parish Council	966.68	1,127.80	1,288.91	1,450.02	1,772.25	2,094.47	2,416.71	2,900.04
Aconbury Parish Meeting	946.95	1,104.79	1,262.61	1,420.43	1,736.08	2,051.73	2,367.39	2,840.86
Acton Beauchamp Group	954.63	1,113.75	1,272.85	1,431.95	1,750.16	2,068.37	2,386.59	2,863.90
Allensmore Parish Council	949.66	1,107.95	1,266.22	1,424.49	1,741.04	2,057.59	2,374.16	2,848.98
Almeley Parish Council	962.58	1,123.02	1,283.45	1,443.87	1,764.73	2,085.59	2,406.46	2,887.74
Ashperton Parish Council	964.58	1,125.35	1,286.11	1,446.87	1,768.40	2,089.92	2,411.46	2,893.74
Aston Ingham Parish Council	952.50	1,111.27	1,270.01	1,428.76	1,746.26	2,063.76	2,381.27	2,857.52
Avenbury Parish Council	961.70	1,121.99	1,282.27	1,442.55	1,763.12	2,083.68	2,404.26	2,885.10
Aymestrey Parish Council	956.90	1,116.39	1,275.87	1,435.35	1,754.32	2,073.28	2,392.26	2,870.70
Ballingham Bolstone & Hentland Group Parish Council	956.44	1,115.87	1,275.27	1,434.67	1,753.48	2,072.30	2,391.12	2,869.34
Bartestree & Lugwardine Group Parish Council	964.24	1,124.97	1,285.67	1,446.37	1,767.78	2,089.20	2,410.62	2,892.74
Belmont Rural Parish Council	961.37	1,121.61	1,281.84	1,442.06	1,762.52	2,082.97	2,403.44	2,884.12
Birley with Upper Hill Parish Council	956.46	1,115.89	1,275.29	1,434.70	1,753.52	2,072.34	2,391.17	2,869.40
Bishop's Frome Parish Council	977.28	1,140.18	1,303.05	1,465.93	1,791.69	2,117.45	2,443.22	2,931.86
Bishopstone & District Group Parish Council	958.05	1,117.74	1,277.41	1,437.08	1,756.43	2,075.78	2,395.14	2,874.16
Bodenham Parish Council	955.58	1,114.86	1,274.12	1,433.38	1,751.91	2,070.44	2,388.97	2,866.76
Border Group Parish Council	961.11	1,121.31	1,281.49	1,441.67	1,762.04	2,082.41	2,402.79	2,883.34
Bosbury and Coddington Parish Council	953.66	1,112.61	1,271.55	1,430.49	1,748.38	2,066.26	2,384.16	2,860.98
Brampton Abbots & Foy Group Parish Council	952.94	1,111.78	1,270.60	1,429.42	1,747.07	2,064.72	2,382.37	2,858.84
Bredenbury & District Group Parish Council	953.81	1,112.79	1,271.76	1,430.72	1,748.66	2,066.59	2,384.54	2,861.44
Breinton Parish Council	957.48	1,117.07	1,276.65	1,436.22	1,755.38	2,074.54	2,393.71	2,872.44
Bridstow Parish Council	956.53	1,115.97	1,275.38	1,434.80	1,753.64	2,072.49	2,391.34	2,869.60
Brilley Parish Council	958.16	1,117.86	1,277.55	1,437.24	1,756.63	2,076.01	2,395.41	2,874.48
Brimfield and Little Hereford Group Parish Council	955.98	1,115.33	1,274.65	1,433.98	1,752.64	2,071.30	2,389.97	2,867.96
Brockhampton Parish Council	959.12	1,118.99	1,278.84	1,438.69	1,758.40	2,078.11	2,397.82	2,877.38
Brockhampton Group Parish Council	974.48	1,136.90	1,299.31	1,461.72	1,786.55	2,111.37	2,436.21	2,923.44
Bromyard & Winslow Town Council	1,012.42	1,181.18	1,349.91	1,518.64	1,856.11	2,193.59	2,531.07	3,037.28
Burghill Parish Council	955.36	1,114.60	1,273.82	1,433.04	1,751.49	2,069.94	2,388.41	2,866.08
Callow & Haywood Group Parish Council	959.41	1,119.33	1,279.22	1,439.12	1,758.92	2,078.73	2,398.54	2,878.24
Cleghonger Parish Council	956.38	1,115.80	1,275.19	1,434.58	1,753.37	2,072.17	2,390.97	2,869.16
Clifford Parish Council	957.64	1,117.27	1,276.87	1,436.47	1,755.68	2,074.90	2,394.12	2,872.94
Colwall Parish Council (incl. Malvern Hills Conservators)	999.16	1,165.70	1,332.23	1,498.75	1,831.81	2,164.86	2,497.92	2,997.50
Cradley Parish Council	965.04	1,125.89	1,286.73	1,447.56	1,769.24	2,090.92	2,412.61	2,895.12
Credenhill Parish Council	962.70	1,123.16	1,283.61	1,444.05	1,764.95	2,085.85	2,406.76	2,888.10
Cusop Parish Council	969.01	1,130.53	1,292.02	1,453.52	1,776.52	2,099.53	2,422.54	2,907.04
Dilwyn Parish Council	971.48	1,133.40	1,295.31	1,457.22	1,781.05	2,104.87	2,428.71	2,914.44
Dinedor Parish Council	980.23	1,143.62	1,306.98	1,470.35	1,797.09	2,123.84	2,450.59	2,940.70
Dinmore Parish Meeting	946.95	1,104.79	1,262.61	1,420.43	1,736.08	2,051.73	2,367.39	2,840.86
Dormington & Mordiford Group Parish Council	960.92	1,121.09	1,281.24	1,441.39	1,761.70	2,082.01	2,402.32	2,882.78
Dorstone Parish Council	953.44	1,112.36	1,271.26	1,430.16	1,747.97	2,065.78	2,383.61	2,860.32
Eardisland Parish Council	983.16	1,147.03	1,310.89	1,474.74	1,802.46	2,130.18	2,457.91	2,949.48
Eardisley Group Parish Council	956.65	1,116.11	1,275.54	1,434.98	1,753.86	2,072.75	2,391.64	2,869.96
Eastnor & Donnington Parish Council	962.96	1,123.46	1,283.95	1,444.44	1,765.43	2,086.41	2,407.41	2,888.88
Eaton Bishop Parish Council	960.74	1,120.87	1,280.99	1,441.11	1,761.36	2,081.60	2,401.86	2,882.22
Ewyas Harold Group Parish Council	972.10	1,134.13	1,296.14	1,458.15	1,782.18	2,106.21	2,430.26	2,916.30
Fownhope Parish Council	971.42	1,133.33	1,295.23	1,457.13	1,780.94	2,104.74	2,428.56	2,914.26
Foxley Parish Council	952.86	1,111.68	1,270.49	1,429.29	1,746.91	2,064.53	2,382.16	2,858.58
Garway Parish Council	960.93	1,121.10	1,281.25	1,441.40	1,761.71	2,082.02	2,402.34	2,882.80
Goodrich & Welsh Bicknor Group Parish Council	958.66	1,118.45	1,278.22	1,437.99	1,757.54	2,077.09	2,396.66	2,875.98
Hampton Bishop Parish Council	968.97	1,130.48	1,291.97	1,453.46	1,776.45	2,099.44	2,422.44	2,906.92
Hampton Charles Parish Meeting	946.95	1,104.79	1,262.61	1,420.43	1,736.08	2,051.73	2,367.39	2,840.86
Hatfield and District Group Parish Council	953.37	1,112.28	1,271.17	1,430.06	1,747.85	2,065.64	2,383.44	2,860.12
Hereford City Council	973.00	1,135.19	1,297.35	1,459.51	1,783.84	2,108.18	2,432.52	2,919.02
Holme Lacy Parish Council	970.83	1,132.65	1,294.45	1,456.25	1,779.86	2,103.47	2,427.09	2,912.50
Holmer & Shelwick Parish Council	953.92	1,112.92	1,271.90	1,430.88	1,748.85	2,066.82	2,384.81	2,861.76
Hope Mansell Parish Council	951.86	1,110.52	1,269.16	1,427.80	1,745.09	2,062.38	2,379.67	2,855.60
Hope under Dinmore Group Parish Council	959.07	1,118.93	1,278.77	1,438.61	1,758.30	2,077.99	2,397.69	2,877.22
How Caple, Sollershope & Yatton Group Parish Council	965.15	1,126.02	1,286.88	1,447.73	1,769.45	2,091.16	2,412.89	2,895.46
Humber, Stoke Prior & Ford Group Parish Council	955.08	1,114.28	1,273.45	1,432.63	1,750.99	2,069.35	2,387.72	2,865.26
Huntington Parish Council	954.98	1,114.15	1,273.31	1,432.47	1,750.80	2,069.12	2,387.46	2,864.94
Kentchurch Parish Council	977.50	1,140.44	1,303.35	1,466.26	1,792.09	2,117.93	2,443.77	2,932.52
Kilpeck Group Parish Council	971.66	1,133.62	1,295.56	1,457.50	1,781.39	2,105.28	2,429.17	2,915.00
Kimbolton Parish Council	964.83	1,125.65	1,286.45	1,447.25	1,768.86	2,090.47	2,412.09	2,894.50
Kings Caple Parish Council	965.02	1,125.88	1,286.71	1,447.54	1,769.21	2,090.89	2,412.57	2,895.08
Kingsland Parish Council	955.62	1,114.91	1,274.17	1,433.44	1,751.98	2,070.52	2,389.07	2,866.88
Kingstone & Thruxton Group Parish Council	957.56	1,117.17	1,276.76	1,436.35	1,755.54	2,074.73	2,393.92	2,872.70
Kington Rural and Lower Harpton Group Parish Council	952.92	1,111.75	1,270.57	1,429.38	1,747.02	2,064.66	2,382.31	2,858.76

PARISH	VALUATION BANDS							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Kington Town Council	984.20	1,148.25	1,312.28	1,476.31	1,804.38	2,132.45	2,460.52	2,952.62
Kinnersley and District Group Parish Council	957.06	1,116.58	1,276.09	1,435.59	1,754.61	2,073.63	2,392.66	2,871.18
Lea Parish Council	960.80	1,120.94	1,281.07	1,441.20	1,761.47	2,081.73	2,402.01	2,882.40
Ledbury Town Council	993.17	1,158.71	1,324.24	1,489.76	1,820.82	2,151.87	2,482.94	2,979.52
Leintwardine Group Parish Council	963.66	1,124.28	1,284.89	1,445.49	1,766.71	2,087.93	2,409.16	2,890.98
Leominster Town Council	976.32	1,139.06	1,301.77	1,464.49	1,789.93	2,115.37	2,440.82	2,928.98
Linton Parish Council	955.36	1,114.60	1,273.82	1,433.04	1,751.49	2,069.94	2,388.41	2,866.08
Little Birch Parish Council	960.90	1,121.06	1,281.21	1,441.35	1,761.65	2,081.95	2,402.26	2,882.70
Little Dewchurch Parish Council	967.88	1,129.20	1,290.51	1,451.82	1,774.45	2,097.07	2,419.71	2,903.64
Llangarron Parish Council	952.70	1,111.49	1,270.27	1,429.05	1,746.62	2,064.18	2,381.76	2,858.10
Llanwarne & District Group Parish Council	950.52	1,108.96	1,267.37	1,425.79	1,742.63	2,059.47	2,376.32	2,851.58
Longtown Group Parish Council	956.00	1,115.35	1,274.68	1,434.01	1,752.68	2,071.35	2,390.02	2,868.02
Lower Bullingham Parish Council	957.00	1,116.52	1,276.01	1,435.51	1,754.51	2,073.51	2,392.52	2,871.02
Luston Group Parish Council	960.76	1,120.90	1,281.02	1,441.14	1,761.39	2,081.64	2,401.91	2,882.28
Lyonshall Parish Council	956.33	1,115.73	1,275.12	1,434.50	1,753.28	2,072.05	2,390.84	2,869.00
Madley Parish Council	959.62	1,119.58	1,279.51	1,439.44	1,759.31	2,079.19	2,399.07	2,878.88
Marden Parish Council	968.82	1,130.30	1,291.77	1,453.23	1,776.17	2,099.11	2,422.06	2,906.46
Marstow Parish Council	960.66	1,120.78	1,280.89	1,440.99	1,761.21	2,081.43	2,401.66	2,881.98
Mathon Parish Council (incl. Malvern Hills Conservators)	991.45	1,156.71	1,321.94	1,487.18	1,817.66	2,148.14	2,478.64	2,974.36
Middleton-on-the-Hill and Leysters Group Parish Council	957.52	1,117.13	1,276.71	1,436.29	1,755.46	2,074.64	2,393.82	2,872.58
Monkland and Stretford Parish Council	962.39	1,122.80	1,283.20	1,443.59	1,764.39	2,085.18	2,405.99	2,887.18
Moreton on Lugg Parish Council	969.37	1,130.95	1,292.50	1,454.06	1,777.18	2,100.31	2,423.44	2,908.12
Much Birch Parish Council	957.92	1,117.59	1,277.24	1,436.89	1,756.20	2,075.51	2,394.82	2,873.78
Much Cowarne Group Parish Council	958.26	1,117.99	1,277.69	1,437.40	1,756.82	2,076.24	2,395.67	2,874.80
Much Dewchurch Parish Council	950.67	1,109.13	1,267.57	1,426.01	1,742.90	2,059.79	2,376.69	2,852.02
Much Marcle Parish Council	957.18	1,116.72	1,276.25	1,435.77	1,754.83	2,073.89	2,392.96	2,871.54
North Bromyard Group Parish Council	954.18	1,113.22	1,272.25	1,431.27	1,749.33	2,067.39	2,385.46	2,862.54
Ocle Pychard Parish Council	954.36	1,113.43	1,272.49	1,431.54	1,749.66	2,067.78	2,385.91	2,863.08
Orcop Parish Council	963.96	1,124.63	1,285.29	1,445.94	1,767.26	2,088.58	2,409.91	2,891.88
Orleton Parish Council	972.59	1,134.70	1,296.80	1,458.89	1,783.09	2,107.28	2,431.49	2,917.78
Pembridge Parish Council	972.88	1,135.04	1,297.18	1,459.32	1,783.61	2,107.90	2,432.21	2,918.64
Pencombe Group Parish Council	967.23	1,128.45	1,289.65	1,450.85	1,773.26	2,095.67	2,418.09	2,901.70
Peterchurch Parish Council	965.13	1,126.00	1,286.85	1,447.70	1,769.41	2,091.12	2,412.84	2,895.40
Peterstow Parish Council	956.20	1,115.58	1,274.94	1,434.30	1,753.03	2,071.76	2,390.51	2,868.60
Pipe and Lyde Parish Council	953.36	1,112.26	1,271.15	1,430.04	1,747.83	2,065.61	2,383.41	2,860.08
Pixley & District Parish Council	957.26	1,116.82	1,276.36	1,435.90	1,754.99	2,074.08	2,393.17	2,871.80
Putley Parish Council	973.38	1,135.63	1,297.85	1,460.08	1,784.54	2,109.00	2,433.47	2,920.16
Pyons Group Parish Council	958.28	1,118.00	1,277.71	1,437.42	1,756.85	2,076.27	2,395.71	2,874.84
Richard's Castle Parish Council	961.40	1,121.65	1,281.88	1,442.11	1,762.58	2,083.05	2,403.52	2,884.22
Ross-on-Wye Town Council	984.49	1,148.59	1,312.66	1,476.74	1,804.90	2,133.07	2,461.24	2,953.48
Ross Rural Parish Council	951.48	1,110.08	1,268.65	1,427.23	1,744.39	2,061.55	2,378.72	2,854.46
Sellack Parish Council	952.99	1,111.84	1,270.66	1,429.49	1,747.15	2,064.82	2,382.49	2,858.98
Shobdon Parish Council	966.35	1,127.42	1,288.48	1,449.53	1,771.65	2,093.76	2,415.89	2,899.06
St. Weonards Parish Council	953.36	1,112.26	1,271.15	1,430.04	1,747.83	2,065.61	2,383.41	2,860.08
Stapleton Group Parish Council	970.66	1,132.45	1,294.22	1,455.99	1,779.54	2,103.09	2,426.66	2,911.98
Staunton-on-Wye and District Group Parish Council	953.33	1,112.23	1,271.12	1,430.00	1,747.78	2,065.55	2,383.34	2,860.00
Stoke Edith Parish Meeting	946.95	1,104.79	1,262.61	1,420.43	1,736.08	2,051.73	2,367.39	2,840.86
Stoke Lacy Parish Council	971.32	1,133.22	1,295.10	1,456.98	1,780.75	2,104.52	2,428.31	2,913.96
Stretton Grandison Group Parish Council	950.04	1,108.40	1,266.73	1,425.07	1,741.75	2,058.43	2,375.12	2,850.14
Stretton Sugwas Parish Council	959.08	1,118.95	1,278.79	1,438.63	1,758.32	2,078.02	2,397.72	2,877.26
Sutton Parish Council	980.18	1,143.55	1,306.91	1,470.27	1,797.00	2,123.72	2,450.46	2,940.54
Tarrington Parish Council	973.60	1,135.89	1,298.15	1,460.41	1,784.94	2,109.48	2,434.02	2,920.82
Thornbury Group Parish Council	956.13	1,115.50	1,274.85	1,434.20	1,752.91	2,071.62	2,390.34	2,868.40
Titley and District Group Parish Council	958.15	1,117.86	1,277.54	1,437.23	1,756.61	2,076.00	2,395.39	2,874.46
Upton Bishop Parish Council	968.07	1,129.43	1,290.77	1,452.11	1,774.80	2,097.49	2,420.19	2,904.22
Vowchurch & District Group Parish Council	956.80	1,116.28	1,275.74	1,435.20	1,754.13	2,073.06	2,392.01	2,870.40
Walford Parish Council	955.13	1,114.33	1,273.52	1,432.70	1,751.08	2,069.45	2,387.84	2,865.40
Wellington Parish Council	957.97	1,117.65	1,277.30	1,436.96	1,756.28	2,075.61	2,394.94	2,873.92
Wellington Heath Parish Council	968.26	1,129.65	1,291.02	1,452.39	1,775.14	2,097.89	2,420.66	2,904.78
Welsh Newton & Llanrothal Group Parish Council	979.28	1,142.51	1,305.72	1,468.93	1,795.36	2,121.79	2,448.22	2,937.86
Weobley Parish Council	957.29	1,116.85	1,276.40	1,435.94	1,755.04	2,074.13	2,393.24	2,871.88
Weston Beggard Parish Council	951.52	1,110.13	1,268.71	1,427.29	1,744.46	2,061.64	2,378.82	2,854.58
Weston-under-Penyard Parish Council	955.34	1,114.58	1,273.80	1,433.02	1,751.47	2,069.92	2,388.37	2,866.04
Whitbourne Parish Council	963.02	1,123.54	1,284.04	1,444.54	1,765.55	2,086.56	2,407.57	2,889.08
Whitchurch & Ganarew Group Parish Council	954.77	1,113.91	1,273.04	1,432.16	1,750.42	2,068.67	2,386.94	2,864.32
Wigmore Group Parish Council	969.72	1,131.35	1,292.97	1,454.58	1,777.82	2,101.06	2,424.31	2,909.16
Withington Group Parish Council	962.46	1,122.88	1,283.29	1,443.69	1,764.51	2,085.33	2,406.16	2,887.38
Woolhope Parish Council	963.27	1,123.83	1,284.37	1,444.91	1,766.00	2,087.09	2,408.19	2,889.82
Wyeside Group Parish Council	956.05	1,115.41	1,274.74	1,434.08	1,752.76	2,071.45	2,390.14	2,868.16
Yarkhill Parish Council	959.43	1,119.35	1,279.25	1,439.15	1,758.96	2,078.77	2,398.59	2,878.30
Yarpole Group Parish Council	962.40	1,122.81	1,283.21	1,443.60	1,764.40	2,085.20	2,406.01	2,887.20



**ANNEX 1 (v)**

PARISH	VALUATION BANDS							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
That having calculated the aggregate in each case of the amounts at Annex 1(ii), Annex 1(iii) and Annex 1(iv), the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts of council tax for the year 2009/2010 for each of the categories of dwellings shown above.								

