

MINUTES of the meeting of Cabinet held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Thursday 25 June 2009 at 2.00 pm

Present: Councillor RJ Phillips (Chairman)

Councillors: LO Barnett, AJM Blackshaw, H Bramer, JP French, JA Hyde, JG Jarvis, PD Price and DB Wilcox

In attendance: Councillors PA Andrews, WLS Bowen, PJ Edwards, TM James, JD Woodward and RI Matthews

1. APOLOGIES FOR ABSENCE

Apologies for absence were noted for Councillors: ACR Chappell, Labour Group Leader and GFM Dawe, Alliance Group Leader.

2. DECLARATIONS OF INTEREST

Councillor RJ Phillips and the Chief Executive declared personal interests in agenda item 8 : 'ESG Retail Quarter Development Agreement' as Members of the ESG Board.

Councillor RI Matthews declared a personal interest in agenda item 4: 'Smallholdings Estate Strategy Review'.

3. MINUTES

RESOLVED: That the Minutes of the meeting held on 4 June 2009 be approved as a correct record and signed by the Chairman.

4. SMALLHOLDINGS ESTATE STRATEGY REVIEW

The Cabinet Member Corporate Customer Services and Human Resources, Councillor JP French presented the report and drew Cabinet's attention to the key headline issues contained in the document which acknowledged the valued contribution to the local economy of the Council's smallholdings estate and the opportunities available to people to both enter into farming and progress to larger farms. It was clarified that the policy recommendations would pertain to the Council's smallholdings estate, with the exception of those managed on behalf of the Buchanan Trust. Members are asked to consider and agree; a Smallholdings Policy Framework and accompanying action plan, the creation of a £25,000 allocation (from existing rental income) to create a match funded enterprise development fund, and for Cabinet to receive an annual update on progress in delivering the action plan. Cabinet was reminded that a revised action plan had been circulated prior to the meeting which superseded that which had been included in the original agenda pack.

The Cabinet Member Corporate Customer Services and Human Resources advised Members that as part of the 2009/10 budget setting process, an additional £1.5million of capital expenditure had been made available at a rate of £500,000 per annum for improvements to the estate. As a result it would be important to demonstrate value for

money on such a significant investment. Currently the average rate of rental income remained static at £420,000 per annum with the Council averaging an outlay of £240,000 per annum on the day-to-day management, repair and maintenance of the estate. An additional capital spend of £200,000 had been made to cover the costs of upgrading electrical wiring on the estate. A further £900,000 of required maintenance had been identified via a five year rolling programme of conditions surveys, this included works required to meet the relevant Decent Homes standard.

The Cabinet Member advised Members that the requirement for a capital receipts target of £10million within 10 years (from April 2005), as included in the former smallholdings estate policy had been removed. Members were also informed that the current omission within corporate documentation of the positive contribution of the smallholdings estate to meeting council priorities would be rectified. The contribution of the Strategic Monitoring Committee Members and their comments which helped inform the review were acknowledged as were the meetings with tenants, Herefordshire Young Farmers and a visit to Staffordshire County Council.

Members were advised of the outline of the policy framework which had, at its core, a clear aim to assist people seeking a career in farming and to allow progression. Particular attention was drawn to the fact that the Council would only consider requests from tenants to sublet in exceptional circumstances and that consideration would be given to further six year renewals of tenancies subject to the meeting of a defined criteria. In relation to the rents of smallholdings, the levels would be reviewed regularly and compared solely against similar smallholding properties. The Cabinet was additionally advised that the policy framework outlined the necessity to consider surplus farm houses and farm buildings whilst maintaining productive agricultural land. In the event of disposal of surplus buildings, some land would be included for the provision of a garden.

In discussion Members were of the view that the smallholdings policy should emphasise the mixture of farming opportunities and not be too prescriptive on the nature of the farms, as the types of farming undertaken would be dependant on many factors, not least the economic environment.

The Chairman of the Strategic Monitoring Committee, Councillor PJ Edwards, commented positively on the smallholdings policy and was pleased that additional consultation had been undertaken, however he expressed disappointment that agricultural land had been disposed of prior to completion of the smallholdings review. For consistency and clarity, it was requested that the dual measurements of hectares and acres were used in the policy. The approach to starter and progression farms outlined in the policy was applauded, as this was considered a way of valuing local food, drink and produce. Councillor Edwards stated that the policy did not address possible integration of smallholdings and the possibilities of capitalising on such opportunities. This issue was noted by the Cabinet Member who stated that any changes to smallholdings would be monitored with opportunities assessed and, where appropriate grasped.

Responding to comments raised by Members, the Cabinet Member emphasised that any land which would accompany the disposal of surplus buildings would be adequate for a garden, it was not envisaged that larger parcels of land would accompany any disposal. Responding to a comment regarding the justification of retaining the Council's smallholdings estate, the Cabinet Member assured Members that the action plan outlined the need to investigate all options relating to the future management and tenancy options of the smallholdings estate, which would include consideration of full repairing tenancies.

Members strongly welcomed the policy's recognition that the smallholdings houses should comply with the relevant decent homes standard. The Cabinet Member stated that local members would be kept informed on the progress of the action plan.

RESOLVED That:

- (a) the Smallholdings Policy framework contained in the report be agreed subject to amended wording at para 63 to read: "the Council will maintain an appropriate mixture of farm opportunities";**
- (b) That the action plan be agreed (revised version circulated separately to the main report).**
- (c) The creation of a £25,000 allocation from existing rental income to create a match funded enterprise development fund be agreed; and**
- (d) Cabinet receives an annual update on progress in delivering the action plan.**

5. HEREFORDSHIRE UNITARY DEVELOPMENT PLAN 'SAVED' POLICIES

Members were advised that under the new planning arrangements the Council was continuing to establish its Local Development Framework (LDF), and that the Unitary Development Plan (UDP) formed part of the framework until it was replaced by other plan documents. As the replacement policies would not be adopted prior to the automatic expiration date of UDP policies, the Council would need to apply to the Secretary of State to retain any policies at least six months before the expiry date. In deciding which policies to save there was a need to demonstrate that the policies reflected the principles of local development frameworks and were consistent with current national policy; a series of six criteria were considered in forming this view.

In response to a question raised, the Planning Policy Manager advised Members that a saved policy would automatically save any accompanying supplementary planning documents.

RESOLVED that:

- (a) Cabinet recommends to Council to approve those policies and proposals within the Herefordshire Unitary Development Plan that the Council wish to be saved as set out in Appendix 1 of the report and those not to be saved as set out in Appendix 2 of the report beyond the expiry of the three-year saved period; and**
- (b) The Secretary of State's agreement be sought to issue a direction to this effect.**

6. PROCUREMENT STRATEGY 2009

Cabinet was reminded that a revised Procurement Strategy had been circulated prior to the meeting that superseded the version included in the original agenda pack.

The Cabinet Member Resources presented the report on the Procurement Strategy 2009 and informed Cabinet that this strategy was a departure from the previous year's approach as it reflected the importance of sustainable procurement and of the local sourcing of goods and services where possible. The strategy sought to reflect the collaborative approach developed with NHS Herefordshire to deliver efficiencies and reinforced the Council's commitment to achieving value for money which would be

further reflected in the Use of Resources assessment. Cabinet was advised that whilst local suppliers could not be favourably discriminated due to their location, the Council had developed a proactive approach to increase the awareness of local suppliers to opportunities to bid for Council contracts and business. This included an event which was attended by 40 medium and small local business which was co-facilitated by the Council, Business Link and the Chamber of Commerce and which assisted potential suppliers to understand the requirements when tendering for public sector contracts. To increase the potential opportunity for local bids, the Cabinet Member stated that it would be mandatory for all requirements of £5,000 or over to be published on the Council's web portal (located within the Council's website). Cabinet was advised of the inclusion of a new Forward Plan section in the updated strategy which outlined considerations of the impact to procurement systems and processes of organisational changes and efficiencies e.g. shared services agenda, Herefordshire Connects project. The need for appropriate staff training was emphasised and the Forward Plan reflected the training provided to core practitioners.

Responding to a query raised regarding the scope of the shared services agenda, the Leader stated that undertaking this work should strengthen the financial viability of public service provision in Herefordshire at a time of considerable pressures on all organisations within the public sector. It was confirmed that there was active dialogue with the County Hospital as it was a formal partner within the shared services partnership; other public sector organisations would be welcomed to consider joining in the approach in order to deliver greater efficiencies and maintaining a wide range of public services within Herefordshire.

The Chief Executive was encouraged to continue active lobbying with Government and others regarding the issue of contractual boundaries between public sector organisations and specifically between that of the NHS and local government procurement processes, in order that best value could be delivered from holistic contract procurement negotiations.

It was stated that as a greater emphasis was being placed, by OFSTED and the Department of Schools and Families, on schools to deliver value for money, schools should be strongly encouraged to use existing procurement arrangements (e.g West Mercia Supplies [WMS]) and increase their use of generic products. It was suggested that the Director of Resources and the Director of Children's Services issue a joint briefing note to schools on this issue which would emphasise the importance placed by the Department of Schools and Families on delivering value for money and the way that existing procurement arrangements would support schools in demonstrating this.

The issue of fair-trade was also highlighted and it was stated that WMS would be looking further at this issue.

Responding to a question raised regarding the availability of priorities and time lines relating to potential saving opportunities outlined in para 7.4.3 of the strategy, the Acting Head of Financial Services stated that this work was being overseen by the Herefordshire Connects Programme Board and was consolidating much information.

Responding to a comment regarding the need to reduce duplication through the maintenance of a corporate contracts register, the Cabinet Member Corporate, Customer Services and Human Resources stated that work to provide solutions to this issue was underway. The Leader emphasised, in response to a comment regarding the possible limitations of the Hospital for joint purchasing, that the shared services project's focus was entirely on back office and administrative functions which would be of benefit to all partners.

It was suggested by Cabinet that the Herefordshire Connects benefits realisation process be considered as a possible issue for the scrutiny function.

Whilst welcoming the support provided to local suppliers, a member in attendance requested that consideration be given to minimising bureaucracy within the procurement processes and illustrated an example of where a local supplier did not progress with a contract due to the bureaucratic procurement process.

RESOLVED That:

- a) **the updated Procurement Strategy be approved subject to additional wording at para 7.8.9 to read: "... to ensure schools are aware of the need to deliver value for money opportunities which arise from the procurement strategy"; and**
- b) the Strategy's emphasis on sustainability be noted.

7. REVIEW OF ASSET MANAGEMENT AND PROPERTY SERVICES

The Cabinet Member for Resources provided Members with an update on the Review of Asset Management and Property Services (AMPS) which had been recently undertaken. It was stated that the original timescale for completion of the review had been extended from March 2009 to provide the newly appointed Director of Resources the opportunity to consider the review in full. Cabinet were informed of two factors which would have significant implications for the AMPS; the Comprehensive Area Assessment and the contribution of the AMPS to the Use of Resources assessment (specifically in relation to the management of its assets), and the shared services project which would provide a healthy challenge in delivery of services.

The Director of Resources thanked officers for their detailed work on the review and advised Cabinet that in relation to benchmarking data the property management satisfaction indicators currently rated the service in the top 10% of local authorities in the group. He stated that there was a need to consider the potential implications and opportunities of the Quirk Review which looked at Community Management and Ownership of Assets, as had been recently demonstrated with the progression of the transfer of Grange Court to a local development trust. The Director of Resources emphasised the potential future impact of the shared services agenda on the AMPS.

Responding to a query raised, the Director of Resources stated that the Carbon Reduction Commitment was a mandatory legally binding climate change and energy saving scheme which would come into effect from April 2010, however further guidance was currently awaited from Government. He stated that this Commitment may have an impact on the Council.

RESOLVED that:

- (a) **the contents of the report be noted.**
- (b) **Cabinet agreed that, pending the outcome of the work on Shared Services, the Asset Management and Property Services Division continues to explore service improvements.**

8. ESG RETAIL QUARTER DEVELOPMENT AGREEMENT

The Cabinet Member Economic Development and Community Services presented the report on the ESG Retail Quarter Development Agreement. Members were provided

with a summary of the detail provided in the report, of which the following points were highlighted:

- The signing of the Development Agreement would tie both Herefordshire Council and Stanhope into the development process and would provide greater certainty for the progress of the mixed-use scheme within a structured timeframe.
- The current Herefordshire UDP and the ESG SDP identified that the entire Retail Quarter site be considered for re-development as a mixed use site.
- Of the land outlined for the Retail Quarter, the Council's ownership amounted to approximately four hectares.
- Stanhope had been in negotiations with Herefordshire Council, ESG Herefordshire LTD and AWM with regard to; the final development mix, the designs for the site and over detailed financial considerations. During this time (15 months), the economy had deteriorated and the terms of the Development Agreement had been amended to reflect the requirements of both principal parties. These amendments included the consideration of a phased approach in order to deliver the retail development part of the project on a staged basis.
- Following negotiations, and subject to Cabinet approval to the recommendations within the report, it was anticipated that the Development Agreement would be in a position to be signed shortly and would comprise the following elements:
 - Development Agreement with around 20 appendices and over 10 schedules;
 - CPO Indemnity Agreement (to be concluded at a later date following agreement of the phased scheme); and
 - 250 year Head Lease (this would not be granted to Stanhope until the scheme has been practically completed)
- The infrastructure for the development programme would consist principally of: off-site flood mitigation, the Link Road, on-site flood alleviation and re-alignment of Widemarsh Brook, and the new livestock market construction. The major development projects to support the wider ESG programme would include the individual development projects of the Retail Quarter, Urban Village, Transport Hub and New Area.
- In relation to funding arrangements, the Development Programme identified elements of the redevelopment which were unfinanced by either Herefordshire Council or AWM. Discussions were being held between the Council, ESG Herefordshire Ltd, and the Homes and Communities Agency (HCA) regarding the HCA providing appropriate financial contribution.
- Further benefits of the wider scheme, both economic and social were outlined, these included a multi-screen cinema, restaurants, car parking, high quality pedestrianised streets (together with substantial improvements to current provision) and a department store. Members were advised that Ben Hamilton Baillie had been retained to ensure that the design would join together both the old and new parts of the city to ensure a single city centre.
- Members attention was drawn to the legal, financial and risk management considerations as contained in the report.

The Leader advised Members that a recommendation to Cabinet was to approve the Development Agreement as negotiated to date, and that this included recognition of the proposed phased approach whilst retaining the integrity of the overall scheme. Cabinet were reminded of the preconditions needed to be satisfied by the end of the conditionality agreement, which included the condition relating to the livestock market

relocation. The Leader emphasised the importance of the ESG development for Herefordshire and stated that the City should aspire to the great potential it had to offer as a vibrant retail centre, however this vision was not deliverable within the existing retail footprint. The City Centre should positively embrace the complementary vision of independent stores and major signature retailers, and the development of the Retail Quarter provided a window of opportunity which was partly funded by other public sector financing. The Leader expressed concern regarding the possible detrimental consequences should the opportunities as currently presented not be grasped and delivered.

Responding to a comment regarding concerns that the development of the Retail Quarter fell outside the curtilage of the existing area, and the possible detrimental effect to established retail outlets, the Cabinet Member Economic Development and Community Services emphasised the point that the current retail footprint was not appropriate to support the mix of national brands and independent stores which were being sought. Members were advised that the City Centre was currently heavily dependent on value led stores.

The Cabinet Member Economic Development and Community Services, responding to a query regarding the designs undertaken by Ben Hamilton Baillie, advised Members that together with the Cabinet Member Highways and Transportation, he had met with Mr Hamilton-Baillie and considered the initial draft on the Hereford Streetscape Design Strategy, which the Cabinet Member considered to be a consummate piece of work and which crucially considered commonality of design and identity of the street scape within Hereford.

Following consideration during the confidential session of the restricted appendices which outlined as Synopsis of the Retail Quarter Development Agreement and the ESG Programme Finance, Cabinet agreed the following recommendations.

RESOLVED That:

- (a) The substantive terms of the Development Agreement so far negotiated as described in the report be approved; and that**
- (b) Approval be given for negotiations to be finalised on the basis of those substantive terms and for the finalised Development Agreement to signed under the authority of the Director of Regeneration.**

The meeting ended at 3.45 pm

CHAIRMAN