

AGENDA

Cabinet

Date: **Thursday 16 December 2010**

Time: **2.00 pm**

Place: **The Council Chamber, Brockington, 35 Hafod Road,
Hereford**

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

For any further information please contact:

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Agenda for the Meeting of the Cabinet

Membership

Chairman Councillor RJ Phillips

Councillor LO Barnett
Councillor AJM Blackshaw
Councillor H Bramer
Councillor JP French
Councillor JA Hyde
Councillor JG Jarvis
Councillor PD Price
Councillor DB Wilcox

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AGENDA

Pages

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Item No	Title	Portfolio Responsibility	Scrutiny Committee	Included in the Forward Plan Yes/No
5	Joint Capital and Asset Management Strategy 2010-13	Resources	Overview and Scrutiny	Yes

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

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

3. MINUTES

To approve and sign the minutes of the meeting held on 25 November 2010.

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4. 2011 CENSUS LIAISON

To brief Cabinet on the support being given to the Office for National Statistics (ONS) as it prepares for the national census on 27 March 2011.

9 - 14

5. JOINT CAPITAL AND ASSET MANAGEMENT STRATEGY 2010-13

To approve the Joint Capital and Asset Management Strategy (JCAMS) for 2010-2013.

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6. RESPONSE TO CALL IN OF DILWYN SCHOOL CLOSURE

To consider the outcome of the Children's Services Scrutiny Committee meeting on 10 December 2010 which will review the Cabinet decision of 25 November 2010 that Dilwyn Church of England Primary School be discontinued from 31 August 2011.

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HEREFORDSHIRE COUNCIL

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HEREFORDSHIRE COUNCIL

MINUTES of the meeting of Cabinet held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Thursday 25 November 2010 at 2.00 pm

Present: Councillor RJ Phillips (Chairman)

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

In attendance: Councillors PA Andrews, WLS Bowen, PJ Edwards, J Goodwin, MAF Hubbard, TM James, RI Matthews, PM Morgan, AT Oliver, SJ Robertson

66. APOLOGIES FOR ABSENCE

Apologies were received from Councillor H Bramer.

67. DECLARATIONS OF INTEREST

6. DILWYN CHURCH OF ENGLAND PRIMARY SCHOOL: DETERMINATION OF PROPOSAL TO CONTINUE.

Councillor AJM Blackshaw, Personal, School Governor of Canon Pyon CE Primary School.

Councillor RJ Phillips, Personal, School Governor of Pembridge CE Primary School.

Councillor WLS Bowen, Personal, School Governor of Kingsland CE Primary School.

68. MINUTES

RESOLVED that:

The Minutes of the meeting held on 21 October 2010 be approved as correct record and signed by the Chairman.

69. INTEGRATED CORPORATE PERFORMANCE REPORT

Cabinet received a report which provided an overview of performance in the first half of the year against the Joint Corporate Plan 2010-13.

RESOLVED that:

Cabinet considers performance to the end of September 2010 and the measures being taken to address areas of underperformance.

70. RESPONSE TO THE SCRUTINY REVIEW OF COMMUNICATION WITH THE PUBLIC ABOUT SERVICES AND ACCESS TO THOSE SERVICES

The Cabinet Member Corporate Customer Services and Human Resources introduced the report which sought approval to the Executive's response to the scrutiny review of communication with the public about services and access to those services. Cabinet was

advised that the recommendations were in line with those of Grant Riches, who had undertaken a formal review of the wider public relations and communications team.

The Deputy Chief Executive stated that the work undertaken by Grant Riches had provided much interesting benchmarking information which confirmed that, in comparison with others, Herefordshire was doing more with less in relation to communications and public relations. The corporate approach would progress to centralise budget and consolidate activities. It was emphasised that communications was the responsibility of all members and officers. The importance of good communications, both in terms of delivery on strategy and day to day was highlighted.

The Chairman of the Review Group commented on the positive synergies of both the scrutiny review and the Grant Riches work, even though their remits focussed on different aspects of the communications work. The group had been surprised by the sheer volume of leaflets and had commented on the use of language which was considered to be unfriendly in some cases. Responding to the recent headline in the local press about webcasting of meetings, the Chairman of the Review Group was pleased to take the opportunity to emphasise that the recommendation of the Group had been that a trial be undertaken to assess its merits and demerits.

In discussion the following points were raised:

- It was encouraging to note that Herefordshire Matters was considered a confident media source by 92% of those responding.
- Comments were made that Herefordshire Matters' political neutrality should be reviewed as it was stated that there was too much emphasis on the administration's view. In response, it was stated that this was not accepted as; Herefordshire Matters was a joint publication with NHS Herefordshire; articles were checked for political bias and revised as necessary; and that a section on scrutiny matters was included in each publication. Officers regularly sought relevant and appropriate articles for inclusion in future editions.

RESOLVED that:

The Executive response be approved.

71. DILWYN CHURCH OF ENGLAND PRIMARY SCHOOL: DETERMINATION OF PROPOSAL TO CONTINUE

The Cabinet Member ICT, Education and Achievement presented the report on Dilwyn Church of England Primary School and highlighted the following points:

- All evidence concluded that Dilwyn School was not a stand alone viable and sustainable educational facility within the Herefordshire framework of schools. The evidence had not changed since the closure notice was debated at Cabinet on 12 July 2010.
- The local authority had, over the last eighteen months, supported and assisted Dilwyn School in looking at ways to work with others and in maintaining the level of provision at the school. The federation proposal prepared by the Headteacher of St Mary's Roman Catholic (RC) School, Lugwardine, with the support of school governors, was the only hope of keeping Dilwyn School open.
- Following the notice of closure of Dilwyn School, as agreed at Cabinet, a period of consultation had taken place. The local authority received support from many people in the Dilwyn area which placed an emphasis on allowing the federation to be given a chance.
- Significant time and effort had been put into updating the federation proposal by St Mary's RC School which had been supporting Dilwyn School for some time at their own cost.

- The submission of the new proposal was supported by the Governors of St Mary's RC School, so long as it received unanimous support from both the Diocese of Hereford and the Arch Diocese of Cardiff, and that the viability and sustainability of provision was ensured so that St Mary's RC School would not be placed in a position whereby financial assistance would have to be given.
- The Diocese of Hereford, the Arch Dioceses of Cardiff, and the Governors of St Mary's RC School were not now in support of the federation proposal.

The Interim Director of Children's Services informed Members of recent events and formally introduced a joint statement signed by representatives from the Diocese of Hereford, the Arch Diocese of Cardiff, the Governors of St Mary's RC School and the local authority on 22 November 2010, which had been circulated at the meeting. Cabinet was specifically directed to the points outlined in the key consideration section of the report, which set out the process, issues raised and the response to the issues raised. The following points were highlighted:

- The statutory notice, published on 9 September 2010, invoked a six week period during which time anyone could comment on or object to the proposal.
- All the 67 responses to the statutory notice objected to the proposal and the points raised considered in the development of the report.
- The responses indicated strong support to the continuation of the school both for educational reasons and to ensure the sustainability of the community.
- The majority of the respondents favoured the proposal to federate with St Mary's RC School. In several responses the view was expressed that such a proposal would attract more pupils as currently the pupil numbers were low as parents had chosen alternative schools due to the long term perceived threat of closure for Dilwyn School. It was emphasised to Cabinet by the Director that the points raised in relation to the raising of pupil numbers were not substantiated.
- The claims outlined in some responses that the local authority had failed to meet due statutory processes, that there had been bias in the presentation of data and information, misrepresentation, predetermination of decisions and coercion of Diocesan opinion, were firmly refuted by the Director of Children's Services.

The Director of Children's Services drew Members' attention to the joint statement which outlined the steps taken to seek a collective solution to maintaining Dilwyn School in the long term and provided a context to some of the statements made.

- The feasibility of joint faith collaboration had been explored in detail and a revised proposal dealt with many complex issues. The Director of Children's Services and others had met with the Governors and Headteacher of St Mary's to identify key areas of changes or areas which required to be addressed.
- The revised proposal was supported by the Governors of St Mary's RC School so long as it received unanimous support from both Diocese and that St Mary's RC School was not placed in a position whereby financial assistance would have to be given.
- The Diocesan Board of Education of Hereford voted, by a slim majority to support the proposal for St Mary's RC and Dilwyn Schools working in a partnership, however many questions remained unanswered, issues unresolved and opportunities required further development. In particular assurances the following areas had not been met; safeguarding; quality of education, particularly of children in small cohorts; financial support of £100,000 over 5 years would be required; and the pupil numbers. Additionally the revised submission did not adequately address issues of sustainability.
- Following further considerations, serious concerns continued to be expressed by the two Dioceses, the local authority and the Governors of St Mary's regarding financial viability and long term sustainability and these concerns remained unreconcilable.

- A considerable amount of work had been undertaken to seek a solution and much consideration had been given to the content of joint statement.

The Leader reminded Members that the decision made by Cabinet on 12 July 2010 had been made within the context of the small schools policy which had been in place for seven years. The policy had not been challenged by any political group on the council or by any governing or educational body in the county. The work undertaken on joint faith collaboration was welcomed and whilst not materialising on this occasion would be worthy of any appropriate future considerations. The view was expressed that a faith based environment benefited the personal development of children. It was confirmed that during this period of consultation no approach for local clustering with Dilwyn School had come from any other school in the Weobley pyramid.

In responding to questions from Cabinet, the Director of Children's Services stated that:

- In respect of the need for financial support of £100,000 over five years, for there to be a change in perception, it would be essential for Dilwyn School to have a life opportunity of four to five years. Around £20,000 would be required annually to sustain the current position. Such a position would need to be kept under review to ensure elements such as quality and deliverability of educational standards.
- All requirements of the statutory processes had been met. Indeed the spirit of collaboration and supportiveness by all involved at both the formal and informal parts of the process exceeded the prescribed requirements.
- With the exception of responses from Dilwyn School and St Mary's RC School, no other schools in the cluster area had responded.

The Leader of Herefordshire Independent Group stated that it would be the wrong decision to close Dilwyn School and that such a decision did not take account of the future possibilities that new housing could bring into the community, especially in relation to the Place Shaping consultation. Losing a school would be detrimental to village life and it would be a sad day if it was to close. It was stated that 30 children, within Dilwyn School's catchment area, attended other schools; and as the school was under threat it was understandable why parents chose alternative educational options. The local community had promised £20,000 to assist in maintaining the school in Dilwyn; such a pledge demonstrated the strength of feeling and good will in the community.

The Leader of the It's OUR County! Group made the following points and sought clarification as appropriate:

- Should Dilwyn School's roll exceed 40 pupils (the point at which it was believed the school would become viable), would the £100,000 financial support still be required?
- Evidence had been seen to suggest that 13 children did not attend Dilwyn School due to the threat of closure. Had this evidence been fully examined and been considered when forming a decision? It was understood that 21 children would consider going to the school in the future if it remained open.
- There was evidence to demonstrate how well Dilwyn School supported disadvantaged children such as those from traveller families and those who had been bullied in other schools.
- The situation should have been appropriately supported previously as it had been evident for many years.
- Whilst the work and efforts to find a solution were applauded, concern was expressed that the joint statement had been made only two days previously, which seemed to be very last minute.
- In relation to safeguarding it was requested that a flexible approach be considered.

In responding to some of the points raised, the Leader:

- Stated that as a previous local member for the Dilwyn area the suggestion that the work undertaken was a last minute effort was misplaced as deliberations had been going on for a long time. Much work had been previously undertaken to improve less than adequate sanitary provisions for the school.
- Emphasised that the Arch Diocese had been consistent in its approach.
- Reminded Members that parents had a choice in determining the schools which their children attended, as such there were consequences to their actions. The impact of such choices could be difficult for rural authorities such as Herefordshire; however the aim would be that, by definition all schools should be good so that parents' first choice would be their local school.

The Director of Children's Services provided the following responses to specific comments and questions:

- Issues relating to the future of housing had been looked into, however whilst the scheme had not been fully developed at this stage it had been assessed that the number of homes built would not generate a sufficient change to the number of primary age children in the area to make the school sustainable.
- In relation to supporting schools, colleagues in the Children and Young People's Directorate had provided much support to schools especially those with falling rolls, over the last years. For Dilwyn this had included considerable support from the Improvement and Inclusion Division and on-going support over 18 months from the school places team to consider options to re-establish the financial viability and long term sustainability of the school.
- A school roll of 40+ would not guarantee Dilwyn Schools' financial viability.
- An increase in pupil numbers would by definition result in a consequential decrease in the level of financial support required.
- Consultation had been undertaken with parents of local children who chose not to attend Dilwyn School. None had stated that the possible closure of Dilwyn School had impacted on their decision, for people to believe otherwise went against the evidence gained.
- Assurances were given that current and future pupil numbers had been reviewed. The figure quoted of 21 children who would otherwise attend Dilwyn School was not recognised. Members were advised that consideration of pupil numbers needed to take account of such variables as phasing and cohort sizes to maintain pupil levels.
- It was recognised that the current children in Dilwyn School were part of a happy community and compliments were given on the how the school dealt with the children's general welfare and well being. Herefordshire as a whole had received a positive response to the OfSTED inspection.
- Detailed discussions started 18 months ago. The perceived tight timescales illustrated by the signing of the joint statement reflected the serious consideration of the proposal by all.
- When considering safeguarding it was essential to consider risks involved and form judgements. The judgement of the Director of Children's Services was that whilst the revised proposal dealt with some of the outstanding issues, it did not deal with all.

The Leader of the Liberal Democrat Group:

- Said that should the closure of Dilwyn School be agreed, the local community would have been let down.
- Stated that local families had been actively discouraged from sending their children to the school by the local authority as the long term future of the school was under question.

- Expressed the view that the plan envisaged four years ago to amalgamate or close 37 schools in the county was starting to be enacted in a piecemeal manner.

The Director of Children's Services in responding to comments from Cabinet confirmed that all comments and points raised in the responses had been looked at in detail and been given due consideration. His professional view was that there remained no avenue to pursue. The most sensible option in order to safeguard quality of education and other interests would be to close Dilwyn School and to ensure a continuum for the children to other establishments as smoothly and easily as possible.

The Local Ward Member was invited to speak and stated that the landowner, who wished to develop housing on his land, had not received a satisfactory answer from the local authority on planning issues. Having consulted with Tyrrels, a significant amount of workers would be interested in affordable housing in the village.

The Director of Children's Services provided assurance that the provision of possible future housing had been considered as a factor in reaching a recommendation, and it had been considered that the potential housing numbers would not deliver a sustainable or sufficient number of primary age children in the mid to long term. Whilst the detail of planning considerations was outside the remit of the Children and Young People's Directorate, the Cabinet Member Economic Development and Community Services stated that currently there was no funding for affordable housing schemes to come forward.

The Leader emphasised and commented on the work carried out to find a sustainable and viable solution for Dilwyn School. The report and the fulsome joint statement indicated that a sustainable option was not possible

RESOLVED that:

Dilwyn Church of England Primary School be discontinued on 31 August 2011.

72. BUDGET MONITORING REPORT 2010/11

Cabinet considered a report on the forecast financial position for both revenue and capital to 31 March 2011 and were updated on the Directorates' recovery plans instigated to address projected overspends. Additionally the report provided information on treasury management activities in the first six months of 2010/11 and the number and amounts written off for individual debts exceeding £1,000 covering the period 1 April 2010 to 30 September 2010.

The Cabinet in discussion make the following comments:

- The finance team was congratulated on clearer budgeting and reinvestment.
- The rise in write offs was noted as a feature of the current economic climate, but needed to be monitored.
- Whilst appreciating that the pattern of reported overspend was as in previous years, the action from JMT on recovery plans and the reduction in discretionary spend was welcomed.
- 2010/11 would be the last year that local government would be financed to the current degree. Future years would be different and challenging. It was essential to explain to the public how the council would deliver its obligations in such changing times.
- Particular note was given to the council's treasury management expertise in dealing with short term borrowing and liquidity management as well as the

council's AAA rating. A 50 year borrowing term of 3.9% was highlighted as being very beneficial to the council. Responding to a concern about borrowing exposure, assurance was provided that, as indicated in the treasury management interim report, the council's borrowing exposure was conservative.

- It was recognised that financial issues relating to the Integrated Commissioning Directorate would remain. A further £2billion had been announced from Government to support local government over the next four years as the acute need of Adult Social Care had been acknowledged as an issue across all local authorities.

In responding to comments and questions, the Director of Resources stated that:

- In managing of the council's finances it was essential to balance risk against opportunity. Assurances were provided that policies were in place to ensure that sound decisions were made, however no decision would ever be risk free.
- In recognising that there had been some concerns about collecting information across systems, the council would be implementing the Agresso system across all Directorates from April 2011.

RESOLVED that:

- a) the report and the forecast deficit position of £2.4m be noted;**
- b) the Chief Executive's requirement that Directors deliver recovery plans to support delivery of balanced revenue budget be noted; and**
- c) it be noted that 66 debts totalling £185k be written off.**

The meeting ended at 3.20 pm

CHAIRMAN

MEETING:	CABINET
DATE:	16 DECEMBER 2010
TITLE OF REPORT:	2011 CENSUS LIAISON
PORTFOLIO AREA:	CORPORATE & CUSTOMER SERVICES AND HUMAN RESOURCES

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To brief Cabinet on the support being given to the Office for National Statistics (ONS) as it prepares for the national census on 27 March 2011.

To seek Members' active support in encouraging residents to complete their census forms.

Key Decision

This is not a Key Decision.

Recommendation(s)

THAT Cabinet:

- (a) **Recognises the importance of supporting the Office for National Statistics to ensure that the 2011 Census response is maximised in Herefordshire;**
- (b) **Notes the ongoing liaison activities; and**
- (c) **Encourages all Members to use the information in ONS' Councillor Handbook to help spread the word in their communities.**

Key Points Summary

- The next national census of population will be undertaken across England & Wales by ONS on 27 March 2011.
- The census is vital to Herefordshire and its public services. Population estimates based on the results will influence the county's share of central government funding for the next decade. No other source provides more detailed statistics for service planning and funding bids.
- The 2011 Census is being run in Herefordshire by John Tyler, ONS' Census Area Manager.

Further information on the subject of this report is available from
Charlotte Devereux, Senior Research Officer and Assistant Census Liaison Manager, on (01432) 260498

However, ONS have asked local authorities and their partners for support: JMT has already agreed this and has nominated an Assistant Census Liaison Manager to identify ways in which local knowledge and networks can be used to help make the census a success.

- Public awareness-raising will start with ONS' national publicity campaign, during January 2011.
- Members can use the information in ONS' Councillor Handbook to champion the census in their local communities.

Alternative Options

- 1 The alternative is not actively supporting ONS, which could result in poorer coverage of the census in Herefordshire and reputational damage. This would have financial implications and undermine data quality.

Reasons for Recommendations

- 2 To ensure a successful census, i.e. a high response rate across all areas of the county and all population groups.

Introduction and Background

- 3 A compulsory national census of population is undertaken in England and Wales by the Office for National Statistics (ONS) every ten years. The next takes place on 27 March next year.
- 4 The success of the 2011 Census is vital to Herefordshire and its public services. Population estimates based on the census will be used to determine the county's share of government grants throughout the next decade. Also, the detailed statistics will provide evidence for funding bids and enable effective service planning and resource allocation on the basis of accurate assessments of local need.
- 5 ONS has asked local authorities and their partners for help in ensuring the census is a success. The Chief Executive nominated a Census Liaison Manager (role shared between the Head of Policy & Performance and the Deputy Chief Executive) and Assistant to respond to ONS' requests and champion the census across Herefordshire Council.

Key Considerations

- 6 In August 2010 ONS appointed a Census Area Manager to run the census in Herefordshire (and parts of Worcestershire). His name is John Tyler, and the council's nominated Assistant Census Liaison Manager (Charlotte Devereux) has been supporting him as he develops community contacts and starts to plan fieldwork operations. A Census Local Partnership Plan records planned local activities.
- 7 Local information has already been used in helping ONS to develop the address register that will be used to deliver census forms. This is particularly important as census forms will be posted out to households, not hand-delivered as previously.
- 8 The 2011 Census will create more than 100 temporary jobs in Herefordshire, and these opportunities have been widely publicised: in the council's Job Opportunities, Herefordshire Matters and public buildings; at events for people seeking work and in community newsletters.
- 9 To date, other awareness-raising has been limited to Herefordshire Public Services and community and voluntary groups - asking for their support in encouraging, and helping if

necessary, the people they work with to fill in and return their forms (see also paragraph 14).

- 10 Public awareness-raising will start with ONS' national publicity campaign, during January 2011. Locally, tailored messages and engagement will be aimed at groups of people that may be less likely to respond (e.g. Gypsies and Travellers).
- 11 As community leaders, Members can help build awareness of and support for the census in local communities. ONS' Councillor Handbook has been distributed to all Members and contains key messages and more details about the importance of the census.
- 12 Information about the census in Herefordshire, including links to ONS' 2011 Census website and the Census Jobs website, is published at www.herefordshire.gov.uk/census.

Community Impact

- 13 The census is the *only reliable* source of some data (e.g. provision of unpaid care, limiting long-term illness), and the *only* source of detailed statistics about the characteristics of small geographical areas (e.g. ethnicity). It is essential that census data is accurate as it will be used to inform needs assessments, etc. and plan how resources should be allocated to best deliver the sustainable community strategy.
- 14 Equalities considerations include:
 - a) Completion – it is important that *everyone* completes their census form, but inevitably some groups will be harder to reach than others. Therefore special consideration is being given to engaging with and supporting particular groups, namely Gypsies and Travellers; recent migrants; seasonal workers; disabled people; the elderly; young adults.
 - b) Data – the 2011 Census will, for the first time, provide data on languages spoken by adults in Herefordshire; national identity; civil partnerships; people of Gypsy and Traveller ethnicity; short-term migrants.
- 15 It is recognised that the wider Herefordshire Partnership can play a vital role in ensuring success of the 2011 Census. Messages are being shared through established communication channels, and organisations are already offering help to the Area Manager. For example, Deaf Direct will be explaining the importance of the census to their service users and holding 'completion events' for those that need help filling in the form.
- 16 Special consideration has also been given to collecting census returns from the military.

Financial Implications

- 17 In 2010/11 the LA Formula Grant from Communities & Local Government (CLG) was worth £57.6 million to Herefordshire Council, and the recurrent baseline from the Department of Health was worth approximately £267 million per annum to NHS Herefordshire. Estimates from ONS and CLG suggest that 100 people missed from the census could equate to as much as £5,000 p.a. just in missed funding from CLG, i.e. £50,000 over the decade.
- 18 No budget has been identified for census liaison activities and ONS is not able to provide any funding. The additional activity will need to be absorbed within existing resources. The biggest commitment has been the allocation of one-third of an existing Senior Research Officer's time for 2010/11 (circa £10,000). The cost of the involvement of other officers has not been calculated, but much of the support is intrinsic to council business – for example the Recruitment and Community Learning & Employability teams offering support to local people

applying for census jobs. It is expected that volumes of calls from members of the public will increase during March and April, despite a national census helpline being available. There may be an adverse effect on response times if capacity is reached.

Legal Implications

- 19 The only direct legal implication for Herefordshire Council is in regard to its responsibilities under the Data Protection Act when considering ONS' requests for data to help with planning fieldwork and for quality assurance purposes. Most will be aggregate data and therefore not personally identifiable. Legal advice will be sought if the data owner is unclear whether information can be shared.
- 20 However, there are also legal implications for individuals to consider in providing support:
- a) It is a statutory requirement that everyone completes a census form and returns it to ONS or one of their census employees. They have not discharged their duty if they hand it to anyone else and may be liable for prosecution if it goes missing. Therefore any councillor or council employee (or any other volunteer) providing support to a resident should **not** offer to return the form for them.
 - b) The confidentiality of personal information given on a census form is protected by law. Help in filling in a form should only be given if a householder specifically asks, and anyone who does this should be aware that disclosing any personal census information would leave them open to prosecution and up to two years in prison.

Risk Management

- 21 The risk of not supporting ONS is that the coverage of the census would be poorer. As a consequence Herefordshire wouldn't receive its fair share of funding nor have accurate statistics for small areas on which to base policy decisions. This is not yet identified on the Corporate Risk Register but is on the Deputy Chief Executive's Register.

Mitigating actions have been:

- The nomination of a CLM to champion the census at senior management level and an ACLM dedicating sufficient time to ONS' requests for support.
- Identification of support for the 2011 Census in the Joint Corporate Plan
- Alerting JMT to the importance of the census early enough in the preparations to ensure that colleagues respond positively to those requests – or are pro-active in developing local initiatives.

Consultees

- 22 The ACLM consults and works with officers across the council as and when required, to make use of knowledge in particular areas of expertise as well as existing networks.

Appendices

- 10 None

Background Papers

- ONS' 2011 Census: Councillor Handbook – hard copy already circulated to all councillors.

MEETING:	CABINET
DATE:	16 DECEMBER 2010
TITLE OF REPORT:	JOINT CAPITAL AND ASSET MANAGEMENT STRATEGY 2010-2013
PORTFOLIO AREA:	RESOURCES

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To approve the Joint Capital and Asset Management Strategy (JCAMS) for 2010-2013.

Key Decision

This is a Key Decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the County.

It was included in the Forward Plan.

Recommendation

THAT the Joint Capital & Asset Management Strategy be approved.

Key Points Summary

This JCAMS sets out Herefordshire Council and NHS Herefordshire's shared approach to capital investment and disposal over both the short and long term, to deliver core service priorities. The availability of resources to facilitate these priorities is also considered, reconciling the provision of statutory functions, service aspiration and policy context with limited resource availability.

What it intends to do

- Assist in ensuring spending decisions meet key priorities
- Influence and encourage working with partners
- Encourage improvement and innovation
- Ensure revenue consequences and whole life costs are fully considered including return on investment
- Explains the sensitive nature and likely reduction to future capital funding

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

- Confirms surplus assets will be recycled or subject to disposal
- Implementation of three year planning and horizon scanning for longer term priorities.

What it sets out

- Capital priorities and plans
- Links to key strategic documents
- How schemes are identified that meet priorities
- How schemes competing for limited resources are selected
- A summary of the capital programme
- Monitoring processes in place

Alternative Options

- 1 There are no alternative options.

Reasons for Recommendations

- 2 To provide a framework within which decisions regarding use of capital resources and assets will be made.

Introduction and Background

- 3 The JCAMS has been written and updated as information from CSR10 has evolved, but purposely excludes the level of detail re future funding streams which will evolve over the coming weeks. Further detailed information will flow from both the local government settlement funding notification and the asset guidance relating to Transforming Community Services (impacting primarily on NESH assets); these details will inform individual decisions made within the framework provided by the JCAMS.
- 4 The attached JCAMS is vital to ensure that capital and associated revenue expenditure on the asset portfolio is directed effectively and efficiently to support service delivery in line with Herefordshire Public services (HPS) priorities.
- 5 In the current financial climate, it is likely that little capital funding will be available. Therefore all resources available must be directed to deliver HPS priorities and where possible demonstrate future revenue savings.

Key Considerations

- 6 Capital funding must be targeted to ensure it is used to deliver HPS priorities, linking the Joint Corporate Plan (JCP) vision and other key strategies as part of the decision making process. The underlying assumption is that the council's future capital programme will need to be funded by asset disposal proceeds.
- 7 Assets will only be retained if they deliver and continue to deliver HPS's strategic priorities in a cost effective way. Asset disposal proceeds can then be reinvested into future capital projects.

Community Impact

- 8 The impact of capital schemes potentially affects all areas of Herefordshire and its communities, but will focus on those that deliver to the HPS JCP vision.
- 9 The localities agenda is steering authorities to share buildings, resources and jointly plan strategic capital programmes with communities, the voluntary sector and other agencies. This work is already underway in Herefordshire, and will facilitate the creative use of our asset base and support improvements to community services.

Financial Implications

- 10 This strategy will inform future decision-making and does not, of itself, have direct financial implications.

Legal Implications

- 11 None.

Risk Management

- 12 Ensuring capital schemes remaining within budget and completed within the timescales and specification are the major risks. The mitigation of these lie with the regular monitoring by directorates who use risk registers to highlight key areas of concern. In addition the Capital Strategy Working Group provides oversight and challenge of the schemes again using the RAG approach.

Consultees

- 13 Officers from both NHHSH and the Council were involved in producing the document.

Appendices

- 14 Appendix A - JCAMS

Background Papers

- 15 None.

Herefordshire Public Services

Joint Capital and Asset Management Strategy

2010 – 2013

Capital Strategy Working Group

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Roman Road, Hereford

1. EXECUTIVE SUMMARY

- 1.1 An effective Joint Capital and Asset Management Strategy (JCAMS) is vital to ensure that the capital and revenue expenditure on the asset portfolio is directed efficiently and effectively to support service delivery in line with Herefordshire's priorities. This strategy considers the capital investment needs across Herefordshire Public Services (HPS) including acquisition, replacement and rental of land, buildings, and vehicles etc.
- 1.2 HPS has embraced partnership working, essential in delivering its strategic aims, from which the JCAMS is key to delivering the vision, linking the Joint Corporate Plan (JCP) 2010-13 and its seven themes, to capital planning and utilisation of resources. Although the JCP is the key driver of the strategy, the main HPS finance and asset related strategies play a key part in decision making.
- 1.3 The JCAMS will be reviewed annually, identifying and matching resources to deliver service priorities over a three year period. Where possible a longer term view will be incorporated.
- 1.4 The challenges given to retaining assets will be based on value for money and delivery of HPS's strategic priorities and key service delivery. Surplus properties will either be recycled or disposed of and proceeds will be reinvested. The disposal of land will be allowed after consideration of sacrificing a capital receipt for transfer of the land for use as social housing.
- 1.5 The localities agenda is steering authorities to share buildings, pool resources and jointly plan strategic capital programmes with local agencies, private companies, voluntary sector and community organisations. This new concept of meaningful engagement at a very local level, critically challenges the historical basis for resource allocation and the effectiveness of services to deliver on local need and is designed to provide a more creative use of the current asset base and support improvements to community based planning and service. This is designed to produce more efficient local spending by pooling budgets and ending duplication.
- 1.6 The Joint Corporate Property Strategy and in particular the Accommodation Strategy set out a framework for determining the capital assets needed to enable future service delivery priorities to be realised. Whereas a series of key projects have already been identified, the Accommodation Programme work further inform priorities and options for investment/re-investment in assets over the medium term.
- 1.7 The coalition government has signalled major reductions to both revenue and capital funding streams over the coming years. It is likely that a number of the current funding streams will cease. It will be more important to identify and utilise non government funding sources and ensure these scarce resources are used effectively.
- 1.8 In the absence of scarce capital resources and the national reduction of £17m of NHS capital funding over the next four years there will be a need for the Council and NESH to work together to rationalise assets in order to deliver reconfigured services. The Council and NHS Herefordshire (NESH) hold operational properties for the purpose of service delivery these will continue to be reviewed to ensure they meet service need. In addition, the Council holds tenanted non-residential property for investment and socioeconomic purposes - or both.
- 1.9 The JCAMS does not encourage capital bids but recognises that resources are limited in the current funding climate, thus many low priority schemes are likely to be put on hold, only key priorities that continue to encapsulate the HPS vision could be funded as available resources are identified over the coming years.
- 1.10 The priority will be to ensure that any new capital scheme will be funded through the recycling of capital receipts and other external funding sources, although there will be some circumstances when borrowing will be allowed,

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- 1.11 The process of allocating finite resources runs alongside delivery of the Joint Medium Term Financial Strategy, through which capital funding, borrowing costs and innovative ways of utilising capital will be captured. The selection, scoring and ranking of projects lies with the Capital Strategy Working Group using a range of criteria to evaluate schemes, with referral to Council and NHH Board for approval.
- 1.12 The JCAMS aims to encourage innovation and reminds officers of their ability to draw down funding to pump prime creative projects that demonstrate delivery of “spend to save / mitigate”. The governance arrangements in place must ensure robust monitoring to ensure projects deliver in terms of quality, cost and benefits.

2. INTRODUCTION AND BACKGROUND

2.1 This JCAMS sets out Herefordshire's approach to capital investment and disposal over both the short and long term, to deliver HPS's core service priorities. The availability of resources to facilitate these priorities is also considered, reconciling the provision of statutory functions, service aspiration and policy context with limited resource availability.

2.2 The document moves between the vision of HPS, the overarching policy framework and explains the processes inherent in setting budgets and monitoring the programme. In the ever changing public sector climate, this document will be reviewed annually, but in essence is written to capture the longer term vision of service priorities.

2.3 The JCAMS links into the main HPS strategic documents: Asset Management, Housing Strategy, Joint Corporate Property Strategy, Local Transport Plan, Smallholding Policy Framework, ICT Strategy, Local Development Framework and NESH Carbon Management Strategy. It demonstrates how HPS prioritises, sets targets and measures the performance of its limited capital resources to ensure that it maximises the value of investment to support the achievement of its key cross-cutting activities and initiatives.

- **What it intends to do**

- Assist in ensuring spending decisions meet key priorities
- Influence and encourage working with partners
- Encourage improvement and innovation
- Ensure revenue consequences and whole life costs are fully considered including return on investment
- Explains the sensitive nature and likely reduction to future capital funding
- Confirms surplus assets will be recycled or disposed of
- Implementation of three year planning and horizon scanning for longer term priorities.

- **What it sets out**

- Capital priorities and plans
- Links to key strategic documents
- How schemes are identified that meet priorities
- How schemes competing for limited resources are selected
- A summary of the capital programme
- Monitoring processes in place

2.4 The strategic objectives for our corporate assets are to:

- Optimise the contribution property makes to the Council and NESH strategic and service objectives. To this end, assets should only be held that meet the objectives of the JCP, with clear evidence to demonstrate that they contribute to the key objectives.

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- Prioritise investment in our operational assets to meet service delivery needs and to enhance the customer experience. Assets that no longer deliver service priorities will be reviewed and either recycled to facilitate wider community agendas, or disposed of.
- Seek innovative, value for money solutions, through use of procurement and return on investment to deliver capital projects that satisfy service need.
- Ensure maximum return from our investment property and land holdings
- Use our assets to pump prime new developments, re-development and urban regeneration
- Ensure that existing and new property assets are managed in an efficient, sustainable and cost effective way in terms of their use of environmental impact and other resources, their property management and other running costs

3. HEREFORDSHIRE VISION

- 3.1 HPS works closely with its local partners, including the police, health, businesses, voluntary organisations as well as local communities and through public consultation to achieve its strategic aim;-

“Herefordshire will be a place where people, organisations and businesses, working together within an outstanding natural environment, will bring about sustainable prosperity and well-being for all”

- 3.2 An effective JCAMS will support this vision by directing investment where it will support service delivery. It is vital to ensure that the opportunity cost of financial resources tied up in land and property are minimised, and that capital and revenue expenditure on the asset portfolio is directed efficiently and effectively to support service delivery in line with priorities. These priorities are detailed in the JCP 2010/13, within seven main themes;-

1. Children and young people
2. Health and well-being
3. Older people
4. Economic development and enterprise
5. Safer and stronger communities
6. Sustainable communities
7. Organisational improvement and greater efficiency

- 3.3 The top priorities within the seven themes are:

1. The best possible life for every child, safeguarding vulnerable children and improving education attainment.
2. Reshaped adult health and social care, so that more older and other vulnerable people maintain control of their lives.
3. The essential infrastructure for a successful economy, enabling sustainable prosperity for all.
4. Affordable housing to meet the needs of local people.
5. Better services, quality of life and value for money, particularly by working in partnership with the NESH and other local organisations.

- 3.4 There are resource constraints which restrict the ability for HPS to deliver priorities in both the short and medium term. A longer term strategy is therefore needed to ensure resources are targeted to those areas that best fit the vision; rationalising and re-profiling demand in order to meet the affordability limits.

- 3.5 The JCP is the key driver of the JCAMS, but the main HPS strategies underpinning the long term vision are listed below, and expanded in Appendix A:

- Joint Corporate Property Strategy, with a suite of policies
 - Asset Disposal Policy
 - Community Asset Transfer Policy
 - Asset Management Plan
 - NESH Estates Strategy 2010-2014

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- NHHSH Carbon Management Strategy 2010-2014
- Local Development Framework
- Housing Strategy
- Local Transport Plan
- Children and Young Persons Directorate (CYPD) Capital Strategy
- Smallholdings Policy Framework
- ICT Strategy
- Joint Medium Term Financial Strategy
- Treasury Management Strategy
- Procurement Strategy

4. LONGER TERM JOINT CAPITAL AND ASSET MANAGEMENT STRATEGY

- 4.1 The JCAMS alongside its three year plan has a longer term vision of 10 to 15 years feeding into the Joint Medium Term Financial Strategy. Capital funding indications are that the majority of central government capital funding will be significantly reduced, priorities will, therefore, have to be refined.
- 4.2 HPS generates income from selling surplus assets and plans to reduce the costs of running the property portfolio minimising the environmental impact, for example, reducing carbon emissions. Services will be co-located so buildings are deemed multi-use and established to facilitate the localities agenda. The disposal of land will be allowed after consideration of sacrificing a capital receipt for transfer of the land for use as social housing.
- 4.3 The challenges given to retaining assets will be based on value for money and delivery of HPS's strategic priorities and key service delivery.
- 4.4 The localities agenda is steering authorities to recycle buildings and pool resources to jointly plan strategic capital programmes with local agencies, private companies, voluntary sector and community organisations. This new concept of meaningful engagement with service providers at a very local level critically challenges the historical basis for resource allocation and the effectiveness of services to deliver on local need and is designed to provide a more creative use of the current asset base and support improvements to community based planning and service. This is in line with the Total Place initiative, designed to produce more efficient local spending by pooling budgets and ending duplication.
- 4.5 The Council closely monitors the current level of maintenance on its corporate properties to ensure that the limited resources available are optimally applied to ensure vital service centres are maintained. It currently conducts 5 year rolling reviews of all properties, but brings forward elements of this programme if service specific reviews are required. This also assists in ascertaining when buildings have reached the end of their economic life and are too costly to retain and maintain.
- 4.6 NESH will continue to use its capital allocation to maintain its infrastructure including its estates and ICT facilities but will also use a proportion to support the reconfiguration of assets to support new models of care.
- 4.7 At present NESH currently receives a block capital allocation of circa £1m for maintenance of assets. Current assumptions, in the absence of guidance, are that assets remain with the Commissioner. However with the establishment of an Integrated Care Organisation in Herefordshire and the Secretary of State for Health yet to make a decision on the ownership of NHS assets, there may be a question of the £1m block capital allocation that the NESH currently receives being transferred to the Integrated Care Organisation.
- 4.8 NESH has put on the open market Victoria House, Eign Street, Hereford. The expected completion of a sale is now expected to take place in 2011/12.
- 4.9 To ensure maximisation of capital investment capacity, HPS will focus on:
 - a) Effective project management of capital schemes to ensure they stay within budget.
 - b) Implementing the property review arrangements set out in the Asset Management Plan to deliver opportunities for rationalising property assets and releasing resources (capital and revenue). The principle focus will be on a joint back office and council headquarters for HPS.

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- c) Attracting external funding and maximising developers' contributions.
- d) The ability to assess and adapt to changing service needs.

4.10 The financial management strategy for capital investment also focuses on ensuring 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.
- d) Sell or transfer assets where there is little justification for their retention

4.11 The strategy does not encourage capital bids but recognises that resources are limited in the current funding climate, and likely to deteriorate over the coming years, thus many low priority schemes are likely to be put on hold. The schemes listed below are priorities within the JCP, and provided they continue to encapsulate the HPS vision could be funded as available resources are identified over the coming years.

Economic Development, Enterprise and Sustainable Communities

- **Broadband** – Herefordshire is one of four pilot areas identified in the Comprehensive Spending Review as working with Broadband Delivery UK to ensure delivery of superfast broadband to rural areas including the Forest of Dean and parts of Wales.
- **Rotherwas Futures** – ties in with the Rotherwas Access Road to transform the existing Rotherwas Industrial Estate. It aims to provide additional land for development, refurbishment of existing properties and implement a flood alleviation scheme. This in turn should create new jobs and help Herefordshire's economy to compete in the longer term.
- **Hereford Futures** - Hereford has been identified as a regional Growth Point and the development of the Council's Local Development Framework is likely to identify the need for new infrastructure to support the development of the City and ensure its future viability. The strategy for further development of Hereford is likely to lead to a need to support the development and implementation of infrastructure, including:
 - **Relief Road** - as part of the overall package of infrastructure needed to facilitate and enable growth to take place.
 - **Retail Quarter** – using the site of the old livestock market to develop a city centre retail and leisure facility, creating significant jobs and helping to stem the loss of retail expenditure to competing centres outside the City
 - **Housing Development** – using Merton Meadow land to bring forward 800 new homes in a sustainable City location, in partnership with Sanctuary Housing, one of the UK's leading housing associations.
 - **Higher Education Establishment** – to develop the higher education offer in the City in conjunction with existing providers, using a central City site to extend facilities.
- **Buttermarket** – is a Grade 2 listed building which houses over 70 stalls in Hereford. In order for it to survive it needs total refurbishment to enhance the retail environment and compliment the works already undertaken around High Town. To provide a long term sustainable future

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for the building funding from the private sector is being sought.

- **Model Farm** – based in Ross on Wye, it has been allocated for employment use in the Herefordshire Unitary Development Plan. It aims to enhance the existing communities, improve access to jobs and assist in the growth of the local economy. This will be done by using high quality commercial space and offices. As well as the provision of a business hub to promote integration support for companies and reduce the carbon footprint.
- **Highway Maintenance** – The severe winter experienced in 2009/10 caused considerable damage to the highway network and highlighted the ongoing need to respond to historic under funding of highway maintenance activity. Whilst additional funding in 2010/11 will enable a programme of enhanced maintenance to bring main roads back to an acceptable standard, there government announcements on funding cuts will create additional pressure on the ability to address maintenance needs on minor roads.
- **Waste** - The Council's Capital Investment in Waste Infrastructure is in partnership with Worcestershire County Council, in an Integrated Waste Public Finance Initiative (PFI). Mercia Waste Management the Councils' waste contractors are currently pursuing the development of a new Energy from Waste Plant in Worcestershire. This proposal would ensure the Councils remained compliant with the targets to divert biodegradable waste from landfill. It is the intention of the Councils to incorporate this proposal into the main contract through the use of the Variation provisions of the contract. The basis of the variation will be to ensure that the Councils minimise their risks of punitive payments of Landfill Allowance Trading Scheme fines and/or high cost trading and offsetting the accelerated Landfill Tax Payments of the Landfill Tax scheme).

Safer and Stronger Communities

- **Locality Approach** – This approach will effectively support communities and make best use of multi functional sites, improve service delivery and allow rationalisation of buildings. Stakeholder involvement, in particular, the public, third sector and business communities will be involved in developing the model. This is being initiated undertaking a mapping exercise to determine the extent of community facilities (including nurseries, schools, colleges, village halls, museums, libraries, church halls, churches, petrol filling stations, post offices, pharmacies, opticians, emergency services etc.) within 9 identified 'locations'; Hereford North, Hereford South, Leominster, Ross, Ledbury, Kington, Bromyard, Golden Valley (Ewyas Harold, Peterchurch and Clifford/Dorstone) and Wigmore/Leintwardine.
- **Locality Project** – The work on developing a locality framework forms part of a process of whole area reviews of public sector and third sector provision and helps to determine the overall picture of service investment in a locality. This exercise known as 'Capital Counting' is the key corner stone of the Total Place accounting framework. Once base line data is available, this can be used to drive efficiencies and improvements to services at a local level. Work is now being undertaken in Ledbury, with consultants, to examine the available savings through the co-location of public sector and voluntary sector services in the Master's House as well as a rationalisation of other Public Sector property holdings in Ledbury. Similar project work is being prepared for Leominster and the other Market Towns, once again using consultants funded by the West Midlands RIEP.

Children and Young People

- Although there are no single schemes identified in the long term for CYPD, they propose to ensure future capital investment to transform the learning experience and outcomes for its children and young people. The key ambitions are ensuring that every child's needs are met,

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putting learners first and using learning to help to make a vibrant rural economy prosper. Capital will be used to develop education provision at a locality and cluster level, contributing to the overall strategic approach to localities, promoting multi use facilities for the whole community and improving local accessibility by linking the development of education provision with early years, extended schools, locality services, special educational needs and 14 – 19 developments.

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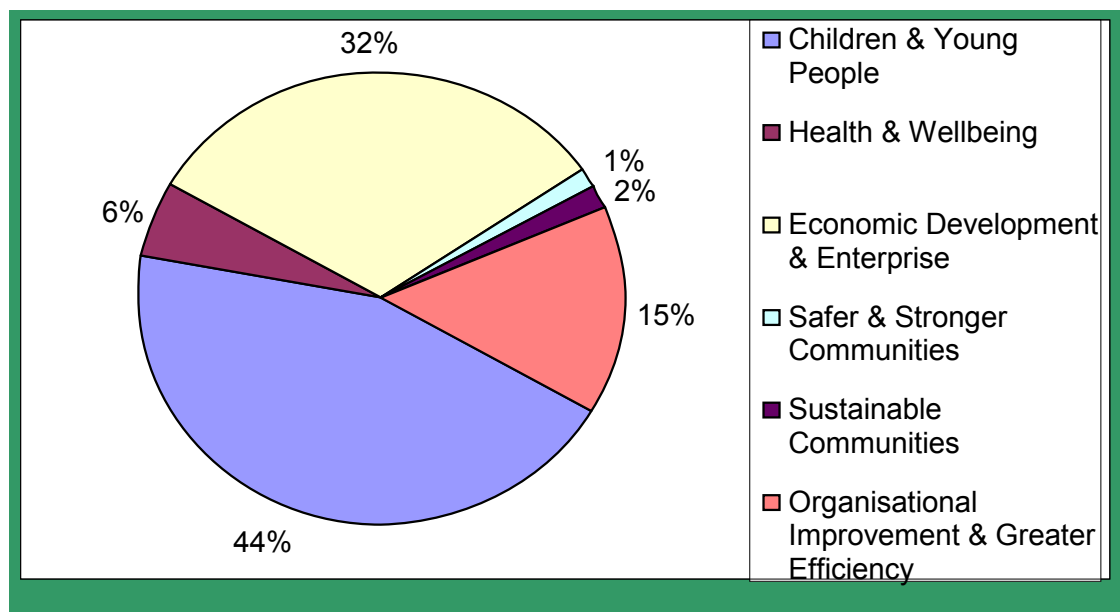
5. CURRENT CAPITAL PROGRAMME AND PRIORITIES

5.1 The following table details the joint capital investment by corporate theme over the next three years. This does not include the locally co-ordinated voluntary aided school capital programme because these schools do not form part of the asset base (the investment in voluntary aided schools through this grant is likely to be £435k in 2010/11). Future years budgets are shown as indicative figures, and could be reallocated to other services in autumn 2010, resulting from the identification and ranking of priorities.

Capital Budget by JCP Themes - 2010/11 to 2012/13

	Budget 2010/11 £'000	Indicative 2011/12 £'000	Indicative 2012/13 £'000
Children and Young People	35,344	11,742	6,500
Health and Well Being	4,399	53	-
Economic Development and Enterprise	25,531	8,687	6,500
Safer and Stronger Communities	1,136	-	-
Sustainable Communities	1,400	783	351
Organisational Improvement and Greater Efficiency	11,660	2,411	208
TOTAL	79,471	23,675	13,559

2010/11 Capital Budget by JCP Theme



5.2 In 2010/11 NESH will receive a block capital allocation of c£1.1m from the Department of Health. This allocation will be used to support estates improvements needed to comply with statutory maintenance standards. Going forward NESH will continue to use its capital allocation to maintain its infrastructure including its estates and ICT facilities but will also use a proportion to support the reconfiguration of assets to support new models of care.

5.3 A supplementary capital bid of £500k was made by NESH to support the radical service reconfiguration being undertaken across the Herefordshire Health Economy. This funding will be used to redevelop elements of the NESH primary and community care estate including the procurement of ICT infrastructure necessary to support care closer to home in Herefordshire. This

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will improve the quality of care provided to patients in Herefordshire and also allow revenue savings associated with a number of schemes, including the Transition Board initiative, and the redesign of outpatients, to be achieved. It is anticipated that the implementation of these schemes will allow NHSH to make revenue savings of c£700k in 2010/11 rising to around £2.4m in 2013/14.

5.4 The largest capital schemes to be undertaken in 2010/11 include;-

- **Children's Services - Hereford Academy** which accommodates the JCP Children and Young people theme alongside HPS's main priority for improving educational attainment. It is an 11 -19 Learning Community, south of the City specialising in Science, Health and Sport. The building also houses the Hereford Academy Community Learning Centre for adult learning which is open to members of the public.
- **Resources - Corporate Accommodation** to provide a hub and spoke office provision, with the capacity and flexibility to accommodate the HPS partnership and 3rd sector organisations. It will deliver significant efficiency savings, both from revenue and capital receipts and facilitate joint working across the council and health, whilst contributing to JCP organisational improvement.
- **Deputy Chief Executive - ICT Programme** will be instrumental in delivering JCP organisational improvement and efficiency by providing a new financial ledger and integrated HR system for both the council and NHSH. This will facilitate the delivery of shared services, and transform back office services which is anticipated to deliver substantial annual revenue savings.
- **Sustainable Communities - New Cattle Market** The new Cattle Market will cover 48 acres and enable a large area of land in Hereford's City Centre to be made available for economic development and enterprise as set out in the JCP. It will safe guard Herefordshire's important farming heritage and economy for the future, as agriculture makes up 7% of the local economy. The scheme also includes improvements to the road network system around the site, including cycle ways and footpaths.

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6. CAPITAL FUNDING STREAMS

- 6.1 This section explains the source of resources available to fund the capital programme. Currently the majority of funding is allocated from central government, in part to fund specific schemes that deliver their national priorities. The future availability of these resources is now defined by the outcome of the Comprehensive Spending Review (CSR), and proposes a significant reduction year on year. In the NHS capital funding is allocated to NHS organisations by the Department of Health and it is a statutory duty to ensure that resource limits are appropriately spent.
- 6.2 The Council has more freedom to borrow to fund capital expenditure, both through prudential borrowing and the governments proposed tax incremental financing. HPS under these freedoms will extend to allow the flexibility to deliver joined up capital programme working with the NHS and other bodies, based on the needs on the HPS community.
- 6.3 The following funding sources are available;

Borrowing

- Supported borrowing funded each year by central government, both the debt repayment and interest via the revenue support grant.
- Unsupported or prudential borrowing (PB), has been allowed since 2004 when government relaxed the rules to allow councils to finance their own capital, providing they could demonstrate affordability to repay the debt and interest. PB has limited scope to generate its own capital resources however the office accommodation review will see the building of new offices, for HPS, funded in part by the capital receipts from the sale of surplus buildings. In a time of reduced resources PB must also be used to pump prime initiatives to deliver future revenue savings that can then fund the annual debt and interest cost. A recent example is a new pay on exit car parking system that is expected to deliver additional income that will service the PB costs.
- One surprising aspect of the CSR is that Public Work Loan Board rates (the rates at which local authorities can borrow) will be 1% above the gilt rate (compared to the 0.13% previously). This makes PB more expensive, and this is likely to reduce the amount of schemes that are given the go ahead, both locally and nationally
- Tax Incremental Financing (TIF) Tax works on the basis that when a development or public project is carried out, there is often an increase in the value of surrounding land and property, and perhaps new investment (new or rehabilitated buildings, for example). TIF will allow Local Authorities to borrow against predicted growth in their locally raised business rates. They can use borrowing to fund key infrastructure and other capital projects, which will support locally driven economic development and growth. TIF will operate within a carefully designed framework of rules, which the Government will work closely with Local Authorities to design. Under existing legislation, Local Authorities can borrow against their overall revenue stream. This does not include business rates. TIF will enable them to borrow against future additional uplift within their business rates base. Local authorities will need to manage the costs and risk of this borrowing alongside wider borrowing under the prudential code.

Grants

- Government currently provide many direct grants to fund initiatives that they feel HPS should be implementing. Under the coalition government the ring-fencing arrangements have been relaxed to allow greater flexibility in their use. The major capital grants are:

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- **Transport Grants** – used to support the Hereford Integrated Transport Strategy capital programme, covering rural transport schemes, road safety initiatives and highways maintenance. The CSR has reduced a number of the grants by 11% and the Department for Transport has revamped the process by which they pay revenue grants to local authorities, they will now pay no direct grants, but will instead allow local authorities to bid for revenue and capital funds to fund sustainable transport schemes.
- **Waste Performance and Efficiency Grant** – this is for front ended waste infrastructure, e.g. recycling and composting facilities to help English councils meet land fill targets.
- **Building Schools for the Future** - the previous government’s aim was to rebuild or re-new nearly every secondary school in England, although the new coalition government has recently announced significant cutbacks to this grant HPS is using Building Schools for the Future funding to replace the High School in Leominster. Indications are that funding reductions by the coalition government could reach 60%.
- **Devolved Formula Capital** – is an amount allocated each year to primary and secondary schools to be spent on priorities in respect of buildings, ICT and other capital needs. It may be combined with capital funding from other sources or saved to fund a larger project.
- **Disabled Facilities Grant** - contributes towards the cost of providing adaptations and facilities to enable disabled people to continue living in their own homes. The central government grant funding towards this has been protected from cuts by the coalition government in the CSR.
- **Broadband** – the CSR announced grant funding to fund the gap (expected to be 50% of the cost) of implementing superfast broadband to rural areas. This was announced following submission of a bid for funding. The details depend on the tender exercise expected to be completed early next year. The investment could total £5m.
- External funding bodies distribute funding for projects that satisfy their key criteria and objectives and HPS secure these via a bidding process. In recent years funding has been received from:
 - **The Local Investment Programme (LIP)** sets out the priorities in delivering a balanced housing market as identified by the local authority and where resources will need to be targeted to achieve this. This focuses on three main areas of interest:
 - Increasing the supply of housing through investment, land assembly and release of public sector owned land for housing purposes.
 - Place Making and Regeneration, including the Localities Agenda and “Total Place”.
 - Improvements to existing housing stock, retrofitting improvements, “Living Over the Shop” and other measures to make best use of existing buildings.
 - **Advantage West Midlands** – this regional development agency has provided significant resources but its abolition means funding is not likely to be available in the long term.
 - **Lottery Funding** – Heritage Lottery funding contributed to the Skate Board Park in Holmer Road, whilst general funding was given to the Friar Street learning Centre.

Regional Growth Fund (RGF)

- Introduced in the CSR, it is designed to help areas most dependent on public sector employment to make the transition to private sector growth. Both private bodies and public-

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private partnerships will be able to bid for the funding by demonstrating that their proposal will bring in private investment and support sustainable increases in private sector jobs and growth in their area. Bids are likely to exceed £1m, have significant private sector leverage, contribute towards green growth and integrate with planning policy.

- Local Enterprise partnerships (LEPs) will coordinate bids for RGF, they have been introduced by the coalition government to replace regional development agencies. Their aim is to provide strategic leadership and long term vision for private sector led economic renewal working in partnership to deliver public service delivery.

Developer Contributions

- Developer contributions will become an increasingly important source of finance for infrastructure needs arising from new developments. At present (2010) these are sought through the application of the Council's Supplementary Planning Document, "Planning Obligations" which was adopted in 2008. In April 2010 the new Community Infrastructure Levy (CIL) regulations came into force and made provision for a four year transition period after which pooled contributions must be collected via the CIL for infrastructure excluding Affordable Housing. The new system relies on a CIL Charging Schedule to be adopted (after a formal process of consultation and public examination) which will set out a charge per square metre of (qualifying) new building works. In preparation, an economic viability assessment has been commissioned to assist in setting a charging rate that will not render development in the County unviable. As part of the Local Development Framework an Infrastructure Delivery Plan is also required to establish the uses of any funds raised through the CIL.

Capital Receipts

- The Council maintains a register of surplus property assets. These are reviewed on an annual basis to identify a rolling 3-year programme of potential disposals, taking account of the prevailing market conditions.
- The public sector landscape of service delivery is now subject to major change. Annual reviews of the Council and NESH operational property portfolio will identify potential opportunities for remodelling and co-location, through alternative methods of service delivery. Some assets will be deemed surplus to requirement, not delivering HPS priorities or key objectives, and thus progress through the Disposal Policy adopted in the Joint Corporate Property Strategy.
- The Council and NESH must prioritise disposal for capital receipts against competing demands for affordable housing land to build social housing and Community Asset Transfers.
- The disposal of surplus assets is critical to deliver HPS Capital Strategy. Specifically the delivery of the office accommodation review requires receipts to fund PB costs. Capital receipts are deemed a central receipt and so held corporately to use to deliver wider strategic priorities. Any receipt generated by the NESH may be required to be returned to the Strategic Health Authority.

Revenue

- Both revenue budget and reserves can be used to fund the capital programme, either via a one off contribution to fund a project in its entirety or an annual sum to repay PB debt costs. Ongoing use of revenue should be assessed in relation to the impact on council tax via the use of assessing its prudential indicators. Central "spend to save" revenue funding is

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available throughout the year to pump prime both revenue and capital innovative projects that will deliver future year on year savings.

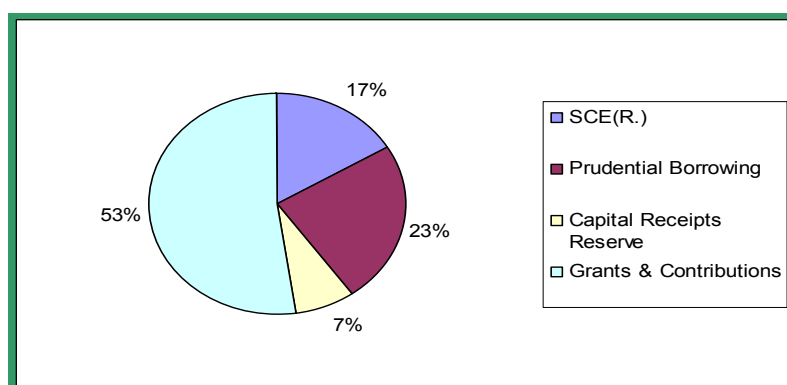
- 6.4 In December the NHS White Paper will be published. It may define the level and control of NHS Herefordshire capital funding. Until then best estimates of future funding have been made.
- 6.5 The following table details the expected resources available to fund the capital programme over the next three years.

Capital Programme Resources – 2009/10 to 2012/13

	Outturn 2009/10 £'000	Budget 2010/11 £'000	Indicative 2011/12 £'000	Indicative 2012/13 £'000
Supported Capital Borrowing (SCE)	13,567	13,230	13,000	13,000
Unsupported Prudential Borrowing	10,369	18,600	2,813	559
Grants and Contributions	40,565	41,821	7,362	-
Capital Receipts	4,914	5,820	500	-
Revenue Contributions	292	65	-	-
TOTAL	69,707	79,471	23,675	13,559

2010/11 Capital Budget Resources

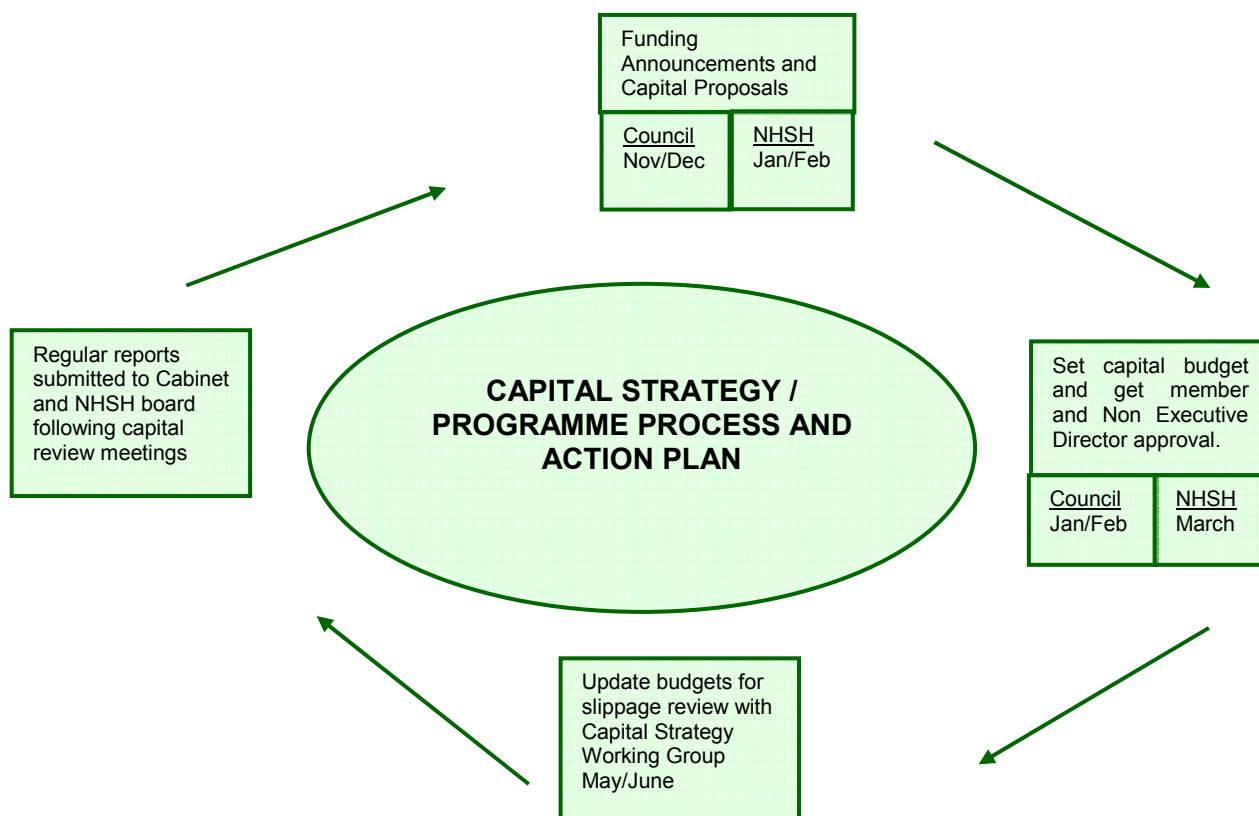
- 6.6 The chart below shows the split of the capital resources expected to be used to fund 2010-11 projects.



- 6.7 The programme is heavily reliant on grants and contributions to fund capital expenditure and these are usually issued with tight timeframes and restrictions attached. The grants may also demand regular monitoring returns to demonstrate the funding has been used in accordance with the plan.

7. CAPITAL PROCESS

7.1 The capital programme is a series of projects delivering investment in capital assets, either held by the Council, NHSH or third parties. The process for setting, monitoring and reviewing the capital programme for HPS is summarised in the diagram below, and the interrelationship between the HPS wider planning activity is summarised in Appendix C.



7.2 The NHSH has an annual programme that allows projects to be fully developed and implemented in the knowledge that funding has been ring-fenced. The council has a three year rolling programme, capital investment priorities are highlighted by cross referencing to the corporate planning process. The use of spend to save monies allows the delivery of creative initiatives at any time during the year, in this current year it is being used to facilitate property disposal allowing the capital receipt to support future capital investment and reduce revenue running costs.

7.3 The process links to both the timescale and financial projections within the Joint Medium Term Financial Strategy (JMTFS). The JMTFS will reflect the full revenue cost of funding the approved capital programme. This includes the cost of funding borrowing requirements and the use of capital to reduce ongoing revenue costs, either by way of asset disposal or enhancement. Borrowing levels and costs thereof are included in the annual Treasury Management Strategy.

8. CAPITAL SCHEME SELECTION

8.1 Capital investment will be linked to HPS priorities, identified through the corporate planning process, by allocating capital resources to projects in accordance with a transparent and objective prioritisation policy in line with the following key criteria:-

1. **Affordability** – with regard to any council tax and other longer term implications and the project's whole life costing and generation of cash and budget savings by minimising capital costs and future revenue liabilities.
2. **Prudence and Sustainability** – with regard to the impact on borrowing regarding the setting, revising and monitoring of agreed prudential indicator values, limits and ratios. Meeting of good environment management objectives will also be considered.
3. **Value for Money** – demonstration of a robust option appraisal, effective use of resources, efficient service delivery and achievement of a balance between quality and cost leading to achieving Best Value in use of resources and delivery of services.
4. **Stewardship of Assets** – integration with asset management planning, regarding sustainability development considerations, demonstrating core assets are enhanced, including maintaining the existing asset base.
5. **Service Objectives** – this links the proposed investment to long term strategic planning including JCP, service plans, key strategic plans and involving community planning partners and other organisations/stakeholders as appropriate. Project and expected future demographic pressures will also be considered.
6. **Practicality** – confirmation that the project will be delivered within budget and timescale, must be realistic and innovative. The appropriate method of procurement must be used and confirmation that it will result in improved service delivery.

8.2 All capital schemes go through a four-stage process, summarised below;

- Identification from JCP and service strategies
- Inclusion in the capital programme following scheme appraisal and prioritisation
- Implementation and monitoring through capital programme procedures
- Post-completion review

(NHS is subject to the requirements of the NHS capital allocation limits)

8.3 Schemes are continually reviewed against evolving priorities and may be subject to change, redesign or cancellation, to ensure they continue to deliver the requirements of the HPS community and value for money.

8.4 Capital funding will be initially allocated to HPS key priorities, and approved annually by Council or the NHS Board. The strategy confirms that Invest to Save bids can be awarded funding at any time. This is necessary so that services do not feel constrained by a rigid timetable. The annual prioritisation process uses a bidding form which is completed, signed off by the Director and Cabinet member then ranked and scored by the Capital Strategy Working Group (CSWG), using the criteria set out in 8.1, before presentation to Joint Management Team (JMT). The annual timetable for projects to be funded by corporately identified resources is summarised in Appendix B.

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Rationale for Investment

- 8.5 Capital investment is integral to revenue budget forecasting. Capital investment must be directed to obtain maximum benefit from available resources looking at efficiencies, effectiveness, and economically. Revenue implications must be considered for all capital schemes, this could represent the cost of borrowing future running costs and projected benefits.
- 8.6 PB or the use of the Spend to Save Reserve is available to fund capital investment that gives a clear pay back through revenue budget savings.
- 8.7 Efficiency and Value for Money is monitored within Directorates. It is secured and demonstrated through utilisation of the Procurement Policies and Framework for managing capital projects.
- 8.8 Loans will also be considered where there is little/no risk to the council and where a capital receipt can be indentified. This is particularly useful to NHSH who have limited access to capital but can afford to repay PB debt costs each year over the life of the asset, especially if the project delivers a JCP theme or contributes towards the partnership agenda.
- 8.9 The corporate accommodation capital programme will see the regular review of assets to ensure they are still required to deliver HPS priorities, alternatively assets may be recycled or deemed surplus to requirement. Sale of assets will deliver revenue savings and generate corporate capital receipts for investment in future capital schemes. Future building requirements will need to assess the concept of sale and leaseback and multi use, shared approach for occupation.

9. CAPITAL MONITORING

- 9.1 Capital investment requirements are significant, however, capital finances are limited and central government current funding levels will reduce. HPS must have a prudent approach to capital allocation and monitoring to ensure scarce resources are used to maximum effect.
- 9.2 Due to the significant changes that occur during capital programme implementation and forecasting it is considered prudent to maintain:
- a reserve list of capital schemes that can be accelerated or delayed as required
 - a contingency sum, prudently considered to be 1% of the Council's current capital programme, due to the high level of risk of funding a small percentage increase in capital costs.
- 9.3 As part of a project's business case, a thorough option appraisal is carried out and a whole-life costing review is undertaken before a capital scheme is included in the capital programme.
- 9.4 The new Joint Commercial Strategy will promote excellent procurement, use framework agreements to secure best deals and apply e-auction and other tendering approaches to demonstrate value for money.
- 9.5 Once a capital scheme is included in the capital programme it is monitored following appropriate project management methodology, using experienced officers in each service area or AMPS on behalf of that service. AMPS use a detailed specification that explains their approach to project management.
- 9.6 In addition to significant individual projects, the capital programme also includes the Council's annual Highways and Transportation capital programme of investment. This is guided by the Local Transport Plan to invest in the improvement and maintenance of the local transport infrastructure. Targets relating to highway maintenance standards, road safety and sustainable transport ensure that expenditure is in line with corporate plan objectives and outcomes expected by central government. This programme is managed through the Sustainable Communities capital monitoring group and through the commissioning arrangements with Amey Herefordshire.
- 9.7 Directorate capital programme monitoring working groups meet bi-monthly to review capital budgets and schemes, feeding issues into the CSWG and reports to Cabinet and Scrutiny Committees.
- 9.8 The CSWG includes senior representatives from each service area within HPS. Each quarter they discuss the current capital programme focusing on capital schemes with an amber or red RAG rating. This Group also ranks and recommends capital projects for approval, coordinates external sources of capital finance, capital monitoring processes, monitors the risk register, disseminates best practice and reviews the impact on the Councils VAT partial exemption recovery position.
- 9.9 Feedback from both the programme working groups and CSWG are fed into the quarterly finance update report that is presented to JMT, Cabinet and scrutiny committees.

Strategies that Support the Joint Corporate Asset Management Strategy

Joint Corporate Property Strategy 2009

The Joint Corporate Property Strategy 2009-12 contains the Accommodation Strategy for the Joint Administrative Estate. This strategy represents the largest capital programme of schemes to be undertaken over the lifetime of the capital strategy. The Strategy aims:

....."to support the integrated delivery of Public Services across the County through highly accessible and adaptable, community based, multi-functional buildings, shared by public agencies."

It mainly focuses on proposals to:

- Rationalise the current corporate administrative estate
- Improve outcomes for local people by the introduction of a hub and spoke approach to the countywide provision of services
- To introduce better ways of working to drive efficiency, for example home working
- To support the organisation to meet its carbon reduction targets.

The overarching strategy contains a suite of strategies and policies covering:

- Asset Disposal Policy sets out the legal and policy framework about the approach to the disposal of assets. Buildings, where flexible, will be developed into multi use facilities and the overall stock level reduced. The challenges given to retaining assets will be based on value for money and delivery of HPS's strategic priorities and key service delivery. Surplus properties will either be recycled or disposed of and proceeds will be reinvested. The disposal of land will be allowed after consideration of sacrificing a capital receipt for transfer of the land for use as social housing.
- Community Asset Transfer Policy complements the Asset Disposal Strategy in that it provides a policy framework to evaluate the benefits of the disposal of assets to the Third Sector at below market value. It underpins some of the stronger and safer communities' work of the Sustainable Community Strategy and provides a vehicle for unlocking the value contained in under utilised surplus public assets. It forms one of the cornerstones of the Total Place Agenda.
- Asset Management Plan 2009-2012 - sets out the long-term vision and performance management framework for the management of the Council's Corporate Estate. The underlying principle is that properties held within HPS are multiuse facilities that support local communities and will be further developed on a locality basis. Property retention must demonstrate value for money and essential for service delivery. Successful examples include a number of high schools increasingly open in the evening to support community and sports activities. Dialogue with other public sector organisations are evidencing potential long-term partnership plans for property use.
- NHSH Estates Strategy 2010-2014 outlines how NHSH will manage its estates portfolio according to the vision and values of NHSH and respond to the challenges that lie ahead. It sets out a range of objectives that will need to be achieved to support improvements in the

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delivery of high quality care and patient experience through the provision of an effective, efficient and sustainable estates portfolio.

- NHS Carbon Management Strategy 2010-2014 – has been developed to show how NHS will contribute to the overall aim of the NHS to reduce carbon emissions by 10% by 2015. It is informed by and contributes to the NHS Estates Strategy above.

It also provides the framework for promoting the Council and NHS Herefordshire's approach to total Asset planning in the context of "Total Place".

- **Local Development Framework**

The Local Development Framework (LDF) sets out the spatial aspects of the Sustainable Community Strategy and other relevant HPS strategies. It will be accompanied by an Infrastructure Delivery Plan to show how planning policies will be implemented and coordinated with sources of finance including the capital programme, the capital programmes of other service providers (such as the water companies' Asset Management Plans) and developer contributions. These latter contributions will come forward through Section 106 agreements attached to planning permissions and/or the Community Infrastructure Levy, depending on any revisions to the relevant legislation which may come about following the change of national government in May 2010. (Further legislation and government guidance on this is expected during 2010/11). The LDF will, once fully adopted, replace the Unitary Development Plan as part of the Council's formal policy framework.

- **Housing Strategy**

The Housing Strategy sets out the future priorities for housing policy which will influence planning policy approaches (through the LDF) and set out how it will help people who are in need of housing, promote the independence of local people and, identify the services we will provide to improve the quality and range of housing across the County.

Housing priorities for Herefordshire focus on:-

- **Achieving a balanced housing market** – Herefordshire should have a balanced, flexible, healthy housing market which can respond to changes in demand, changes in economy and support regeneration within Herefordshire. The delivery of increased affordable housing is a crucial element to this priority, as part of planned growth for the City and in meeting the housing needs of Market Town and rural communities. The delivery of new affordable housing will include a range of housing types and tenures and our strategic approach will also seek to bring empty properties back into use as accommodation and increase the role of the private rented sector. The Local Investment Plan (LIP) for Herefordshire, informed by LDF estimates on the phasing of delivery over the plan period, seeks to scope the financial implications of delivering affordable housing numbers but does so within a challenging Capital funding environment for investment in affordable housing development. Indicative affordable housing delivery targets emerging from the LDF Core Strategy are as follows:-

2006-2011	170 p.a.
2011-2013	264 p.a.
2013-2017	287 p.a.

Whilst there is a significant reliance on planning gain policies to deliver affordable housing targets over the plan period there is a risk that a continuing economic downturn will impact on housing delivery through this route. With Housing Capital Reserves from the LSVT in 2002 now exhausted and national Capital funding for affordable housing declining the

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Council and its partners face a challenge in exploring new ways of financing housing delivery to meet local needs.

o **Decent Homes**

Poor housing quality can have an impact on the health and welfare of many of Herefordshire's most vulnerable residents. The Herefordshire House Condition Survey identified that 41% of private sector properties were not 'decent' using national ratings standards. In 2005, nearly 11% of households in the County were in Fuel Poverty, a position expected to worsen in a period of economic challenge and rising fuel prices. A combination of poor housing conditions, low average earnings, energy inefficient homes continue to represent important housing issues in Herefordshire and the Council will need to continue to develop and utilise wide-ranging initiatives to tackle these problems. The Council has successfully moved towards using loan-based approaches to financing housing improvement through regionally-funded initiatives such as 'Kick-Start' and has focused limited national funding pots towards smaller repairs to help vulnerable households to remain living independent and tackle fuel poverty. Currently this latter investment equates to approximately £800k per annum funded from regional funding streams. Our strategy to supplement limited national funding with private sector funding and loans has proved successful. However, moving forward, there is an increasing risk for the Capital Strategy to consider in terms of whether and how to replace current funding approaches to tackling fuel poverty, decent homes and health and independence.

o **Meeting the Needs of Vulnerable Households**

It is known that most people wish to remain living independently within their own homes for as long as possible and our aim is to support older people and vulnerable adults to do so, through adapting existing housing, providing suitable new housing and providing appropriate support to meet their needs.

In providing new affordable housing a key aim will be to support the needs of commissioning partners, including in health and social care, through the development of new specialised and general needs housing to meet the needs of vulnerable households. Informed by relevant commissioning plans and housing plans, including for Mental Health, Learning Disabilities and Older Persons, the focus will be on delivering appropriate affordable housing, maximising, wherever possible, planning gain opportunities, private sector funding and external grant subsidy. Individual schemes may require consideration being given to corporate capital programmes on a case by case basis.

Whilst the provision of smaller grants and direct assistance from the Handyperson scheme remains a key route for undertaking adaptation and repair works which can help promote independence, a significant ongoing Capital commitment relates to the obligations on the Council to provide mandatory Disabled Facilities Grants

o **Preventing Homelessness**

The imbalance in the housing market inevitably creates housing stress and the waiting list for housing is in excess of 5,000 households. When considered against the economic downturn it is inevitable that the Council continues to experience high levels of demand for Homelessness and Housing Advice Services. As a result, Preventing Homelessness is a key strategic priority for the Council.

Through the use of Homelessness Prevention Strategies and supportive services the Council has successfully reduced its use of temporary accommodation including Bed and Breakfast accommodation. Ultimately, increasing the supply of affordable housing and

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housing pathways provides the most robust long-term response to alleviating homelessness pressures and Capital investment to support the delivery of general and specialised housing links the issue to this Capital Strategy.

- **Local Transport Plan**

This plan covers the policies and delivery plans relating to transport and explains how these contribute to the wider local agenda. It considers the transport needs both of people and of freight and includes the strategic countywide programme of transport infrastructure improvements and maintenance. The aim is to ensure the maintenance, operation, management and best use of the county's transport assets.

Annual funding available for Local Transport has over recent years been in the region of £10 million to support capital maintenance of the highway asset and support road safety and transport network improvements. In future the level of funding for transport capital investment will be constrained, but remain a significant component of the overall capital programme, reflecting the importance of maintaining this important asset and its crucial contribution to the economic vitality of the County.

- **Children and Young Persons Directorate Capital Strategy**

This strategy has been developed in consultation with Schools, Children and Young People Service. Its principles support the vision, objectives and targets of the Herefordshire Partnership. In so doing, it supports and contributes to the HPS Capital Strategy. It specifically seeks to ensure that assets that do not support the objectives of the Herefordshire Partnership are disposed of through sale to realise a capital receipt or through community asset transfer that investment is clearly linked to specific objectives and targets; and that assets such as schools, children's centres, youth centres and children's multi-agency offices are corporate resources, available to accommodate delivery of wider services to the community from across the Herefordshire Partnership. The strategy seeks to join up future capital funding streams wherever possible to ensure that best value is achieved from the funding available and to maximise the benefits realised from the investment.

- **Smallholdings Policy Framework**

The Smallholdings Policy Framework sets out a clear long term strategic approach for the management of the Council's Smallholdings Estate to ensure that key corporate priorities of the Council are addressed. Through recognition of the value that the estate makes to the local economy, the strategy provides a mechanism to allow people to enter the farming profession, progress from small units to larger farms and hence independent holdings, and meet both financial and sustainable environmental objectives. It also provides a number of policy considerations to allow and stimulate investment in the estate through the rationalisation and restructure of the holdings (an element of this being the introduction of an Enterprise Development Fund).

- **ICT Strategy**

The ICT Strategy (currently under review) aims to ensure that Herefordshire Public Services has a stable, fit-for-purpose and sustainable information, communications and technology (ICT) platform and service organisation capable of supporting the drive to deliver efficient and effective services to the citizens, directorates, businesses, organisations, members and public sector partners within Herefordshire. It will assist HPS to make more flexible use of technology to achieve efficiencies, access services and share workspace and resources with partner agencies.

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- **Joint Medium Term Financial Strategy**

This document is approved annually, based on the budget setting requirements of HPS and reflects on the strategic and operational intentions over a three-year time frame. It covers the capital programme and funding streams including the affordability of prudential borrowing and use of capital to facilitate revenue budget savings in future years.

- **Treasury Management Strategy**

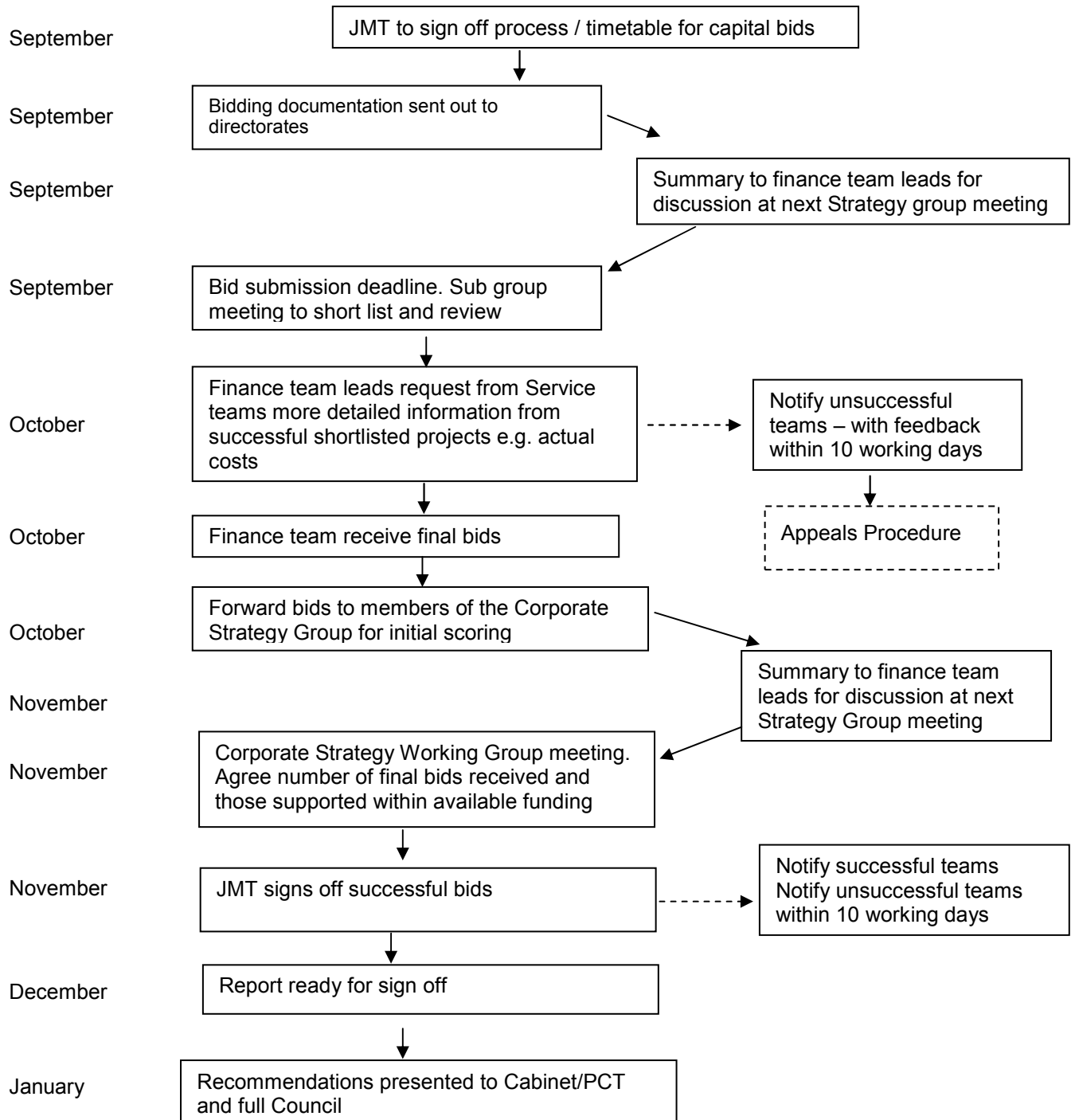
This strategy sets out the council's overall approach to treasury management operations including the capital programme and links to the borrowing limits, minimum revenue provision in relation to debt repayment and prudential indicators.

- **Procurement Strategy**

The joint Commercial Strategy incorporates the full procurement and commissioning activities undertaken by Hereford Council and NHSH, plus, the potential inclusion of Herefordshire Hospitals Trust. A key feature within the strategy is the establishment of a Commercial Centre of Excellence which will provide strategic leadership on all commercial activity across the three organisations. The centre will provide strategic support in fulfilling the objectives of the Capital Strategy where it involves significant expenditure for the HPS.

Process for capital assessment

Deadlines



CAPITAL STRATEGY – LINKS TO PLANNING & CHALLENGE PROCESSES

Challenge & improvement cycle			
Month	Challenge & review process	Strategies, plans & budgets	Capital Strategy
September	1) Review existing capital programme for links with priorities and JCP 2) Develop and issue a 'corporate statement of intent' to guide future JCP i.e. top down guidance on what it should contain in a time of constrained resources	Directorate & service plan requirements to JMT and issued Draft principles and framework - JMTFS reflecting CSR10	Capital funding bids from Directorates
October	More selective star chambers to include existing capital programme	CSR10 impact on JMTFS	First challenge and iteration of bids
November	Further JMT review of targets and budgets Informal Cabinet PCT discussions on priorities / targets	Consequence of government funding for capital known	Agree ranking and scoring of capital bids for submission to JMT
December - early		1) First draft directorate & service plans. 2) NHS Operating framework – allocations and planning assumptions 3) LG settlement announced – local implications of CSR10	JMT to approve final capital 3 year programme
December - late	JMT considers draft JCP		
January	Overview & Scrutiny consider JCP & budget proposals	Finalised JMTFS	Report on capital bids submitted to Cabinet for referral to Council & PCT Board as part of the JMTFS
February	JCP & budget approved by Council & PCT Board	Council budget and council tax set	
March		JCP finalise Directorate and service plans finalised	

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Abbreviation Glossary

AMPS	Asset management and Property Services
CIL	Community Infrastructure Levy
CSR	Comprehensive Spending Review
CSWG	Capital Strategy Working Group
HPS	Herefordshire Public Services
ICT	Information and Communication Technology
JCAMS	Joint Capital and Asset Management Strategy
JCP	Joint Corporate Plan
JMT	Joint Management Team
JMTFS	Joint Medium Term Financial Strategy
LEP	Local Enterprise Partnerships
LDF	Local Development Framework
NHSH	Herefordshire Primary Care Trust
PB	Prudential Borrowing
RGF	Regional Growth Fund
TIF	Tax Incremental Financing

MEETING:	CABINET
DATE:	16 DECEMBER 2010
TITLE OF REPORT:	CHILDREN'S SERVICES SCRUTINY COMMITTEE CALL IN OF DECISION TO DISCONTINUE DILWYN CHURCH OF ENGLAND PRIMARY SCHOOL
PORTFOLIO AREA:	ICT, EDUCATION & ACHIEVEMENT

CLASSIFICATION: Open

Wards Affected

Golden Cross with Weobley

Purpose

To consider the outcome of the Children's Services Scrutiny Committee meeting on 10 December 2010 which will review the Cabinet decision of 25 November 2010 that Dilwyn Church of England Primary School be discontinued from 31 August 2011.

Key Decision

This is a Key Decision.

Recommendation

THAT the response from the Children's Services Scrutiny Committee be considered.

Key Points Summary

- Cabinet took the decision to discontinue Dilwyn Church of England Primary School from August 2011 following an extensive review of the school, including appropriate statutory processes and exploration of options for federation. The review was undertaken in line with Herefordshire's Small Schools Policy. The decision of Cabinet on the 25 November 2010 was taken in the light of a joint statement between the Archdiocese of Cardiff, the Diocese of Hereford, the Chair of St Mary's Roman Catholic High School and the Director of Children's Services which confirmed that all opportunities for collaboration had been explored, but that the concerns regarding financial viability and long term sustainability remain un-reconcilable.
- This decision was called in by three Members of the Children's Services Scrutiny Committee, Councillors JJD Lavender, SJ Robertson and AM Toon and the Cabinet decision will be considered by Children's Services Scrutiny Committee on 10 December 2010. The results of this meeting will be reported to Cabinet on the 16 December 2010 for consideration.

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

Alternative Options

- 1 None are presented in relation to considering the response from Children's Services Scrutiny Committee.

Reasons for Recommendations

- 2 Cabinet is required to consider the response from Children's Services Scrutiny Committee as part of its responsibilities as set out in Herefordshire Council's Constitution.

Introduction and Background

- 3 The future of educational provision in Dilwyn has been the matter of review and consideration since February 2009, under the small schools policy. Cabinet has received a number of reports over a period of time exploring the issues surrounding Dilwyn Church of England Primary School. The work culminated in Cabinet's decision to discontinue the school from August 2011.

Key Considerations

- 4 In accordance with the Scrutiny Procedure Rules set out at Part 4 Section 5 of the Constitution, Cabinet's decision on 25 November 2012 that Dilwyn Church of England Primary School be discontinued on 31 August 2011 was called in for consideration by Children's Services Scrutiny Committee. The stated reasons for the call-in were:
 - Hope under Dinmore school and Brilley School went through the scrutiny process the same should be afforded to Dilwyn.
 - Little weight in the report has been given to the impact the closure will have on the community.
 - The report does not take into account the change of Government and their new policy of maintaining small rural schools stating that every assistance and support should be given to keep them open to help the viability of rural villages (Dilwyn School has the support of the MP).
 - Federating with St Mary's has been the main option, the report does not look at other federations such as Lord Scudamore, or other primary schools outside of the cluster.
 - A number of other schools have been in similar circumstances and problems have been overcome with the support of the Local Authority ie Canon Pyon and Eardisley.
 - Numbers are increasing, (33 now on roll) 3 from the trigger point of 36. There is evidence that 13 would have gone to Dilwyn.
- 5 These issues are to be explored at Children's Services Scrutiny Committee on 10 December 2010.

Community Impact

- 6 The community impact has been explored in previous Cabinet reports on this matter.

Financial Implications

- 7 Financial Implications have been explored in previous Cabinet reports on this matter.

Legal Implications

- 8 The legal context for the process of considering the future of a school and possible closure of a school is provided by the Education and Inspections Act 2006 (EIA 2006) and The School Organisation (Establishment and Discontinuance of Schools) (England) Regulations 2007 (as amended by The School Organisation and Governance (Amendments) (England) Regulations. It also is within the context of the statutory guidance "Closing a Maintained Mainstream School".
- 9 As there have been objections to the proposal to close Dilwyn Church of England School the following bodies may appeal against the Local Authority decision - the local Church of England diocese; the Bishop of the local Roman Catholic diocese; and in the case of foundation or a voluntary school, such as Dilwyn School, the governing body or trustees of the school that is proposed for closure.
- 10 Appeals must be submitted to the Local Authority within four weeks of the notification of the Local Authority's decision. On receipt of an appeal the Local Authority must then send the proposals, and the comments and objections received, to the schools adjudicator within one week of the receipt of the appeal. The Local Authority should also send to the schools adjudicator a copy of the minutes of the Local Authority's meeting or other record of the decision and any relevant papers. This process would be followed if the decision of the Cabinet on 25 November 2010 stands.

Risk Management

- 11 A decision to close Dilwyn School on 31 August 2011 would require the redeployment or redundancy of the school staff. The Local Authority would support staff through this process and implement the Council's alternative work policy and procedures.
- 12 A decision to keep Dilwyn School open would mean that, given the low pupil numbers the school cannot be considered to be independently educationally and financially sustainable in the near future so there is a risk to pupils' education. The Local Authority would be required to provide additional support to the school to attempt to ensure appropriate pupil education and progression. The school would work with other schools to enhance pupil experience and where possible share and maximise resources.
- 13 If there were to be an appeal to the School Adjudicator through the closure process the School Adjudicator could choose to direct that the school remain open. However, the common view of the Local Authority, the Diocese of Hereford and the Archdiocese of Cardiff indicates that there are strong reasons why the recommendation to close should be pursued.

Consultees

- 14 None in relation to this report

Appendices

None

Background Papers

- 15 Children's Services Scrutiny Committee report 10 December 2010 "Call-in of cabinet's decision that Dilwyn Church of England Primary School be discontinued on 31 august 2011"