

AGENDA

Overview and Scrutiny Committee

Date: **Monday 29 November 2010**

Time: **9.30 am**

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 Overview and Scrutiny Committee

Membership

Chairman	Councillor PJ Edwards
Vice-Chairman	Councillor WLS Bowen
	Councillor PA Andrews
	Councillor ME Cooper
	Councillor AE Gray
	Councillor KG Grumbley
	Councillor TM James
	Councillor RI Matthews
	Councillor PM Morgan
	Councillor AT Oliver
	Councillor PJ Watts

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AGENDA

		Pages
1.	APOLOGIES FOR ABSENCE To receive 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 18 October 2010.	1 - 8
4.	SUGGESTIONS FROM MEMBERS OF THE PUBLIC ON ISSUES FOR FUTURE SCRUTINY To consider suggestions from members of the public on issues the Committee could scrutinise in the future.	
5.	UPDATE ON ACCOMMODATION PROGRAMME To advise the Committee of the current progress in bringing forward the proposed joint office accommodation strategy for the Council and NHS Herefordshire.	9 - 14
6.	SCRUTINY REVIEW OF COMMUNICATION WITH THE PUBLIC ABOUT SERVICES AND ACCESS TO THOSE SERVICES - EXECUTIVE'S RESPONSE To consider Cabinet's response to the recommendations made in the scrutiny review.	15 - 30
7.	INTEGRATED CORPORATE PERFORMANCE REPORT - QUARTER 2 2010-11 To provide Cabinet with an overview of performance in the first half of the year against the Joint Corporate Plan 2010-13.	31 - 56
8.	BUDGET MONITORING REPORT 2010/2011 To report the forecast financial position for both revenue and capital expenditure to 31 March 2011 and provide an update on Directorates' recovery plans instigated to address projected overspends.; treasury management activities; and amounts written off for individual debts.	57 - 86
9.	BUDGET UPDATE 2011/12 To update the Committee on the current position concerning arrangements for the 2011/12 budget.	87 - 92
10.	WORK PROGRAMME To consider the work programmes of the scrutiny committees.	93 - 104

PUBLIC INFORMATION

HEREFORDSHIRE COUNCIL'S SCRUTINY COMMITTEES

The Council has established Scrutiny Committees for Adult Social Care and Strategic Housing, Children's Services, Community Services, Environment, and Health. An Overview and Scrutiny Committee scrutinises corporate matters and co-ordinates the work of these Committees.

The purpose of the Committees is to ensure the accountability and transparency of the Council's decision making process.

The principal roles of Scrutiny Committees are to

- Help in developing Council policy
- Probe, investigate, test the options and ask the difficult questions before and after decisions are taken
- Look in more detail at areas of concern which may have been raised by the Cabinet itself, by other Councillors or by members of the public
- "call in" decisions - this is a statutory power which gives Scrutiny Committees the right to place a decision on hold pending further scrutiny.
- Review performance of the Council
- Conduct Best Value reviews
- Undertake external scrutiny work engaging partners and the public

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Adult Social Care and Strategic Housing

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Children's Services

Provision of services relating to the well-being of children including education, health and social care, and youth services.

Community Services Scrutiny Committee

Cultural Services, Community Safety (including Crime and Disorder), Economic Development and Youth Services.

Health

Scrutiny of the planning, provision and operation of health services affecting the area.

Environment

*Environmental Issues
Highways and Transportation*

Overview and Scrutiny Committee

*Corporate Strategy and Finance
Resources
Corporate and Customer Services
Human Resources*

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HEREFORDSHIRE COUNCIL

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HEREFORDSHIRE COUNCIL

MINUTES of the meeting of Overview and Scrutiny Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Monday 18 October 2010 at 9.30 am

Present: Councillor PJ Edwards (Chairman)
Councillor WLS Bowen (Vice Chairman)

Councillors: PA Andrews, ME Cooper, AE Gray, KG Grumbley, TM James, PM Morgan, AT Oliver and PJ Watts

In attendance: Councillors RJ Phillips (Leader of the Council) and PD Price (Cabinet Member – ICT, Education and Achievement)

26. APOLOGIES FOR ABSENCE

Apologies were received from Councillor RI Matthews and from Councillor JP French (Cabinet Member – Corporate and Customer Services and Human Resources).

27. DECLARATIONS OF INTEREST

Councillor PJ Edwards declared a personal interest in agenda item 6: Shared Services, because of a job held by a relative.

28. MINUTES

RESOLVED: That the Minutes of the meeting held on 27 September 2010 be confirmed as a correct record and signed by the Chairman.

29. SUGGESTIONS FROM MEMBERS OF THE PUBLIC ON ISSUES FOR FUTURE SCRUTINY

It was reported that the Chairman of Breinton Parish Council had requested that the Local Development Framework (LDF) process be scrutinised. It was noted that account would be taken of this request in determining the Committee's scheduled consideration of the LDF in December 2010.

30. LEADER'S REPORT

The Committee received a report from the Leader of the Council identifying key issues from the last six months.

The Leader expanded on the main themes of the report published with the agenda papers, highlighting the following aspects:

- The implications of the reforms proposed by the new Government which represented enormous change.
- The consequences for local government of the measures to reduce public service expenditure. He outlined particular concerns about the removal of specific grants, for example for rural bus services. He informed the Committee that representations had been made to retain ring fenced support for rural transport, or provide authorities with the

option to charge senior citizens a modest sum for its use, on the basis that this would be preferable to losing the service altogether. He had also made representations requesting the retention of Dedicated Schools Grant and that funding for the ten poorest funded authorities (which included Herefordshire) should be protected.

- He advised that the Executive had been making preparations in response to the expected reductions in expenditure, for example the development of the shared services programme. He emphasised the intention to deliver services more efficiently and cut bureaucracy rather than services.
- The scope for Parish Councils to initiate local schemes and finance them through the parish precept.
- The development of partnership working with the Voluntary Sector.
- The hope that the development of a Local Enterprise Partnership with Shropshire and Telford to promote local economic development would receive Government approval soon.
- The challenge of the high costs of social care and the importance of integrated commissioning.
- The development of Broadband and the importance of improving the level of earnings in the County which lagged behind the average in the Country as a whole.
- The investment of over £4m made in Hereford City Centre during his period of office.
- The challenges presented to the County by an ageing population and the requirement to deliver services over a large sparsely populated rural area.

In discussion the following principal points were made:

- The constraints on future capital expenditure were discussed, noting the pressures to develop the County's infrastructure. The Leader commented that the Council would continue to have the power to borrow money. He highlighted the distinction between supported (Government backed) borrowing and prudential borrowing noting that of the Council's current borrowing £90m out of £125m was supported borrowing. The Executive recognised the need to monitor the level of borrowing and in particular unsupported borrowing. However, it was clear that housing developers, for example, would have to make a much larger contribution to the Council in future to support the provision of the associated infrastructure their developments needed.
- The pressures on social care budgets and the high costs of individual care packages were acknowledged and the importance of planning for transition from children's social care to adult social care.
- It was asked whether turnover of senior officers had affected the capacity to progress organisational change. The Leader considered that there had not been capacity issues and the establishment of joint health and social care posts was a sensible measure.

The Leader concluded by saying that he considered the administration had set out how it proposed to meet the challenges ahead, with a focus on cutting bureaucracy rather than frontline services. He challenged Members, if they disagreed with this approach, to put forward clear alternative proposals.

The Chairman thanked the Leader for his presentation.

31. SHARED SERVICES

(Councillor PJ Edwards declared a personal interest.)

Further to its consideration of the Shared Services Programme in September the Committee was invited to submit comments to Cabinet on the developed proposals.

The report to Cabinet for consideration on 21 October had been circulated separately.

The Interim Transformation Director (Shared Services) (ITDSS) and the Corporate Programmes and Shared Services Lead Officer (CPSSLO) gave a presentation. This summarised work being undertaken on the development of the shared services programme, the original business case, the review of the business case, the resultant assessment of costs and benefits, the outcome of a review of delivery models, the reaffirmation of the desired outcomes by the Business Transformation Board (modern streamlined support services, reduced cost of support services, a platform for Integrated Herefordshire Public Services and the best for Herefordshire's economy), updated evaluation criteria to evaluate models of service delivery, the outcome of that evaluation, and the conclusion that while some of the services within the Shared Services Programme would be best delivered through a Joint Venture Company (JVC) a multi-sourcing approach may be more appropriate to others, describing the options available. The presentation also outlined measures to keep the costs of the Joint Venture Company down (financial control, benchmarking, transparent charging, fostering innovation, streamlined processes, standardisation and embedding a cost conscious culture), and the next steps for delivering the programme including the timeline

The CPSSLO highlighted that the revised business case, which had been reviewed by Capita PLC, and now included the costs and benefits of the Agresso project (a software package for managing HR, payroll, finance and procurement), would deliver £4.3 m in recurring savings from 2016/17 and £33m over 10 years of the programme. The Council's share of future savings was expected to be in excess of 70% (£3.01m per year). Savings of 1.02m (of the projected £4.3m) had already been secured as a result of implementing some of the recommendations in the 2009 Shared Services business case.

The ITDSS concluded by saying that the proposals were affordable, not overly complex and contained a number of measures to ensure that there was good financial control. The timetable for implementing the programme was tight but considered achievable.

In discussion the following principal points were made:

- It was stated that a number of other programmes introduced by the Council had not delivered the level of savings predicted at their inception. Members questioned whether the projected savings of the shared services programme would be secured.

Members also questioned whether the approach had become over complex, moving from the basic starting position of joining up services with Health, and what effect the proposed abolition of Primary Care Trusts would have on the arrangements. It was asked what control the Council would retain over the various services.

The Leader of the Council commented that the principle underlying the shared services programme remained, irrespective of what happened to Primary Care Trusts. The key point was the drive towards the integrated commissioning of services which the shared services programme would continue to support.

He added that the County's size in terms of population meant that some services were very small, necessitating consideration of alternative forms of delivery, rather than direct provision by the Council. It remained an aim to retain employment within the County as far as possible.

The ITDSS commented that there would be a strong performance management system in place that would control costs through service level agreements. This strong commitment to cost control would be assisted by the Agresso system.

The Council and partners had experience of managing complex arrangements. The current powers and responsibilities of the Council and health partners in themselves created complexity.

Whilst there would be some complexity inherent in the new arrangements the aim would be that all the services under the shared services programme would be managed under a common, standard framework that provided clarity.

- It was confirmed that the expenditure on the next stages of the shared services programme on consultants, the management of the shared services programme, legal and Human Resources advice and redundancy costs were taken into account in the summary of the financial position as reported.
- Implementing the full shared services programme (including combining the finance, ICT and payroll services of the three partners) was expected to result in a reduction of staff (full time equivalents) from 550 to 410.
- There was specific discussion of the payroll function noting that many private sector firms outsourced this particular function. The ITDSS commented that the implementation of the Agresso system meant that a separate procurement of a payroll service would not generate savings to justify the cost of that exercise.
- It was requested that in any communication the Council should avoid any confusion between the Shared Services Programme for back Office functions and the programme to integrate health and social care provider services within an Integrated Care Organisation. The ITDSS acknowledged this point commenting that as the shared services programme was principally about back office functions there would be limited external communication.
- The importance of ensuring that services were of the appropriate quality was emphasised. Assurance was provided that this was recognised.
- That the shared services programme would lead to a noticeable change in the way services were delivered, providing a self-service automated approach. This would require cultural change. Members observed that the importance of managing this change should not be underestimated in the light of the experience of the implementation of the Framework social care programme.
- The proposal was that a JVC to deliver Human Resources, Payroll and Expenses, Finance, Procurement, ICT, Revenues and Benefits would be established by April 2011. The further evaluation now proposed for the delivery of asset management and property services and for transport services would include determination of the timetable for implementing arrangements for these services.
- It was noted that once within the JVC the scope to undertake procurement as part of larger consortia would be retained.

- It was asked how the benefits from the shared services programme would accrue to the partners. In reply it was reiterated that the Council's share of future savings was expected to be in excess of 70%. The JVC would be liable to corporation tax on any profits. However, the expectation was that because costs to partners forming the JVC should be controlled, retained profits should therefore be minimal, although the company would need to demonstrate that it was a going concern. The VAT implications were being assessed to ensure efficient arrangements were made.

RESOLVED: That Cabinet be advised of the issues raised by the Committee and the responses received.

32. INFORMATION COMMUNICATION AND TECHNOLOGY SERVICES UPDATE

The Committee considered a further progress report on Information Communication and Technology (ICT) service issues requested following the scrutiny review of ICT and subsequent updates, the most recent having been in March 2010.

The Joint Director of ICT presented the report.

In discussion the following principal points were made:

- Members expressed further concern about the time being taken to improve the planning applications process and introduce a scanning and document management solution which would enable significant improvements to be made to the Planning Service. The Joint Director commented that there were complex processes involved but the ICT service was committed to implementing the solutions. He expected the scanning and document management solution to be in place in the New Year.
- In response to questions the Joint Director acknowledged work was ongoing to improve use of the Framework social care system. He also confirmed opportunities to reduce data storage costs, for example by using internet storage, were kept under review, but observed that the Council had to ensure that the data it held, much of it sensitive, was stored safely. Whilst the Council's website compared well in benchmarking against other local authority websites he recognised that users felt there was room for improvement. He encouraged Members to let the Service know if there were improvements they would like to see.
- It was noted flexible working initiatives were being introduced. The number of work stations per full time employee (fte) in the new headquarters building was being reviewed, with 6 stations per 10 ftes being considered, compared with the 8:10 ratio initially proposed by consultants.
- A briefing note was requested on the pilot project looking at equipping frontline staff with mobile equipment to make the data collection process more efficient.
- It was asked if savings could be generated by amending the current replacement policy for equipment. The Joint Director replied that within the industry hardware was replaced every 3-5 years. The Council's policy was to replace hardware every 4 years, although a 15% increase in the price of computers had put pressure on the current budget. Equipment was only replaced if it needed to be replaced. Monitors, for example had a longer lifespan.
- The cost of computers not being switched off by staff was raised and it was asked whether they could be switched off centrally by ICT services. The Joint Director reported that software was being trialled to assess this issue. The analysis to date showed there was some variation in behaviour between Directorates and a saving of £3,000 in electricity costs could have been achieved over six months. However, this

saving broadly matched the cost of the software. Members considered staff should be firmly reminded of the need to switch off computers on grounds of both cost and environmental considerations.

- Members welcomed the activity to improve the County's broadband activity, described in the report and urged that this objective be pursued vigorously. It was requested that a copy of the broadband policy paper to be provided to JMT in November be circulated to Members.
- The Joint Director confirmed that agreements were in place permitting data to be shared between the Council and NHS Herefordshire.

RESOLVED:

- That**
- (a) the report be noted;**
 - (b) a briefing note be provided on the pilot project looking at equipping frontline staff with mobile equipment to make the data collection process more efficient;**
 - (c) it be requested that a copy of the broadband policy paper to be provided to JMT in November be circulated to Members;**
 - (d) staff be firmly reminded of the need to switch off computers on grounds of both cost and environmental considerations; and**
 - (e) that a further progress report be made in six months time.**

33. PROJECT DESIGN AND DEVELOPMENT/FINANCIAL CONTROL OF CAPITAL SCHEMES

The Committee considered a report on the project management and financial controls in place for capital schemes managed by Asset Management and Property Services (AMPS).

In discussion the following principal points were made:

- Members expressed concern that there had been significant overspends on some capital schemes. This undermined the efforts being made across the organisation to control costs. It was asked whether the Council's approach was satisfactory and if lessons were being learned from mistakes that had occurred.

The Property Operations Manager explained some of the circumstances that could lead to overspends and outlined some additional controls that had been put in place. He estimated that over the last twelve months 75-80% of schemes had been on time and on budget. This compared favourably benchmarked against authorities in the West Midlands.

In reply to questions the Director of Resources commented that there had been occasions where AMPS had not had sufficient clarity from the Directorate sponsoring a scheme as to their requirements. Many of the large schemes were sponsored by the Children and Young People's Directorate and work was being carried out with the interim Director to implement a more consistent framework. The AMPS was learning lessons both from schemes that had not gone as planned, such as the Riverside School development, and those that had gone particularly well.

- A Member suggested that public sector schemes cost substantially more than they would if they were undertaken in the private sector. It was questioned whether the Council was obtaining value for money.

The Director agreed that, although the costs charged by Amey PLC under the contract with them which ran until 2013 were monitored, there was scope for stronger challenge in some instances to ensure that, to the benefit of both the Council and of Amey, it could be demonstrated that value for money was being achieved.

He noted that a limited number of firms based in the County were equipped to undertake the larger capital schemes. Work with colleagues in the West Midlands was being undertaken to develop a framework to secure value for money from the larger contractors who could undertake such schemes.

- That the transparency required of public bodies also contributed to higher costs because contractors had an indication from published documents of how much money was available for particular schemes.
- The practice of acquiring insurance bonds for certain schemes was discussed. It was noted that these cost some £25-30k to arrange and many authorities did not use such bonds. However, in the case of the Riverside School, taking out a bond had resulted in a saving of some £600k.
- Briefing notes were requested on the control exercised over consultants with particular reference to the Ross flood alleviation scheme and the scope for schools to undertake small schemes themselves.
- It was requested that safe routes to schools should be incorporated into all new school build projects.

RESOLVED:

- That (a) that the report be noted; and**
- (b) briefing notes be provided on the control exercised over consultants with particular reference to the Ross flood alleviation scheme and the scope for schools to undertake small schemes themselves.**

34. WORK PROGRAMME

The Committee considered its work programme.

It was noted that an update on ICT Services and consideration of the Executive's proposals for the provision of affordable housing needed to be added to the programme.

RESOLVED: That the work programme as amended be approve as a basis for further development.

MEETING:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	29 NOVEMBER 2010
TITLE OF REPORT:	UPDATE ON ACCOMMODATION PROGRAMME
PORTFOLIO AREA:	RESOURCES

CLASSIFICATION: Open

Wards Affected

County-wide.

Purpose

To advise Committee of the current progress in bringing forward the proposed joint office accommodation strategy for the Council and NHS Herefordshire.

Recommendation(s)

That the Committee notes the contents of the report.

Alternative Options

1 No other alternative has been provided as this is an information report.

Reasons for Recommendations

2 This is an information report

Key Points Summary

- Plough Lane was acquired in December 2009.
- The Joint Corporate Property Strategy was approved by Cabinet and PCT Board in December 2009.
- Following an EU approved Framework tendering process, the Council appointed EC Harris on 23rd August to manage the programme of works.
- EC Harris has begun the stakeholder engagement process.
- EC Harris confirm the consolidation onto a single site at Plough Lane remains viable and that a reduced space requirement is now appropriate.

Introduction and Background

- 3 On 7th May 2009, Cabinet approved the office accommodation strategy options appraisal report.
- 4 Cabinet gave the Chief Executive delegated authority to proceed with the preparation of a detailed design specification, subject to a satisfactory business case, and the development thereafter of shared office accommodation at Plough Lane.
- 5 Plough Lane office and four acres of land was acquired from Heineken on 4th December 2009. Vacant possession of the whole site is given 15 months from the date of acquisition (4th March 2011).
- 6 Cabinet and NHS Herefordshire Board approved the Joint Corporate Property Strategy in December 2009. This strategy outlined the “hub and spoke” model of service delivery for joint office accommodation in the County, based around a new headquarters at Plough Lane.

Key Considerations

- 7 In order to manage the programme of works arising from the strategy, approval was given to commission a programme team to manage the work. This was commissioned through the use of the EU approved government Buying Solutions framework in July this year. Following evaluation of 11 tenders received, a shortlist of three companies was invited for interview. EC Harris were unanimously chosen by the assessment panel and were appointed on 23rd August.
- 8 The commission is in two phases. The first phase reviews the work done to date and begins the stakeholder engagement process to scope the extent of accommodation needed, including submission of an outline planning application for the Plough Lane HQ. Phase 2 will procure and manage the programme of construction projects to provide the preferred property solutions.
- 9 The first phase is in two parts and Phase 1A was completed by 31st October 2010. This required that the requirements are confirmed and the Accommodation Board agreed the scope at its meeting of 28th September 2010.
- 10 The second part of Phase 1 will scope the associated projects and the interdependencies between them. This part (Phase 1B) is due to complete by 31st December 2010.
- 11 The design team for the new Plough Lane headquarters is already formed and three design meetings have been held.
- 12 Phase 2, which will take forward the design and procurement processes, has a target date of December 2013 for the completion of the headquarters and transfer of staff to the new building. The appendix indicates the deliverables from these phases.
- 13 Stakeholder engagement is a vital part of the process to ensure that we provide the appropriate accommodation in the future. This is particularly relevant in the rapidly changing public sector landscape.
- 14 Within Phase 1A of the programme EC Harris held a number of meetings with senior management, members, the chair of the NESH board and officers in both organisations.
- 15 Phase 1A provided a robust business and benefits case to take the programme forward. This will then move to Phase 1B which will scope the extent of the other projects

- 16 As part of the enabling works for the new headquarters development, the Council submitted a detailed planning application on 20th August 2010 for the creation of a new car park at Plough Lane and a new access to the car park from Yazor Road. Discussions are ongoing with the planning authority with respect to technical details of the application.
- 17 The programme of works encompasses the hub and scope model of office provision outlined in the Joint Corporate Property Strategy and is estimated to run until December 2013.
- 18 EC Harris will have a lead role in managing the programme which will include:
- a. the Plough Lane headquarters;
 - b. a replacement for Garrick House, which is intended to provide accommodation for the Council, NHS Herefordshire, West Mercia Constabulary and HM Revenues and Customs;
 - c. locality offices based around the locations identified by the Localities Task Group led by the Director of Sustainable Communities;
 - d. a replacement for the Archive;
 - e. a replacement for the modern records office;
 - f. a replacement for the Thorn Data Centre; and
 - g. improvement works to the Shire Hall and Town Hall.
- 19 The decision to base the future accommodation at the Plough Lane facility not only produces property benefits but also enables some wider organisational benefits to be delivered. There are five streams of wider organisational benefits that can be delivered in conjunction with the property transformation. The five wider benefits are as follows;
- a. Co-location driven opportunities;
 - b. Amplification of any current initiatives;
 - c. Increased service delivery through directorates working more closely together;
 - d. Reduced travel as sites are consolidated; and
 - e. Reduction in carbon impact.
- 20 The work to date is challenging a number of areas in order to deliver the project. This includes the current culture of “desk ownership” that sees one desk per employee. The current position also includes a culture best described as one of “in attendance” that places an emphasis on staff being present rather than working flexibility to support the delivery of outcomes.
- 21 During December a workshop will be held to explore how best to procure the new facility. It is clear that various procurement routes are available and the workshop will select the most appropriate route.
- 22 The work to date has considered how best to deliver the design and construction programme whilst ensuring services continue to function. This has included the minimisation of the number of moves for staff and the arrangements at Plough Lane during the construction phase because the existing building will be refurbished after the completion of the new build.

- 23 The engagement of EC Harris has allowed the original assumptions for property consolidation to be tested. It confirms the original work conducted by Knight Frank was thorough but correctly notes that the public sector landscape has changed. In effect EC Harris were asked to conduct a peer review of Knight Frank's work and the outcome concluded:
- a. The analysis that selected Plough Lane as the location for the administrative hub was sound and reasonable;
 - b. The size of the previous building was based on different assumptions about requirements; and the space requirement has reduced due to a change in desk sharing ratios.
- 24 The work to date has clearly indicated that consolidation into a single administrative hub located at Plough Lane is financially viable. This has been further emphasised by the reduction of the space requirement at Plough Lane that will include a reduced new build of 3,200m² compared with 8,400m² of the original Knight Frank report.

Community Impact

- 25 The programme will provide more effective services to local communities, delivered at the appropriate point of contact.

Financial Implications

- 26 There are no direct financial implications with respect to this report.

Legal Implications

- 27 There are no direct legal implications with respect to this report.

Risk Management

- 28 The Accommodation Board, chaired by the Director of Resources (Herefordshire Council) will monitor and review the progress of the programme on a regular basis.

Consultees

29. None identified.

Appendices

- Phase 1 Summary September 2010

Background Papers

- None identified

Appendix A

PHASE 1A

- Confirm scope and focus
- Confirm requirements
- Validate concept
- Provide benefit

DECISION GATEWAY

PHASE 1B

- Confirm Strategy
- Validate option and plan
- Create full benefits case
- Create space budget
- Develop design solutions
- Integrate with transformation activities

MEETING:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	29 NOVEMBER 2010
TITLE OF REPORT:	SCRUTINY REVIEW OF COMMUNICATION WITH THE PUBLIC ABOUT SERVICES AND ACCESS TO THOSE SERVICES - EXECUTIVE'S RESPONSE
REPORT BY:	HEAD OF COMMUNICATIONS

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider Cabinet's response to the recommendations made to it in the Scrutiny Review of communication with the public about services and access to those services.

Recommendation(s)

THAT:

- (a) **Cabinet's response to the findings of the review of communication with the public about services and access to those services be noted, subject to any comments which the Committee wishes to make;**

and

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

Alternative Options

- 1 The Committee can accept the Executive's response or submit comments to the Executive as it sees fit.

Introduction and Background

2. In September 2010 this Committee approved the findings of the Scrutiny Review of communication with the public about services and access to those services.

Further information on the subject of this report is available from
Robert Blower, Head of Communications, on (01432) 260006

3. The Committee agreed that the Executive's response to the Review including an action plan be reported to the first available meeting of the Committee after the Executive had approved its response.
4. Cabinet considers its response to the findings on 25 September 2010. The report to Cabinet setting out the proposed response is appended (except for Appendix A - the Scrutiny Review report). Cabinet's decision on 25 September will be reported to the Committee at the meeting.

Appendices

Report to Cabinet on 25 November – Response to the scrutiny review of communication with the public about services & access to those services.

Background Papers

- None identified.

MEETING:	CABINET
DATE:	25 NOVEMBER 2010
TITLE OF REPORT:	RESPONSE TO THE SCRUTINY REVIEW OF COMMUNICATION WITH THE PUBLIC ABOUT SERVICES & ACCESS TO THOSE SERVICES
PORTFOLIO AREA:	CORPORATE AND CUSTOMER SERVICES AND HUMAN RESOURCES

CLASSIFICATION: Open

Wards Affected

County wide

Purpose

To approve the executive response.

Key Decision

This is not a key decision.

Recommendation

THAT: The Executive's response (as detailed in Appendix A) be approved

Key Points Summary

- 1.1 A draft response has been prepared to the recommendations of the scrutiny review of the communication channels used to promote services and how to access them.
- 1.2. An external review of the communications function has also made a number of recommendations which impact on the issues identified by the scrutiny review and also have wider implications for communications function.

Reasons for Recommendations

- 2 The scrutiny report requires a response and action plan

Introduction and Background

- 3.1 Overview and Scrutiny Committee established a review panel to scrutinise how the council communicates information to the public on services and how to access them, principally through publications and particularly through Herefordshire Matters, to see whether this

Further information on the subject of this report is available from
Robert Blower, Head of Communications on (01432) 260006

activity is effective and achieves value for money.

- 3.2. A 35-page report (at Appendix A) was produced with 18 recommendations and presented to Overview and Scrutiny on 27 September 2010. This report presents an executive response and an action plan in support of the recommendations set out in Appendix B.
- 3.3. At roughly the same time as the scrutiny review, an external review of the communications function was undertaken by consultants Grant Riches, which made a number of recommendations to improve the organisational impact and value for money of communications across the council and the primary care trust. A summary of the recommendations is set out in Appendix C.

Key Considerations

- 4.1 The recommendations of the review, and the proposed response, are set out in detail at Appendix B and relate to:
 - Herefordshire Matters and its effectiveness and value for money as a communications tool. Based on available objective research, it is recommended that production should continue and notes that savings have already been identified and implemented
 - The need to reduce the volume and cost of literature across the council and primary care trust and ensure that material is accessible, understandable, of the right quality and correctly branded. This is being addressed by ensuring that all material will be assessed and processed by the corporate communications unit
 - How information on services and how they can be accessed is structured around the needs of residents and communities
 - The cost and effectiveness of statutory public notices, and the opportunities to reduce expenditure
 - The importance of keeping information about services on the web site up to date, relevant and accessible
 - The use of social media in addressing the information needs of younger people
 - Consideration of the use of webcasting of committee meetings, based on public demand and cost/benefits
- 4.2 In relation to the broader issues about the future role of the communications function, the recommendations of the Grant Riches report set out a clear direction for future communications.
- 4.3 In summary, increased capacity for the central communications function will: enable more focus on strategic and reputation issues, boost skills and creative flair, develop marketing led campaigns, increase income, develop the website and intranet and help build a communications culture across the council and the primary care trust.
- 4.4 Cabinet is invited to endorse this approach for the future of the communications function, which is fully aligned to the shared services programme recently approved by Cabinet.

Community Impact

- 5.1 The commitment to engage in direct, regular and accurate communications with communities

underpins the priorities set out in Herefordshire's sustainable community strategy

- 5.2 The council and primary care trust provide several hundred different services to the people of Herefordshire. How the partnership communicates details of these services, and how to access them, has to be effective and reach as many individuals, families, communities and businesses as possible. The reach of Herefordshire Matters ensures that all households have equal access to information on service provision and marketing programmes to address health inequalities or behaviours that impact health and wellbeing, can be delivered more effectively as a result of this direct communication. Herefordshire's proposals for future production of Herefordshire Matters are fully in line with the governments draft new code of recommended practice on local authority publicity.
- 5.3 The recommended structure for communications is designed to position the team to influence more effectively the overall reputation of the council and the primary care trust, as well as how we communicate and engage with employees and deliver marketing campaigns to promote increased engagement, good community cohesion and the involvement of communities in improving services cost effectively.

Financial Implications

- 6.1 The findings of the scrutiny review echo those of the Grant Riches communications review in raising the issue of the overall cost of producing a high volume of publications, newsletters, brochures, flyers and leaflets in individual service areas. Both reviews identified the need for their production to be assessed and coordinated by a single professional source.
- 6.2 There are financial savings in channelling all the design and print work through the central communications unit because the external design agencies used by some service areas are considerably more expensive than the organisation's own design unit. In many instances, the communications unit will determine that the production of literature is not necessary and that the objective could be achieved more cost effectively through other communications channels. As overall spend on these communication activities will be monitored by the central communications unit, with the help of financial services, the cost benefits will be recorded.
- 6.3 Implementation of the recommendations in the Grant Riches review will deliver savings of approximately £150,000.

Legal Implications

- 7.1 The production of published material and the webcasting of council meetings, if undertaken in the future, need to take account of the laws and risks relating to defamation, advertising standards, data protection, intellectual property and other ancillary legal implications. The council manage these risks by ensuring that legal advice is sought in respect of its principal publications before they go to press and maintain a policy of insurance against claims for defamation and similar matters.
- 7.2.1 The restructuring of communications across the council and primary care trust will be implemented in line with the standards for managing the impact of organisational change.

Risk Management

8. The risk of not implementing recommendations is that the volume and cost of literature could remain inappropriately high, although measures have already been taken through the strict management of discretionary spend and the executive response to determine that all publicity material should be managed by the central communications unit.

Consultees

9. The response to the recommendations has consulted the head of customer services, the knowledge and web services manager and the head of partnerships (who facilitated the work of the review panel). The joint management team has endorsed the proposed executive response to the scrutiny recommendations.

Appendices

Appendix A: Report of the Scrutiny Review of Communication with the Public About Services & Access to Those Services

Appendix B: Executive Response and Action Plan

Appendix C: Summary recommendations of Grant Riches review of communications

Background Papers

- None identified.

Appendix A: Executive Response and Action Plan

Recommendation No. A	That the production of Herefordshire Matters should be reviewed to assess whether there is a more effective means of communication about public services			
Executive Response	<p>Herefordshire Matters is periodically reviewed as part of the communications strategy. Recent LGA reputation studies show that direct distribution of a citizen publication to every household is an essential part of communicating service information and managing reputation. Over 90 per cent of English councils publish a periodical. The fact that Herefordshire Matters is distributed to every household in the county, and, according to successive objective studies by the council's research team, enjoys very high readership figures, indicates that the publication is an effective and direct means of communicating with residents; however, there is always room for improvement.</p> <p>Every element of the production process for Herefordshire Matters was reviewed earlier this year and steps have been taken to reduce costs further. Value for money compares very favourably with other authorities – based on a recent benchmarking with 45 other authorities.</p> <p>Consequently the executive response is that the council and primary care trust should continue to produce Herefordshire Matters, which is valued by the majority of residents, but costs will be reduced and content and design impact improved.</p>			
Action	Owner	By When	Target/Success Criteria	Progress
The communications unit has negotiated reduced costs on every element of Herefordshire Matters production	R Blower	Done	To reduce the cost of each edition by £2,500 (14 per cent) Four issues a year to be produced.	Done
Recommendation No. B	That if retained the tone of Herefordshire Matters should be reconsidered to ensure that reporting is straightforward, admitting to mistakes where these have occurred and setting out the steps taken to put things right.			
Executive Response	Established communication protocols already cite that if the council discovers for itself that it may be at fault in terms of the operation or delivery of its services, or its internal processes, then it will, through the offices of the communications unit, proactively tell the public what has gone wrong and what it will do to put it right.			
Action	Owner	By When	Target/Success Criteria	Progress
Continue to ensure Herefordshire Matters conforms to house style and plain language and accessibility guidelines	R Blower	Ongoing	Herefordshire Matters is viewed as easy to read by residents	Ongoing
Articles for publication will include the opportunity to admit to errors if they occur and set out the steps taken to put them right	R Blower	Ongoing	Reflected in the next readership study of Herefordshire Matters	Editorially reviewed to ensure realistic expectations are set

Recommendation No. C	That Herefordshire Matters should not oversell what the council is realistically expecting to achieve, thereby ensuring public expectation is not raised to the potential detriment of organisational reputations.			
Executive Response	The need to 'under sell and over deliver' is an important value in terms of managing organisational reputation and this will be reinforced through all communications output, including Herefordshire Matters			
Action	Owner	By When	Target/Success Criteria	Progress
To reinforce realistic messages through all communications channels	R Blower	Ongoing	Ensure the council sets realistic deadlines and expectations for service improvements	Ongoing
Recommendation No. D	That customer services should be requested to conduct a survey on the value of Herefordshire Matters and what information the public would like to receive from the council and NHS Herefordshire through its customer service centres and that this should include asking about an A to Z of services			
Executive Response	The research team, which uses objective market research methodology and principles, periodically undertakes surveys on preferences for communications on public services and how to access them. Herefordshire Matters has regularly included an A to Z of services but also a life events structure. This is planned to be undertaken again in the Spring 2011 edition.			
Action	Owner	By When	Target/Success Criteria	Progress
The research unit has already studied residents' preferences for communications channels and their effectiveness (this will be undertaken again when budget permits)	R Blower	Done	To inform the communications strategy on how residents prefer to be communicated with	Ongoing
A to Z of services and life events guide to be produced as special edition (reflecting the residents' guide produced in Sept 2009)	R Blower	Spring 2011	Information on services produced in line with customer preferences	Mapping of life events services undertaken
Web site to reflect life events mapping of services	E Pawley	Apr 2011	Easier to find and access services online	Web site will use established structure and content
Recommendation No. E	That action be taken to achieve a significant reduction in the production of leaflets and other publications and to ensure that the material that is produced complies with corporate policies			
Executive Response	All design and commissioning of leaflets, brochures, flyers, newsletters and other publications to be channelled through the central communications unit to determine whether they are really appropriate and if so are produced to cost, quality, deadline and brand.			
Action	Owner	By When	Target/Success Criteria	Progress
Policy to be communicated to all council and primary care trust service areas as part of control of discretionary spend	JMT R Blower	Nov 2011	All design work channelled through communications – overall numbers of publications rationalised considerably and discretionary spend controlled	Communication on control of discretionary spend forwarded to all service areas

Recommendation No. F	That display of leaflets and publications at the Shire Hall, Hereford, is specifically prohibited and any visitors seeking information on services are referred to Garrick House			
Executive Response	Displays of customer service information to be structured using the life events format through the customer service centres and audit to be undertaken to rationalise where leaflets and publications are displayed. The customer service strategy already identifies the need to present service information around life events. Signposting is an important strand of the customer services strategy to ensure the information needs of residents are met.			
Action	Owner	By When	Target/Success Criteria	Progress
Life events structure to be agreed for displays and of customer services to review quarterly the quantity of leaflets and posters in service centres	R Beavan Pearson R Blower	Apr 2011	Customers find it easier to locate service information they need	Life events structure agreed
Publications structured by life events and posted on the website and updated by service areas	E Pawley R Blower	Apr 2011	As above	Life events structure agreed
Recommendation No. G	That the provision of personal computers in libraries and customer service centres should be reviewed and a coherent policy developed for their use			
Executive Response	The policy for public access to the use of computers in service centres to be reviewed to ascertain whether more needs to be done to promote the facility to a wider range of customers (linked to review of services)			
Action	Owner	By When	Target/Success Criteria	Progress
Sustainable communities directorate to review policy (to be refreshed if required)	G Hughes	Apr 2011	To ensure that the facility is accessed by a representative range of customers	To be started
Recommendation No. H	That directors be asked to review the notices published as statutory notices in the print media, clarify whether they are statutorily required and seek the advice of the head of communications as to whether some form of communication other than a notice should be more effective and feasible.			
Executive Response	In line with the council's drive to reduce costs, it will seek the latest clarification on statutory obligations in terms of public notices and determine whether promotion through Herefordshire Matters or via the council website will meet requirements			
Action	Owner	By When	Target/Success Criteria	Progress
Public notices to be placed when statutorily required	R Blower	Jan 2011	Volume and cost of public notices to be materially reduced	To be started
Negotiate reductions in costs of placing public notices in local media	R Blower	Jan 2011	Cost/benefit matrix guide produced for service areas	Discussions with local media underway

Recommendation No. I	That the communications strategy provides evidenced guidance on the most effective communication channels for individual stakeholder groupings.			
Executive Response	The communications strategy incorporates, with evidence provided as far as is possible, reasons for the use of communications channels. This is be informed by national research and by previous Herefordshire research into stakeholder communication preferences (this was last undertaken in 2008 and other surveys have already determined internal stakeholder communication preferences).			
Action	Owner	By When	Target/Success Criteria	Progress
Continued research on effectiveness and preferences of communications channels to be undertaken within budget constraints	R Blower	Feb 2011	The communication strategy is informed by data on channel preferences and effectiveness	To be started
Recommendation No. J	That a survey be undertaken to establish what information the public wish to receive about council and NHS Herefordshire services, the effectiveness of current communications in meeting these needs and the preferred format and channel for this information.			
Executive Response	There is generic information available through the LGA reputation study (on which our communication strategy draws) which identified the most effective communication tools and residents' preferences. However, the research team periodically undertakes surveys on preferences for communications on public services and how to access them (this will continue but will be determined by budget pressures)			
Action	Owner	By When	Target/Success Criteria	Progress
Continued research on effectiveness and preferences of communications channels to be undertaken	R Blower		The communication strategy is informed by data on channel preferences and effectiveness	To be started
Recommendation No. K	That the director of resources be requested to review the procurement of design and printing services by directorates and conduct a spot check on the use of cost codes.			
Executive Response	The communications unit will periodically request details of invoices for design and print suppliers to determine that service areas adhere to the new policy that all design and print is commissioned through communications. The joint management team has agreed to centralise communications resources to ensure there is maximum control of the quality, volume and cost of design and print output.			
Action	Owner	By When	Target/Success Criteria	Progress
Regular reviews of communications, design and print spend in the service areas	R Blower	Quarterly Nov 2011	To reduce overall volume and cost of publications, while improving information on services	To be started

Recommendation No. L	That consideration is given to how a more corporate approach to communication can be effectively implemented.				
Executive Response	There exists corporate guidelines on communication and these include corporate identity guidelines, publications policies, the house style for the written word and plain language guidelines, and these are being supplemented by guidelines for customer communication through letters (in line with reputation management strategy)				
Action	Owner	By When	Target/Success Criteria	Progress	
A recent review of communications will result in a strengthening of the central communications resource, while reducing overall spend	R Blower	Apr 2011	To ensure the corporate communications team has the capacity to implement the new requirements of the organisation	Implementation plan being developed	
That fresh promotion of corporate guidelines for communications be implemented – taking into account the new policy for channelling all print and design through the central unit	R Blower	Dec 2010	High awareness and acceptance of the need for corporate guidelines on communications	A suite of guidelines is available but this is being reviewed in line with new policies	
Recommendation No. M	That the review group considers that news items should be placed on the council website to ensure currency and not held back to fit in with print media publication dates.				
Executive Response	News items are placed regularly on the council's website but statements are often produced in line with local newspaper deadlines.				
Action	Owner	By When	Target/Success Criteria	Progress	
The website will continue to be updated with news items at least once a week	R Blower	Ongoing	Ensure news items are posted regularly on the website	Implemented	
Recommendation No. N	Service areas should again be reminded of the need to ensure their information on the website is updated on a regular basis.				
Executive Response	Continuing improvements in website design, content and interaction will be implemented as part of the Customer Focus work stream of Rising to the Challenge				
Action	Owner	By When	Target/Success Criteria	Progress	
A promotion of the need to keep service information up to date on the website to be undertaken through internal channels	R Blower E Pawley	Dec 2010	Ensure service content on the website is clear, useful and up to date	To be implemented	
Recommendation No. O	That investigations into developing the use of social media for communications about council business and services should be explored as soon as possible as a key mechanism for reaching younger people in particular				
Executive Response	Social media is used to promote some services and work on a consistent policy and set of guidelines is underway – this work is undertaken as part of the Customer Focus work stream in the Rising to the Challenge transformation programme.				

Action	Owner	By When	Target/Success Criteria	Progress
Clear policies to be determined to ensure the council and primary care trust are able to use social media effectively, with confidence and in ways that support reputation	R Blower E Pawley	Jan 2011	The council and the primary care trust has protocols and mechanisms in place to enable better use of social media	Draft guidelines to be produced
Herefordshire Matters to be promoted online more robustly using social media	R Blower	Feb 2011	Online visits to Herefordshire Matters pages increase due to social media marketing	Draft guidelines to be produced
Recommendation No. P	That a trial webcast of a planning committee meeting should be undertaken, subject to the costs being reasonable.			
Executive Response	The use of webcasting to be explored, taking into account the experiences of other authorities, but due to the need to focus on savings and supporting frontline services, implementation cannot be afforded in 2010/11.			
Action	Owner	By When	Target/Success Criteria	Progress
Experiences of webcasting to be explored with other local authorities	R Blower E Pawley	Feb 2011	To determine effectiveness of webcasting in public engagement	To be implemented
Recommendation No. Q	A report be submitted to cabinet and the overview and scrutiny committee setting out an analysis of the pros and cons of webcasting council meetings and its financial feasibility			
Executive Response	See response to Recommendation P.			
Recommendation No. R	That the systems for recording expenditure on external publications be reviewed			
Executive Response	As part of the drive to control discretionary spend, the joint management team has determined that all design and print needs to be approved by the communications unit to ensure that it is needed, and adheres to guidelines on quality, cost and branding. Often other means of communicating service information, that will be more effective and/or costs less, will be used instead			
Action	Owner	By When	Target/Success Criteria	Progress
The policy on discretionary spend to be communicated to all managers and service areas	R Blower	Nov 2011	To reduce the overall volume and cost of publications, while improving information on services	Implemented

Appendix B

Review of communications: recommendations

1. A review of the central communications function was undertaken in August 2010 by communication consultants Grant Riches. This was done at roughly the same time as the scrutiny panel review of how the council communicates information on services and how to access them. The findings were that:
2. The communications team is:
 - Hard working and generally doing the right things
 - Small when compared to similar local authorities and is over stretched
 - Implementing too many detailed strategies
 - Not impacting sufficiently at strategic level
 - Providing good internal communications but struggles to meet demands
 - Lacking in marketing and e-communications resource
 - Needs to meet increasing expectations of senior people
3. The communications team needs to be:
 - Evident at 'top table' to give advice and influence reputation
 - Focused on relationship management and building a communications culture
 - Enhanced to provide more capacity, skills and influence
 - Delivering a handful of influential campaigns
 - Generating increased income to supplement savings
4. Two important functions are missing:
 - Marketing resource to lead creative campaigns
 - Web and e-communications resource to ensure web and intranet are effective communication and engagement tools that support the organisation
5. In the current financial environment, the review found that maintaining other communications resources in other service areas was not viable and that significant savings could be made overall and invest in strengthening the corporate communications team to better deliver corporate priorities and major change programmes.

6. The review identified a number of posts outside of the corporate communications team that were engaged in media relations, communications, information, marketing, design or web development.
7. These posts are, to varying degrees, supported by their own budgets for design and print, advertising and other communications and marketing activity. The key recommendation of the review was to transfer the budgets associated with posts and activity in the service areas to create an improved corporate communications and marketing structure and resource

New structure for communications and marketing

8. The proposed new structure for a central communications and marketing team will deliver the following benefits:
 - Free up the head of communications to concentrate on strategic and reputational issues at senior level, provide high level advice, build effective relationships across the organisations, lead the communications and marketing strategy and develop the team
 - Boost the skills and creative flair of the central team, including marketing, new media and social marketing – building confidence across service areas
 - Create more management capacity to raise Herefordshire's national profile
 - Upgrade communication channels and develop marketing-led campaigns
 - Ensure team is able to devote time to working with directorate management teams and cabinet members, and build a communications culture across the organisations
 - Enable all design work to be channelled through the central team in order to control costs, quality and brand identity to support reputation (a communication to this effect went to all service areas in November 2010)
 - Increase income for advertising, sponsorship and design
 - Development of the websites and intranet to promote priorities and deliver improved communication and engagement
9. Although this will result in an increase in capacity and skills base of the corporate communications and marketing team it will reduce costs overall (and still result in a much smaller team than other benchmarked local authorities).
10. A recent benchmarking of around 40 other local authorities showed that Herefordshire is well into the top quartile in terms of productivity and output, whilst in the bottom quartile in terms of cost, indicating that the communications unit provides a value for money service.
11. Another key recommendation was to reduce the frequency of Herefordshire Matters to four issues a year. Also a DCLG consultation into local government publicity currently proposes that distribution of council magazines should be no more frequent than quarterly.
12. In parallel, the communications unit had reviewed every element in the production of Herefordshire Matters. The unit negotiated a new arrangement for Royal Mail to distribute to every household at the reduced cost of around £1,000 an edition, and a review of printing has reduced costs further by a further £1,000 per edition. Design and origination costs are also reduced down. Benchmarking with other local authorities demonstrated that the cost of producing Herefordshire Matters was very favourable, using all comparison criteria.

- 13. Importantly the executive response is to maintain Herefordshire Matters as a citizen publication delivered to every household, while further improving its focus, relevance and cost effectiveness.
- 14. The joint management team approved the recommendations to create an improved corporate communications and marketing resource, with the capacity to oversee the production of all published material to determine whether it is needed, and if so, to ensure that material is produced cost effectively, to deadline, quality and brand.
- 15. Summary of staff savings

Current staffing costs

Central communications team	£256,000
Other communication posts in the organisations	£165,000 (estimated)
Total	£421,000
Recommended central communications structure	£323,000
Potential staff saving	£98,000 (estimated)
Other savings from non-staff recommendations	£50,000 (estimated)



MEETING:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	29 NOVEMBER 2010
TITLE OF REPORT:	INTEGRATED CORPORATE PERFORMANCE REPORT – QUARTER 2 2010-11
REPORT BY:	HEAD OF POLICY AND PERFORMANCE

CLASSIFICATION: Open

Wards Affected

County-wide.

Purpose

To consider an overview of performance in the first half of the year against the Joint Corporate Plan 2010-13.

Recommendation

- THAT**
- (a) the report be noted, subject to any comments the Committee wishes to make;
 - (b) the Committee considers whether there are any other issues that should be referred to individual scrutiny committees for further investigation; and
 - (c) the Committee considers whether it wishes to make any other comments to Cabinet.

Introduction and Background

1. The report to Cabinet on 25 November is appended. Cabinet's decision will be reported at the meeting.
2. In July 2010 this Committee requested that the outcome of the Children's Services Scrutiny Committee's consideration of early years and primary school performance, scheduled for consideration on 22 October, be reported to this Committee on 29 November.
3. In considering early years performance that Committee noted the report, particularly the actions to drive further improvements. These included
 - a. Introduction of new systems for the collection, analysis and submission of the early years foundation stage profile data in 2010. The new system is known as E-Profile and is used by most other Local Authorities.
 - b. Introduction of a training programme for Head Teachers, School Improvement

Further information on the subject of this report is available from Tony Geeson, Head of Policy and Performance, on (01432) 261855

Partners, Local Authority Advisors and Consultants to ensure consistent advice is given, and the profile data is used effectively to analyse and present standards in early years.

- c. Ongoing support and challenge to ensure EYFS/Year 1 teachers are making accurate judgements, collecting information, using and applying the data to inform their provision and practice.
 - d. Extension of the pilot programme to track progress of children attending pre-school settings so that accurate information on children's learning and development is provided on entry into school.
 - e. Support for strengthened quality improvement arrangements in children's centres ensuring early identification and intervention for vulnerable groups.
 - f. Strengthening engagement of parents in children's early learning and development. A particular focus on the development of children's speech and language through the 'Every Child a Talker' DFE funded project in preschools and the Communication, language and literacy DFE funded programme in schools.
 - g. Improving the accuracy of observations and assessments in early years. Introduction of E-Profile, a new EYFS data collection and analysis tool, with associated training for Heads, Teachers and LA Advisory Teams.
 - h. Reorganisation of the Early Years team to raise standards and ensure early identification of vulnerable groups. The team will need to be flexible in order to meet changing needs in line with new guidance and funding arrangements from the DFE.
4. The Committee also agreed an update report be presented in approximately 6 months with a fuller report being made in 12 months.
5. In considering primary school performance the Committee noted the report, particularly the actions to drive further improvements set out in the report:

In view of the 2010 data the priorities for 2010/11 at key stage 1 for the School Improvement team have been identified as:

- Improving all subjects at key stage 1 with a particular emphasis on improving the performance of boys especially in reading and writing. Intervention programmes such as ECAW, ECAR, ECC and Numicon will help in addressing this. As will the early years CLLD phonics focus. *(Note Since the report to Children's Services Scrutiny Committee, central government decisions on funding for such initiatives as ECAR etc put all funding into schools unringfenced. It is not yet known at this stage if these will continue.)*
- Improving the quality of leadership in schools to ensure that all pupils make the required progress and achieve well. Tightening up of SIP visits at school will ensure that leadership receives the rigour of effective challenge and support.
- Improving the quality of governance to ensure that the leaders in schools are challenged and supported to drive improvements in standards. The setting up of a larger governor service will ensure that the delivery of key training will develop governor skills to focus on school improvement issues.
- Improving the transition between Early Years Foundation Stage and the start of the National Curriculum at key stage 1. School Improvement Advisers and SIPs

will work closely with schools to ensure that Headteachers ensure an effective transition between early years and the first year of the National Curriculum.

In view of the 2010 data the priorities for 2010/11 at key stage 2 for the School Improvement team have been identified as:

- Improving all subjects at key stage 2 with a particular emphasis on improving the progress of all pupils in maths and the performance of the more able in the subject. Key interventions such as one to one tuition in English and mathematics will ensure that targeted support will be effective in accelerating progress and improving standards, The MAST training for teachers will improve teacher subject knowledge and will build up a team of teachers to support other schools in developing teacher subject knowledge in maths,
 - Improving the quality of leadership in schools to ensure that all pupils make the required progress and achieve well. Tightening up of SIP visits at school will ensure that leadership receives the rigour of effective challenge and support.
 - Improving the quality of governance to ensure that the leaders in schools are challenged and supported to drive improvements in standards. The setting up of a stronger governor support service will ensure that the delivery of key training will develop governor skills to focus on school improvement issues.
 - LA consultants will deliver focussed bespoke training and support for schools in targeting appropriate intervention to help move all pupils who achieve 2C at key stage 1 to level 4 at key stage 4, along with moving all pupils who achieve level 3 to a level 5.
6. The Committee requested that an update report be presented in approximately 6 months with a fuller report being made in 12 months

Background Papers

- None identified.

MEETING:	CABINET
DATE:	25 NOVEMBER 2010
TITLE OF REPORT:	INTEGRATED CORPORATE PERFORMANCE REPORT – QUARTER 2 2010-11
PORTFOLIO AREA:	CORPORATE AND CUSTOMER SERVICES AND HUMAN RESOURCES

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To provide Cabinet with an overview of performance in the first half of the year against the Joint Corporate Plan 2010-13.

Key Decision

This is not a Key Decision.

Recommendations

THAT Cabinet considers performance to the end of September 2010 and the measures being taken to address areas of under-performance

Key Points Summary

- Those indicators where data is only reported annually are not included in these reports until the appropriate time. In-year judgements in this report are made on the basis of those indicators where data is available. Of the 63 indicators where data is available, 37 are on track to achieve target, although the number currently behind or failing to achieve target has risen to 26 (13 at Quarter 1).
- The majority of key projects are being delivered to schedule (91 of 96 projects), although five are currently behind schedule (8 at the end of Quarter 1).
- The overall revenue budget position for the Council shows a projected £2.4m overspend.

Alternative Options

1. The Joint Performance Improvement Framework provides that Cabinet will formally review

Further information on the subject of this report is available from
Tony Geeson, Head of Policy and Performance, on (01432) 261855

performance against the Joint Corporate Plan quarterly. There are therefore no alternative options.

Reasons for Recommendations

2. To ensure that progress against the priorities, targets and commitments, as set out in the Joint Corporate Plan 2010-13, are understood. Further, to ensure that the reasons for important areas of actual or potential under-performance are understood and are being addressed to the Cabinet's satisfaction.

Introduction and Background

3. The Integrated Corporate Performance Report is a regular report, focusing on progress towards achievement of the seven themes (39 outcomes) in the Joint Corporate Plan 2010-13. Progress is measured through the management and monitoring of selected performance indicators and projects, using our performance management system, 'PerformancePlus' (P+). The appendices to this report include:

- Appendix 1 a key to what the symbols used in P+ represent, and a list of outcomes;
- Appendix 2a exception report for those indicators and projects that are ahead of target;
- Appendix 2b exception report for those indicators and projects that are behind target; and

4. The more detailed financial context for this report is set out in the budget monitoring report elsewhere on your agenda. The key financial headlines are included in the commentary in the scorecard below.

Key Considerations

5. Based on a balanced scorecard approach, the following six elements (A - F) have been identified to provide an overview of the key issues that enable the Council and its partners to achieve the desired outcomes of the Joint Corporate Plan. These elements are monitored bi-monthly by the Joint Management Team (JMT).

A - Performance at the end of September

6. The nature of the indicators selected for the Joint Corporate Plan means that not all have data reported on a regular basis. In particular some information is reported annually. These are only reported at the appropriate time in the year. At this time Cabinet Members can assure themselves that appropriate in year actions are being taken to maintain good performance or improve it where necessary.

Data is available for more indicators for this report than for the previous report. Of the 63 indicators for which 2010-11 performance data is available now, 15 (12 at Quarter 1) are currently performing better than target (Appendix 2a), and 26 (13 at Quarter 1) have failed to achieve or are behind target (Appendix 2b). The rest are on target.

7. 10 of the indicators that are behind or failed to achieve target are within the outcome of 'Children and Young People achieve standards'. Many are annual indicators.

Although many of the examination results are still provisional, they show a mixed picture. Results are disappointing in the Early Years Foundation Stage and whilst Key Stage 1

and 2 results show some improvement, these are not yet at the rate of national improvement. A number of strategies are being implemented to improve future results and reduce the risk in this priority area. The focus is on improving the quality of governance to ensure that leaders in schools are challenged and supported to drive improvements in standards.

Initial assessments for children's social care are also currently behind target, following identification of a number of premature closures of cases during the recent inspections which have been re-examined. To reduce the risk in this priority area; a review team and action plan were immediately established, and the forecast for the remainder of the year is one of improved performance.

The percentage of children becoming subject to a Child Protection Plan for a second or subsequent time is ahead of target and continues to improve on last year.

8. There are examples of good performance within the theme of Healthier Communities and Older People and also areas that require continued attention. The assessment of new social care clients within the agreed four week period is currently marginally behind target which would be a risk if it were to continue and grow. In contrast the number of adults supported to live independently through social services is ahead of target.
9. The positive trend of reducing accidents on our roads has continued during the first nine months of this year, and current performance shows that the stretch target is likely to be achieved. The percentages of major and minor planning applications processed within best practice times are also ahead of target.
10. The deficit between the number of affordable homes delivered and the target reported in September remains. There is a probability that the target may not be achieved, not least as a consequence of the recession. Measures have been taken to increase delivery in the remainder of the year, and regular monitoring is taking place. However consideration will be given to adopting a more realistic target for the rest of the year.

In contrast, the number of households living in temporary accommodation is better than target, and also better than the same period last year.

11. Performance in supporting the local economy is not yet consistent. While the Council is paying invoices promptly and identifying changes to customers housing and council tax benefits quickly; the processing of these changes is currently behind target.

B - Projects at the end of September

12. The majority of projects are being delivered according to schedule. Withdrawal of external funding has impacted on a number of the projects that are currently behind schedule (Appendix 2b). For instance; progress with Hereford Futures Scheme continues, although parts of the project, such as the link road, will be progressed as funding becomes available.

C - Finance at the end of September

13. A more detailed report is a separate item on this Cabinet Agenda.
14. In summary however; at the end of September the Council's overall revenue budget position for 2010/11 shows a projected £2.4m overspend. This is approximately 1.7% of the Council's £143m million revenue budget (excluding Dedicated Schools Grant funding).
15. The key areas of concern are Integrated Commissioning Directorate, with a projected £3.8m overspend and the Children and Young People's Directorate, with a £1.0m projected

overspend. Both directorates have produced recovery plans. The delivery of the recovery plan is essential to mitigate the effect of the overspending rolling into in 2011/12. This is more pressing than at any previous time given initial analysis of the Comprehensive Spending Review and its impact on future years funding.

D - Customers at the end of September

16. Achieving high levels of customer and citizen satisfaction is a key outcome in the Joint Corporate Plan. Currently there is a reduced level of satisfaction of people making a request for service through Info by Phone and a continued high level of customer contact that could be avoidable. However this national indicator (NI14 avoidable contact) continues to travel in a positive direction, albeit less quickly than anticipated. Initial actions to improve the position are being concentrated in the higher volume contact areas. This will take some time to work through into positive performance. For example, the project which developed electronic applications for various licences is undoubtedly making a small difference to performance in this area. This will increase as take-up of the electronic service increases.
17. There are a number of customer related projects in the Rising to the Challenge transformation programme. These are:
Customer Experience: A positive, but weak direction of travel has been seen in most of the indicators since the last report. Of particular note is the work that has started in relation to reputation management. A working group made from representatives from across Herefordshire Council has now been established to develop a strategy. Broader representation from HPS is also being sought. A preliminary report has already been made to JMT.

The Service Level Agreement (SLA) between Customer Services and service areas will be reviewed. It is imperative that front and back office staff own the customer experience satisfaction measures jointly and therefore jointly own the actions required to improve performance.

The reporting system for complaints and compliments is currently being improved. Highways and transportation appear to see the highest number of complaints and this issue will be discussed at the next SLA meeting in November.

18. Service Failure: Overall there are significant improvements year on year in the performance of Info by 'Phone. The current performance of just under 11% abandoned calls is a marked improvement on the underlying performance of approximately 30%. There is still room for improvement.
19. Service Transformation: Funding for the Customer Organisation project has now been acquired. It has therefore been possible to anticipate some (small) positive progress in relation to these measures. The project is in its very early stages whereby quick wins are being identified with the intention of making a positive impact on performance in this area before the end of March 2011.

E - Employees at the end of September

20. Sickness levels with the Council are better than target. A new vacancy management process has been implemented, and the number of posts advertised has reduced in the Council. Turnover rates within the Council remain lower than target.

F - Risks at the end of September

21. Key risks are described in the performance section on the previous page.

In order to make the reporting of risk more transparent and provide detailed assurance to Cabinet; a Partnership Assurance Framework (PAF) is being developed containing high level partnership risks both internal and external for review by Herefordshire Partnership Steering Group, PCT Board, Cabinet and JMT.

The PAF is the key document which will be used in future to identify risks against the Joint Corporate Plan; it maps out the key controls in place to manage them, gaps in controls, and describes sufficiently the assurances.

The PAF will ensure that:

- High level partnership risks are reviewed on a timely basis at the appropriate level;
- Partnership working arrangements are further embedded;
- Corporate governance arrangements are enhanced; and
- Our public engagement is demonstrated by having the PAF discussed at public meetings.

Community Impact

22. Delivering the Joint Corporate Plan is central to achieving the positive impact the Council wishes to make across Herefordshire and all its communities.

Financial Implications

23. None.

Legal Implications

24. None.

Risk Management

25. By highlighting progress against the Council's Corporate Plan, including the major risks to achievement and how they are being mitigated, this report is an essential component of the Council's management of risks.

Consultees






26. None identified.

Appendices

- Appendix 1 - Key to symbols and list of Joint Corporate Plan themes and outcomes
- Appendix 2a - Exception report (Green indicators and projects)
- Appendix 2b - Exception report (Red and Amber indicators and projects)

Background Papers

27. None identified.

Measures	Symbols	Projects
More than 10% ahead of target		Ahead of Plan
Up to 5% behind target		N/A
More than 5% behind target		Behind Plan
Better than the same period last year		N/A
Worse than the same period last year		N/A

List of Joint Corporate Plan themes and outcomes









Theme and Outcome	Lead Director
Theme 1 Economic Development and Enterprise	
HPS 1.1 Higher quality, better paid jobs and reduced unemployment	Geoff Hughes
HPS 1.2 Increased participation in learning and higher levels of skills and achievement	Geoff Hughes
HPS 1.3 More and higher-spending visitors to the county	Geoff Hughes
HPS 1.4 Improved quality & availability of business accommodation and employment land	Geoff Hughes
HPS 1.5 Better roads, reduced traffic congestion, with more people walking, cycling or using public transport	Geoff Hughes
Theme 2 Healthier Communities and Older People	
HPS 2.1 People have longer, healthier lives, with reduced inequalities between different groups and localities	Akeem Ali
HPS 2.2 Older people living fulfilled lives as active members of their communities	Ann Donkin
HPS 2.3 Vulnerable people able to live safely and independently in their own homes	Ann Donkin
HPS 2.4 Enhanced emotional well-being, with fewer suicides	Akeem Ali
HPS 2.5 Personalised health and social care services, which offer people much greater choice and influence over their care	Ann Donkin
HPS 2.6 Improved dental health	Ann Donkin
Theme 3 Children and Young People	
HPS 3.1 Children and young people are healthy and have healthy life-styles, with less obesity and substance mis-use, and better dental and sexual health	Akeem Ali
HPS 3.2 Children and young people are safe, secure and have stability	David Sanders

HPS 3.3 Children and young people are enabled to develop personally, socially and emotionally, and to achieve high standards of educational attainment	David Sanders
HPS 3.4 Children and young people engage in further education, employment or training on leaving school	David Sanders
HPS 3.5 Children and young people engage in positive behaviour inside and out of school	David Sanders
HPS 3.6 Improved access to good quality care and other services for children, young people and their families through the work of Herefordshire's Children's Trust	David Sanders
Theme 4 Safer Communities	
HPS 4.1 Reduced levels of crime	Geoff Hughes
HPS 4.2 Reduced levels of anti-social behaviour	Geoff Hughes
HPS 4.3 Reduced harm from drugs and alcohol	Akeem Ali
HPS 4.4 Communities to have enhanced resilience and recovery from emergencies through effective partnership planning and co-ordination	Akeem Ali
HPS 4.5 Fewer accidents and injuries	Geoff Hughes
HPS 4.6 People feel as safe as they would like to be	Geoff Hughes
Theme 5 Stronger Communities	
HPS 5.1 Cohesive communities in which people feel accepted, confident and empowered, regardless of race, disability, gender, sexual orientation, age, religion or belief	Dean Taylor
HPS 5.2 Communities and individuals participating in local decisions and influencing them	Geoff Hughes
HPS 5.3 Affordable housing appropriate to people's needs and less homelessness, with support for vulnerable people to live independently	Geoff Hughes
HPS 5.4 Fair access to the services residents need, including high quality sporting, cultural and recreational facilities and activities	Geoff Hughes







HPS 5.5 People are able to participate in, the life of their communities	Geoff Hughes
Theme 6 The Environment	
HPS 6.1 Reduced waste and increased recycling	Geoff Hughes
HPS 6.2 Reduced CO2 emissions and successful adaptation to unavoidable impacts of climate change	Geoff Hughes
HPS 6.3 Increased biodiversity	Geoff Hughes
HPS 6.4 Natural resources are conserved and landscape character maintained, with sustainable land management	Geoff Hughes
HPS 6.5 Investment in high quality streets, public spaces and the built environment	Geoff Hughes
Theme 7 Organisational Improvement and Greater Efficiency	
HPS 7.1 The highest standards of leadership, governance and integrity	Dean Taylor
HPS 7.2 Demonstrable value for money	David Powell
HPS 7.3 Streamlined, efficient operations, including the integrated delivery of services across the boundaries of different organisations	David Powell
HPS 7.4 High levels of customer and citizen satisfaction	Dean Taylor
HPS 7.5 A highly skilled, highly motivated workforce that works in effective partnership with other organisations	Dean Taylor
HPS 7.6 Highly rated under Comprehensive Area Assessment and World Class Commissioning, and recognised as exemplars regionally and nationally	Dean Taylor







Key Performance Indicators – Exceptions (Green – 10% or more ahead of target)							
Outcome & Measure		Frequency of reporting	DoT since last year	Date of judgement	Performance (Year To Date)	Target (Year To Date)	Actual (Year To Date)
HPS.1.4 - % of major planning applications dealt with within 13 weeks (NI 157a)	Bigger is Better	Monthly		September	★	60	73
HPS.1.4 - % of minor planning applications dealt with within 8 weeks (NI 157b)	Bigger is Better	Monthly		September	★	65	73
HPS 2.1 - % of admitted patients whose wait from referral to assessment was 18 weeks or less (VSA04_01)	Bigger is Better	Monthly - 6 week delay		August	★	90	99.5
HPS 2.2 The proportion of people aged 65 or over discharged from hospital to their own home, or to a residential or nursing care home, or extra care housing bed for rehabilitation with a clear intention that they will move on/back to their own home, who are there three months after the date of their discharge from hospital (NI 125)	Bigger is Better	Monthly – 6 week delay		August	★	78	97.04
HPS 2.5 People supported to live independently through social services (all adults) (NI 136)	Bigger is Better	Quarterly		September	★	3,100	3,759
HPS.3.2 - The percentage of children becoming subject to a Child Protection Plan who had previously been the subject of a Plan, or on the Child Protection Register, no matter how long ago that Was (NI 65)	Smaller is Better	Quarterly		September	★	13	6.6
HPS 4.5 – The number of people killed or seriously injured in road traffic collisions (proxy for NI 47)	Smaller is Better	Monthly		September	★	81	48







HPS 4.5 – The number of children killed or seriously injured in road traffic collisions (proxy for NI 48)	Smaller is Better	Monthly		September		9	3
HPS 4.5 – The number of people killed in road traffic collisions	Smaller is Better	Monthly		September		12	7
HPS.5.3 - The number of households living in temporary accommodation provided by the council under the homelessness legislation (NI 156)	Smaller is Better	Quarterly		September		82	52
HPS.6.5 - % of relevant land and highway that has unacceptable levels of fly-posting (NI 195d)	Smaller is Better	3 times a year (July, November and March)		July		1	0
HPS.6.5 - % of relevant land and highway that has unacceptable levels of graffiti (NI 195c)	Smaller is Better	3 times a year (July, November and March)		July		1	0
HPS.7.3 - The number of changes in circumstances leading to a change in Housing / Council Tax benefit entitlement identified and processed by the authority, per 1,000 claimants (NI 180)	Bigger is Better	Monthly		September		750	914
HPS.7.5 - Average sickness FTE (Council)	Smaller is Better	Monthly		September		4.3	3.3
HPS.7.5 - Staff turnover (Council)	Smaller is Better	Monthly		September		13	7.89







Key Performance Indicators – Exceptions (Red and Amber - behind target)							
Outcome & Measure		Frequency of reporting	DoT since last year	Date of judgement	Performance (Year To Date)	Target (Year To Date)	Actual (Year To Date)
HPS.2.1, 4.3 & 4.6 - The number of alcohol-related admissions to hospital per 100,000 population (NI 39)	Smaller is Better	Quarterly		September		606	664.5
Remedial Actions • Development of additional proxy indicator/s for measuring alcohol misuse in the county. Development of new database which went live in September to record alcohol-related assaults at A&E Department. Analysis of alcohol related admissions undertaken for an Alcohol Social marketing campaign and for inclusion in annual Safer Herefordshire strategic assessment.							
Date of comment Sep 10							
HPS.2.3 - The percentage of new social care clients aged 18 or over, where the time from first contact with social services to completion of assessment is four weeks or less (NI 132)	Bigger is Better	Monthly		September		90	86
Remedial Actions • The underperformance against this indicator is recognised. Performance information is being used by teams to identify where improvements need to be made and focus on where there have been delays. However performance continues to be affected by the high level of safeguarding referrals.							
Date of comment							
HPS.2.3 & 2.5 - The percentage of people receiving Supporting People Services who have established, or are maintaining, independent living. This includes living in their own home or in long stay accommodation (NI 142)	Bigger is Better	Quarterly ¹		June		97.7	97.57
Remedial Actions • This provisional score is based on our own calculation and will be replaced with the official CLG figure when received.							
Date of comment Jun 10							
HPS.2.3 - Average weekly rate of delayed transfers of care from hospitals/100.000 population aged 18 or	Smaller is	Quarterly		September		18.6	44.26

¹ Provisional data is available 2 months in arrears which is submitted to DCLG for ratification. There is a further 3 month delay in ratification by DCLG.






Key Performance Indicators – Exceptions (Red and Amber - behind target)							
Outcome & Measure		Frequency of reporting	DoT since last year	Date of judgement	Performance (Year To Date)	Target (Year To Date)	Actual (Year To Date)
over (NI 131)	Better						
<p>Remedial Actions • Achieving the Delayed Transfer of Care target remains challenging. Nationally we have seen changes in the way information is reported which has impacted on performance. To address this and other local issues a countywide action plan has been developed and presented to the Performance and Quality Committee. The following processes have already been implemented:</p> <ul style="list-style-type: none"> - Daily monitoring of delays across providers; - Development of a system wide bed management process; - Review of assessment processes to avoid repetition of patient assessments; and - Review of panels that determine a person's eligibility for care and exploring the possibility of joint panels. <p>The Unplanned Care Workstream monitors progress against the action plan.</p>							
Date of comment Sep 10							
HPS.3.2 - % of initial assessments for children's social care carried out within 7 working days of referral (NI 59)	Bigger is Better	Monthly		September		80	54.4
<p>Remedial Actions • The impact of the unannounced and announced inspections has been significant in terms of achievement of initial assessment timescales. In particular, the unannounced inspection at the end of June highlighted a number of initial assessments that had been closed down and moved to a core assessment prematurely. There has been a major review of management and practice in the team which has impacted on timeliness. A core performance improvement team and action plan is in place and an upward trajectory of improvement is planned to the end of the year.</p>							
Date of comment Sep 10							
HPS.3.2 - % of looked after children who participated in their reviews (PAF/CF 63)	Bigger is Better	Quarterly		September		90	88
<p>Remedial Actions • Encouraging young people's participation in their reviews remains a priority for the directorate. A young person must participate in all their reviews in order to 'count' for the purposes of this indicator. For the rolling year, a number of young people chose not to participate. It is anticipated that the target for the year will, however, be achieved.</p>							
Date of comment Sep 10							
HPS.3.2 - No. of Common Assessment Framework	Bigger	Quarterly		September		250	234



Key Performance Indicators – Exceptions (Red and Amber - behind target)							
Outcome & Measure		Frequency of reporting	DoT since last year	Date of judgement	Performance (Year To Date)	Target (Year To Date)	Actual (Year To Date)
(CAF) assessments completed across all agencies	is Better						
Comments: • The number of CAFs completed as at the end of Quarter 2 is slightly below the profiled target for the year. This is largely because of the summer holidays which significantly reduce the number of CAFs undertaken by schools. We remain on track to achieve the overall target for the year.							
Date of comment Sep 10							
HPS.3.3 - Improve Key Stage 1 results year on year - Writing at level 2B+	Bigger is Better	Annually		September		54	53.8
Remedial Actions • Writing results at Key Stage 1 overall show an improvement from 2009 but still below the national averages (approximately 2% behind for level 2B+). As in reading, boys are not achieving as well as girls in writing and this is particularly the case for pupils achieving level 2B+ with a gender gap at this level of nearly 19%. A number of strategies are in place in address this including implementing intervention programmes, such as Every Child a Writer, improving the transition between Early Years Foundation Stage and the start of the national curriculum at Key Stage 1 and improving the quality of governance to ensure that the leaders in schools are challenged and supported to drive improvements in standards.							
Date of comment Sep 10							
HPS.3.3 - Improve Key Stage 1 results year on year - Reading at level 2B+	Bigger is Better	Annually		September		72	70.2
Remedial Actions • The percentage of pupils achieving level 2B+ in reading in Herefordshire has risen by one percent and has closed the gap between the Herefordshire and national average, a gap of only 2%. When reading results are analysed according to gender, it is boys who are underachieving. A number of strategies are in place in address this including implementing intervention programmes, such as Every Child a Reader, improving the transition between Early Years Foundation Stage and the start of the national curriculum at Key Stage 1 and improving the quality of governance to ensure that the leaders in schools are challenged and supported to drive improvements in standards.							
Date of comment Sep 10							
HPS.3.3 - Improve Key Stage 1 results year on year - Writing at level 3	Bigger is	Annually		September		12	9

Key Performance Indicators – Exceptions (Red and Amber - behind target)							
Outcome & Measure		Frequency of reporting	DoT since last year	Date of judgement	Performance (Year To Date)	Target (Year To Date)	Actual (Year To Date)
	Better						
Remedial Actions • A number of strategies are in place in address this including implementing intervention programmes, such as Every Child a Writer, improving the transition between Early Years Foundation Stage and the start of the national curriculum at Key Stage 1 and improving the quality of governance to ensure that the leaders in schools are challenged and supported to drive improvements in standards.							
Date of comment Sep 10							
HPS.3.3 - The percentage of children (aged 5) assessed against the Early Years Foundation Stage Profile who achieve at least 78 points across all 13 scales, and achieve at least 6 points in each of the scales in Personal, Social and Emotional Development and Communication, Language and Literacy. (NI 72)	Bigger is Better	Annually		September		53.5	44.6
Remedial Actions • Results for 2010 show a decrease of 1.4% from the 2009 data and 8.4% below the 2010 target. Analysis of the data indicates some anomalies which indicate that it is not accurate. Herefordshire data does not show the expected correlation between emotional/social literacy and communication, language and literacy skills and this highlights the need to improve the accuracy of judgements. Writing is an area for further development in early years.							
Date of comment Sep 10							
HPS.3.3 - The percentage of pupils achieving level 4 or above in both English and Maths at Key Stage 2 (aged 11). (NI 73)	Bigger is Better	Annually		September		79	71.4
Remedial Actions • Results for 2010 have risen by 0.6% from 2009. However, national results have improved by 2% to 74%. Herefordshire results fall short of the overall target of 79%. Results for English at level 4+ have declined (whereas national results have improved) although results for maths at level 4+ have improved by 0.5% from last year. Key interventions such as 1-1 tuition in English and maths will ensure that targeted support will be effective in accelerating progress and improving standards.							
Date of comment Sep 10							
HPS.3.3 - The percentage of pupils achieving 5 or more A*-C grades at GCSE or equivalent, including	Bigger is	Annually		September		60	54.9

Key Performance Indicators – Exceptions (Red and Amber - behind target)							
Outcome & Measure		Frequency of reporting	DoT since last year	Date of judgement	Performance (Year To Date)	Target (Year To Date)	Actual (Year To Date)
English and Maths at Key Stage 4 (aged 16). (NI 75)	Better						
Remedial Actions • Unvalidated results for 2010 show an improvement of 2.7 percentage points over the 2009 results, although still below the target of 60%							
Date of comment Sep 10							
HPS.3.3 - The percentage difference between the median Foundation Stage Profile score of all children (aged 5), and the mean score of the lowest-scoring 20% of children. (NI 92)	Smaller is Better	Annually		September		32	33.4
Remedial Actions • The unvalidated 2010 data indicates that the gap between the lowest 20% of children and the median is 33.4%, slightly above the target of 32%.							
Date of comment Sep 10							
HPS.3.3 - The percentage of pupils making at least 2 levels progress in English between tests at Key Stage 1 (aged 7) and Key Stage 2 (aged 11). (NI 93)	Bigger is Better	Annually		September		89	86.4
Remedial Actions • Two levels progress data shows that pupils have made better progress in English than in maths. English progress data has declined significantly since 2009 and is still below the target set. Strategies to address this include key interventions such as 1-1 tuition in English and Maths, improving the quality of leadership in schools to ensure that all pupils make the required progress and achieve well and delivering focused bespoke training and support for schools to help pupils to make the required two levels' progress.							
Date of comment Sep 10							
HPS.3.3 - The percentage of pupils making at least 2 levels progress in Maths between tests at Key Stage 1 (aged 7) and Key Stage 2 (aged 11). (NI 94)	Bigger is Better	Annually		September		87	80.2
Remedial Actions • Two levels progress data shows that pupils have made better progress in English than in maths. Maths progress data is similar to the 2009 results although the target has been missed. Strategies to address this include key interventions such as 1-1 tuition in English and Maths, improving the quality of leadership in schools to ensure that all pupils make the required progress and achieve well and delivering focused bespoke training and support for schools to help pupils to make the required two levels' progress.							
Date of comment Sep 10							

Key Performance Indicators – Exceptions (Red and Amber - behind target)							
Outcome & Measure		Frequency of reporting	DoT since last year	Date of judgement	Performance (Year To Date)	Target (Year To Date)	Actual (Year To Date)
HPS.4.2 - No. of anti-social behaviour (ASB) incidents recorded by the police	Smaller is Better	Monthly		September		5,526	5,722
Remedial Actions • A young persons ASB mapping exercise is to be undertaken. On 2nd November practitioners are to be invited to a morning seminar looking at what services are available and identify gaps, and to identify duplication across services. The deadline for this exercise is 31 January 2011. The repeat address ASB template is being developed through the Multi Agency Task and Co-ordination Group to identify 'hot spots'.							
Date of comment Sep 10							
HPS.5.3 - No. of affordable homes delivered (NI 155)	Bigger is Better	Quarterly		September		85	66
Remedial Actions • Although 21 homes were delivered during the 1st quarter and an additional 45 during quarter 2, this remains below target overall. There is a potential risk that the target of 170 will not be achieved during the remainder of the year, although measures have been implemented to increase delivery, regular monitoring is being undertaken.							
Date of comment Sep 10							
HPS.6.1 - The percentage of household waste arisings which have been sent for reuse, recycling, composting or anaerobic digestion (NI 192)	Bigger is Better	Monthly		September		41	40.8
Remedial Actions • Further improvement of recycling performance will continue by introducing the service to more flats and similar developments and further expansion to schools. Following agreement with our contractors we hope to introduce recycling services to village halls and charities within the next few weeks. We will continue to promote recycling, composting and waste prevention through events and promotional events. It should be noted that the 40.8 recycling figure is supported by a seasonally high level of garden waste composting which will reduce over the winter months. Consequently the initiatives identified here will be even more important as we reach the end of year so we meet, or exceed our 4% yearend target.							
Date of comment							
HPS.7.3 - The average time taken in calendar days to process all new claims and changes of circumstance	Smaller	Monthly		September		11	12.24

Key Performance Indicators – Exceptions (Red and Amber - behind target)							
Outcome & Measure		Frequency of reporting	DoT since last year	Date of judgement	Performance (Year To Date)	Target (Year To Date)	Actual (Year To Date)
for Housing / Council Tax benefits. (NI 181)	is Better						
Remedial Actions • Processing times continue to be affected by the high number of changes received.							
Date of comment Sep 10							
HPS.7.4 - The percentage of customer contacts with council services that are assessed as being avoidable (NI 14)	Smaller is Better	Monthly		September		25	34
Remedial Actions • The two highest reasons for avoidable contacts this month were customers seeking clarification at 17.44% and Service Failure at 13.02%. There were no areas with significantly high avoidable contacts this month. Out of the services with the highest avoidable contacts, the reasons were; Concessionary parking 5.85%, Annual Billing 2.08%, Reminder letters 3.02% Application Supporting evidence 1.72%, no black sacks 3.85%, missed black sacks 1.97%.							
Date of comment Sep 10							
HPS.7.4 - % of people making a request for service through Info that are 'satisfied' or 'very satisfied'	Bigger is Better	Monthly – 6 week delay	A new local measure for 2010. No comparison possible yet	August		95	79.8
Remedial Actions • This measure continues to stay around the 80% mark. Although a month on month improvement saw July at 84%. Further analyses of the results are required. Reasons for dissatisfaction include: switchboard often engaged; wheelie bins took 6 months to deliver; council wasting money on satisfaction surveys; and, ignored planning query.							
Date of comment Sep 10							
HPS.7.5 - Average sickness FTE (PCT)	Smaller is Better	Monthly		September		4.4	4.89
Remedial Actions • Between July and August there has been an increase in short-term sickness levels mainly in the Children's and Mental Health							

Key Performance Indicators – Exceptions (Red and Amber - behind target)							
Outcome & Measure		Frequency of reporting	DoT since last year	Date of judgement	Performance (Year To Date)	Target (Year To Date)	Actual (Year To Date)
<p>Directorates. This may reflect the structural and management change that is currently ongoing across these services. Currently 42% of all absences within NHS Herefordshire relate to short-term sickness (less than 4 weeks) while the remaining 58% relate to long-term absence (% of FTE days lost).</p> <p>A joint Managing Attendance Course, for both the Council and NHS Herefordshire Managers, will be available from 1st October 2010. In support of Agresso implementation, the production of sickness absence reports to management teams will, in future, be limited. A communication to managers advising them of the support available will be issued shortly.</p>							
Date of comment Sep 10							
HPS.7.5 - Staff turnover (PCT)	Smaller is Better	Monthly		September		12	13.16
<p>Remedial Actions • The most recent figure reflects the completion of 24 apprenticeships For the first 2 months of 2010/11 labour turnover was comparable with our benchmarked organisations, the main reasons being retirement and work-life balance. April traditionally is a high month for labour turnover as people leave at the beginning/end of the holiday year and this is reflected in the figures across the benchmarked organisations. The benchmarking figures (only Jan - May available to date) have been obtained from a database called I-View which is run by the Information Centre for Health and Social Care. The information in I-View is uploaded from the ESR data warehouse and includes all but seven NHS organisations.</p>							
Date of comment Sep 10							

Projects – Exceptions (Red – behind schedule)			
Project	Responsible Officer	Latest rating	Due Date
Progress the Hereford Futures Scheme	▲	Webster, Nick	Dec-11
Remedial Actions • The project has some tasks that are progressing and being delivered. These include the flood alleviation scheme for which a CPO enquiry has just been completed. Other parts of the project such as the link road are on hold currently subject to funding.			
Date of comment Sep 10			
CYPD Engagement And Involvement Strategy	▲	Sanders, David	Mar-13
Remedial Actions • A Task and Finish Group was established and a first draft has been produced for the end of September 2010. This has yet to be presented to the Children's Trust Management Group and therefore implementation, which was scheduled to start from October 2010, will not be achieved. The Children's Trust Management Group is due to consider the strategy at the beginning of November 2010.			
Date of comment Sep 10			
Equality & community cohesion programme	▲	Trachonitis, Carol	April 2011
Remedial Actions • Withdrawal of external funding – Migration Impact fund - has had a detrimental affect on this project. All other tasks are progressing as planned, apart from the review of Equality Impact Assessments which will start when the 2011-14 Service Planning Requirements are agreed.			
Date of comment Sep 10			
Improve Data Quality	▲	Geeson, Tony	June 2011
Remedial Actions • Some tasks within the data quality action plan are now behind schedule due to competing priorities e.g. the number of training sessions held. The position is still recoverable by the year end providing more time is available			
Date of comment Sep 10			



MEETING:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	29 NOVEMBER 2010
TITLE OF REPORT:	BUDGET MONITORING REPORT 2010/11
REPORT BY:	HEAD OF FINANCIAL SERVICES

CLASSIFICATION: Open

Wards Affected

County-wide.

Purpose

To report the forecast financial position for both revenue and capital expenditure to 31 March 2011 and provide an update on Directorates' recovery plans instigated to address projected overspends.; treasury management activities; and amounts written off for individual debts.

Recommendation

THAT the report be noted, subject to any comments the Committee wishes to make.

Introduction and Background

1. The report to Cabinet on 25 November is appended. Cabinet's decision will be reported at the meeting.

Background Papers

- None identified.

MEETING:	CABINET
DATE:	25 NOVEMBER 2010
TITLE OF REPORT:	BUDGET MONITORING REPORT 2010/11
PORTFOLIO AREA:	Resources

CLASSIFICATION: Open

Wards Affected

County-wide.

Purpose

To report the forecast financial position for both revenue and capital to 31st March 2011 and provide an update on Directorates' recovery plans instigated to address projected overspends.

The report also provides information on treasury management activities in the first six months of 2010/11.

The report also includes the number and amounts written off for individual debts exceeding £1,000 covering the period 1 April 2010 to 30 September 2010.

Key Decision

This is not a Key Decision.

Recommendation

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.**

Key Points Summary

- As of the end of September the overall revenue budget position for 2010/11 shows a projected £2.4m overspend. This is approximately 1.7% of the Council's £143m revenue budget (excluding Dedicated Schools Grant funding).

- The forecast capital outturn has decreased from the original budget position by £3.1m to £74.6m, due to slippage on schemes.
- Virements exceeding £140k are highlighted throughout the documents.

Alternative Options

- 1 There are no alternative options.

Reasons for Recommendations

- 2 To ensure Cabinet is informed of the forecast outturn and receive assurance that officers take appropriate action as necessary to ensure a balanced outturn position is delivered.
- 3 To demonstrate there is the appropriate use of virements to fund the revenue deficits and the reprofiling of capital funding where schemes have slipped into 2011/12.
- 4 To ensure that Cabinet is kept informed of treasury management activities in accordance with CIPFAs recommended best practice.

Introduction and Background

- 5 The Council's revenue and capital position is reported to Cabinet quarterly throughout the year. The information provides an indication of the Council's performance against budgets.
- 6 CIPFA best practice recommends Members are informed of Treasury Management activities on a regular basis and as a result Cabinet receives an update every quarter. Treasury management is a key activity for the council and given concerns about financial markets in the recent past it is important that Cabinet remains aware of performance.

Key Considerations

- 7 Appendix A includes the detailed revenue budget monitoring report. The key areas of concern are Integrated Commissioning Directorate, with a projected £3.8m overspend and the Children and Young People's Directorate, with a £1.1m projected overspend.
- 8 Both directorates have produced recovery plans and Cabinet should note the actions detailed in Appendix A which will continue to be effectively monitored over the coming months. The delivery of recovery plans is essential to mitigate the effect of the overspend rolling into 2011/12. This is more pressing than at any previous time given initial analysis of the Comprehensive Spending Review and its impact on future years funding.
- 9 The Council's overall financial performance has a direct bearing on the level of reserve balance at year end, as any overspend on the revenue account would be funded from this source.
- 10 For Integrated Commissioning, their 2009/10 deficit outturn and the full year impact of placements meant a starting budget shortfall of £3.7m, which has in part (£2.2m) been mitigated by central budgets. The Directorate has an ongoing recovery plan of £2.0m to meet 2009/10 shortfalls and, in addition, is establishing what further measures are required to balance the current year overspend.
- 11 The capital programme budget monitoring is provided at Appendix B. The forecast outturn has decreased by £3.1m to £74.6m. Where possible, use of time limited grants will be

maximised before other more flexible resources.

- 12 Appendix C is the quarterly update on treasury management, which ensures the Council is following best practice in accordance with CIPFA's recommendations. Maximising investment interest and rescheduling loans, should see the delivery of £1.0m above budget, to assist the financial concerns highlighted in Appendix A.
- 13 The Council's Financial Procedure Rules, require that the number and amounts written off for individual debts exceeding £1,000 is reported to Cabinet twice a year for information purposes. This information for the period 01/04/10 to 30/09/10 is detailed in appendix D.

Community Impact

- 14 Not applicable.

Financial Implications

- 15 These are contained in the report.

Legal Implications

- 16 None.

Risk Management

- 17 Effective financial reports, used to facilitate robust budget monitoring are an essential element in the management of risks and the delivery of the Council's and Herefordshire Partnership's priorities.

Consultees

- 18 None.

Appendices

- Appendix A – Revenue Budget Monitoring
- Appendix B – Capital Programme
- Appendix C – Treasury Management Update
- Appendix D – Write Offs

Background Papers

- None identified.

REVENUE BUDGET MONITORING
Summary

1. The following table summarises the 2010-11 projected outturn based on the financial position as at 30th September 2010.

£'000	Budget	Projected (over) or under spend
Integrated Commissioning	40,516	(3,814)
Children & Young People	24,483	(1,081)
Deputy Chief Executive	13,726	0
Sustainable Communities	34,197	0
Public Health	2,136	(20)
Central Services	2,899	0
Resources	7,022	521
Directorate Position	124,979	(4,394)
Borrowing and investments	15,380	1,030
Revenue contribution to capital	320	500
Centrally held budget	995	0
WMS Profit Share	(546)	156
Transfer to/from Reserves	1,716	300
Total	<u>142,844</u>	<u>(2,408)</u>

2. The overall revenue budget position for 2010-11 shows a projected £2.4m overspend. This is approximately 1.75% of the council's £143m million revenue budget (excluding Dedicated Schools Grant funding). In order to address the forecast position the delivery of recovery plans is required by the relevant Directorates.
3. The most significant overspend relates to Integrated Commissioning, the overspend in part has carried over from last year, but activity levels continue to increase. Other service deficits are being mitigated by the recovery plans. It is clear that the Integrated commissioning position is a key financial risk.
4. In addition to the revenue overview, a capital monitoring summary is provided at Appendix B. The forecast outturn spend is £74.7m.
5. Appendix C provides a Treasury Management update and explains an expected underspend of £990k on borrowing costs. This is in part due to a programme of loan rescheduling that replaces higher cost loans with new borrowing at lower rates than budgeted.
6. Throughout the report reference is made to virements that have been actioned across the services.

Recovery Plan

7. As a result of the projected overspend the Chief Executive has required that council directorates meet additional savings targets. The targets are supported by the stop on discretionary spend. The combination of targets plus additional central financing activity will deliver a balanced budget if directorates take the necessary action.
8. The analysis of the prior year's spending profile indicates that spending targets for the months leading up to the end of the financial year will also help control expenditure. These targets are being put together by Financial Services for agreement with directorates.

Reserves Update

9. The general reserve balance as at 1st April 2010 is £6.4m. The council held the following earmarked reserves of £14.2 million at 31st March 2010.

	31.03.09	Transfer to/(from)	31.3.10
Commuted sums	78	0	78
Schools balances in hand	5,476	21	5,497
Industrial Estates - maintenance	333	39	372
Support Services & Equipment renewals	80	(80)	0
Schools Balance of Risk	85	88	173
Winter maintenance	500	(500)	0
Planning	24	0	24
College Hill Community Centre	180	0	180
Waste Disposal	2,774	0	2,774
LSC	32	(32)	0
Wye Valley AONB	104	(10)	94
Invest to Save	1,079	252	1,331
Contingent liabilities	300		300
Social care contingency	926	(772)	154
Modernisation plans	454	(454)	0
Edgar Street Grid	150	541	691
Whitecross school PFI	202	79	281
LPSA 2 reward grant	1,482	(1,258)	224
Carbon Reserve	30	(10)	20
Schools Redundancies	294	(284)	10
Service Delivery Review	112	(112)	0
Schools Rates Reserve	869		869
Economic Development	346	(80)	266

	31.03.09	Transfer to/(from)	31.3.10
Herefordshire Safeguarding Children Board	21		21
Accommodation	133	(133)	0
Insurance reserve	0	544	544
Pool car reserve	0	10	10
Local development framework	0	270	270
Area based grant	0	53	53
	16,064	(1,828)	14,236

INTEGRATED COMMISSIONING DIRECTORATE

£'000	Annual Budget	Under / (Over) spend
Learning Disabilities	11,612	(1,607)
Mental Health	7,407	(917)
Older People	13,190	(2,016)
Physical Disabilities / Sensory Impairment	3,896	(1,293)
Section 75 Arrangements	936	(69)
Commissioning Directorate	1,620	0
Other Services	1,855	2,088
Total	40,516	(3,814)

Overview

10. The 2010/11 budget has been set using actual outturn activity and predicted increase in demographics and client numbers phased throughout the year, alongside contract inflation that has only recently been given to providers. This gives a realistic target to the service areas, but clearly demonstrates the deficit starting position that has to be recovered.
11. The forecast is a net overspend of £3.8m. This is based on existing commitments projected forward in combination with realistic assumptions about the recovery measures of £2m.
12. The annual budget now includes virements of £2.2m transferred from central services.

Major Budget Exceptions

13. Learning Disabilities - Total predicted over spend is £1,607k.
14. The full year anticipated over spend relates to increased costs in:
 - Residential/ Nursing. The Budget for residential and nursing care includes increases in the cost of packages for more complex needs. There was an overspend in 2009/10 of £1m at year end, thus this is included in the budget assumptions for 2010/11 along with the assumption that there will be 1 additional package previously funded by Children's Services. During September there were 2 high value packages approved costing £192k for the remainder of the year.
 - Domiciliary Care packages have increased year to date and resulted in an increase to the forecast.
 - Personal Budgets are proving to be a greater than anticipated pressure and predicted to overspend by £145k. The budget included the assumption for in year increases of 15% to 61 packages from 53 at the start of the year. The number has already reached 73, with six months remaining. Direct Payment packages are costing less than anticipated year to date with surpluses being refunded to the Council.
15. Mental Health - Anticipated over spend of £917k.
 - The projected outturn for the year within residential and nursing has increased by £105k

due to the increased use of respite care. The full year impact of the increase in standard rates for residential homes has the effect of £327k. The budget assumed a reduction in the number of clients by 33 for the full year and by 23 year to date. However the number of clients has only reduced by nine.

- There has been an increase in domiciliary care packages. There are five new 'action4housing' packages where clients require high levels of intensive care. These are averaging £1,500 per week. The impact of these is £202k for the year. Additional packages are anticipated to increase spend by a further £61k.
- An increase in agency staff within the Mental Health Older People Team, (to cover the increase in workload relating to the number of safeguarding cases), has a financial impact of £43k.

16. Older People - Total predicted over spend £2,016k.

- Residential and nursing care packages continue to rise along with more expensive package requirements. Last financial year resulted in an over spend of £221k. It is anticipated that due to demographics the number of older people requiring care will rise and built into the budget is a 3% increase in the number of packages. At the start of year there were 242 packages, this rose to 255 in July and is currently 254 packages. Predicted over spend in addition to the brought forward deficit is £160k.
- Domiciliary care was over spent by £1m last financial year. The current budget assumes a 5% rise on the actual spend last year. Year to date there is an overspend on the budgeted figure of £161k. The predicted outturn has been increased to reflect this giving a rise of £391k.
- The number of Personal Budgets for older people is only slightly higher than last year.

17. Physical Disabilities Full year forecast over spend of £1,293k.

- The budget for 2010/11 assumes that the number of packages reduces by three during the year. At the end of August 1 package had been lost, saving £19k and during September one client moved to a Personal Budget.
- Domiciliary Care over spent in 2009/10 by £108k. The full year projection for 2010/11 is based on year to date activity and an over spend of £389k is predicted.
- In 2009/10 there was an overspend of £562k on personal budgets. 2010/11 budget assumed there would be a rise by a further 26 during the year. Year to date this has increased by 12 and the projected outturn has thus been reduced by £70k.

18. Section 75 agreements. Total predicted over spend is £69k.

- There is an anticipated over spend within the Community Equipment Store of £141k. This will be met 50:50 with the PCT and is due to the high demand for (in particular) specialist equipment.

19. Hillside is predicting an overspend of £114k with the Council's contribution to this being £33k. The year end forecast is based on current pressures of agency, physiotherapy cover, utilities and unachieved efficiency savings

Recovery Plan

20. All directorates projecting a overspend are required to submit a recovery plan. The Recovery Plan actions for Integrated Commissioning are now being developed into business cases and

implemented where possible, they include

- review of all legacy homecare and residential packages
- review of Out of County Placements for all client groups
- increase reablement on hospital discharge
- higher use of Telecare
- decommissioning of Norfolk House
- savings in transferring clients into supported living
- contracts review – including a major review of the Shaw contract - voids and maximising value from all contracts and clawback from under performance and Rose gardens
- review of in-house services to improve efficiency, including review of STARRS
- review of daycare services
- Implementing a new charging policy, potentially instigating new and increased charges
- introduction of the Electronic Monitoring System – reducing inefficiencies within payments to suppliers in line with actual hours delivered

CHILDREN AND YOUNG PEOPLE'S SERVICES DIRECTORATE (CYPD)

£'000	Annual Budget	Under / (Over) Spend
Improvement & Inclusion	4,895	(126)
Safeguarding and Assessment	12,181	(913)
Planning, Performance & Development (PP&D)	6,932	488
Community Operations	301	145
Central Directorate	174	(675)
Total	24,483	(1,081)

Key Points Summary

21. The overall forecast shows a net over spend of £1,081k. Recent pressures on external placements and placements for children with complex needs comprise £1,022k of the total over-spend, £722k and £300k respectively. In both cases this is due to additional cases coming through the system.
22. Other savings across the directorate have delivered the planned saving of £857k as well as the 5% saving included in the local authority budget for vacancy management, £493k.
23. The number of looked after children showed a significant increase over the summer period with increased numbers of children being placed with agency foster carers up from 28 at the end of July to 37 at the end of August. Since then the numbers have continued to rise significantly with numbers as at 12th October being 14 in residential placements and 45 in agency foster placements.
24. The numbers also increase budget pressures on staffing costs and court costs. Case loads per social worker are currently increasing.
25. In addition to the pressures on placements for looked after children there are staffing pressures particularly within the referral and assessment team. Additional agency social workers have been brought in to provide cover for vacancies and also to provide additional experience to support the high number of newly qualified social workers. Due to a national shortage of social workers hourly rates are increasing and the cost per hour is at least 50% more than employing own staff. This has resulted in increased staff costs within the Safeguarding area.
26. Case numbers for both Child Protection, 190 and Looked After Children, 205 are very high and CYPD indicate that these have to be allocated to social workers with at least four years post qualification experience. As there are currently only nine permanent staff meeting this criteria there has been a need to bring in experienced agency social workers. Actions are underway to resolve these issues.
27. Complex Needs cases also continue to increase reflecting national trends encompassing Safeguarding, special educational needs and health issues. The average annual cost per case is approximately £160k per annum although some cases can cost considerably more.

Savings Identified to Date

28. Savings have been identified across the directorate through a combination of vacancy management (pending restructure), minimising non essential spend, contract re-negotiation

and route rationalisation on schools transport. Savings are also being targeted on all available grants and used to offset local authority spend wherever possible.

29. Within Improvement and Inclusion the School Improvement team has found vacancy savings of £32k plus £65k to offset versus grants. Early years and additional needs team costs have been charged to grants.
30. The Safeguarding vulnerable children service has identified savings within the other looked after children and fostering team primarily due to court costs and post 16 provision, children with disabilities and Family Assessment from contract savings and special guardianship.
31. PP&D savings have been driven through a combination of vacancy management (which has absorbed the cost of the withdrawal of the contact point grant and delivered additional savings of approximately £125k plus savings on schools transport totalling £355k. These comprise route review £107k, revision of year end estimate of year end accrual £58k (one off benefit), historical income performance £106k, increases in season ticket charges denominational £16k, and additional college students £7k.
32. Savings of approximately £100k have been included as an estimate of the quarter 4 savings to be made following completion of the staff restructure.

ACTIONS

33. Action is underway to identify alternative ways of sourcing the additional social workers required to minimise the financial impact, focusing on negotiations with Pertemps and recruiting experienced staff. A recruitment event is being planned and will be targeted to attract more experienced social workers.
34. Reviews of current placements will be undertaken to ensure that children are returned home from placements as soon as it is appropriate to do so.
35. The forecasts already reflect actions being taken to reduce contract costs across the directorate.
36. Herefordshire is actively recruiting new foster carers with 4 attending the November fostering assessment panel with a further 3 scheduled for December.
37. Actions to develop a more integrated approach to commissioning placements for both looked after children and complex needs cases are being explored by the Integrated Children's Commissioning Group.
38. Options for income generation are being developed and additional savings will be driven out through continued tight financial controls over non essential expenditure.

Other Key Financial Information

39. It has now been confirmed that Wigmore is likely to apply for academy status this is in addition to John Kyrle. It is currently estimated that the financial effect would be £300k in DSG funding and £400k on local authority budgets (from April 2011). An early estimate is that potentially up to 50% of the shortfall could be recovered by charging for services but that the remainder could not be absorbed by CYPD. However the details of which services will be top-sliced has still to be confirmed by the Department for Education and the implications worked through in detail with the affected service areas.

DEPUTY CHIEF EXECUTIVE DIRECTORATE

£'000	Annual Budget	Under / (Over) Forecast
Legal & Democratic Services	3,024	(200)
Communications	372	0
Director and Administration	202	0
Policy & Performance	707	0
Herefordshire Partnership	246	0
Customer Services	1,547	0
ICT	6,111	100
Human Resources	1,517	100
	13,726	(0)

Major Budget Exceptions

40. There are two major pressures affecting the Legal budget:
- Local Land Charges is to become a FOI requirement; the service will not longer be able to charge for Personal Searches. The impact to income is estimated at £70k.
 - The cost of interim posts for the first half of 2010/11 for Legal and Democratic Services is likely to be £30k, additional agency staff are also being used within the service expected to cost £100k above budget.

Recovery Plan Actions Instigated

41. The recruitment of permanent staff is underway to remove the use of interim posts. A review of Coroners Services should result in a reduction to costs, and the consolidation of Registrar Services will also create administration savings.

Other Risks

42. An impact assessment is currently underway covering changes to land charges income
43. ABG and Grant funding cuts will affect Corporate Training's ability to deliver the Adult Social Care training programme. The service currently receives 70%, (£470k) of its funding from ABG. The Grant cuts will also affect the programme of work delivered by Diversity and Herefordshire Partnership.

SUSTAINABLE COMMUNITIES

£'000	Annual Budget	Under / (Over) Forecast
Highways, Transport & Community Services	12,458	(48)
Environment, Planning & Waste	13,563	0
Homes & Communities	2,632	0
Economy & Culture	5,019	0
Directorate Management & Support	524	48
	34,197	0

Major Budget Exceptions

44. Following the virement to reduce the income budget the shortfall on Parking income has reduced to £65k. Income from the sales of Car Park tickets to the end of September 2010, continues to be 3% lower than the same period in 2009. The charges have not been increased for inflation and both these factors produce the shortfall against the budget. Income from penalty charge notices will be below target by £60k.
45. Vacancy management savings of £105k previously identified were vired to reduce the income budget in Parking.
46. Further savings have been identified within Highways, Transport and Community Services to assist in managing the remaining pressure in Parking. These relate to ceasing Security Patrols in Car Parks, reducing, equipment maintenance and licence fee reductions along with further vacancy savings within the service.
47. Both Building and Development Control have exceeded their budgeted income targets at this point in the year; Building Control by £77k and Development Control by 99k.
48. The latest estimates from Worcestershire County Council (WCC) of waste disposal contract costs project an overspend of £420k against the current budget but this will largely be mitigated by an unrealised provision made in 2009/10. This provision reflected the risk that waste growth between Herefordshire and Worcestershire would vary by more than 1% to the detriment of Herefordshire. The final position for 2009/10 was an increase of 0.94% for Herefordshire so the additional 1% increase in contract costs was not triggered. If required the Waste Disposal reserve will be used.
49. The outturn estimates from WCC is based on an increased share of 1% as waste growth at the end of August triggering the 1% variance. The current increase in waste growth at the end of August is 1.6% and reflects the additional waste being managed within the joint contract as a result of extending the recycling service.
50. Although trade waste income budget was initially increased by £70k as part of the 2010/11 savings target, this is now not expected to be achieved – since 1st April 2010, 85 contracts have been cancelled and these are mainly due to lower prices and recycling with other companies. This shortfall is mitigated by the reduced costs of the collection contract, some of which are directly related to the reduced volume of trade waste contracts.
51. After accounting for the savings made from the introduction of performance plus a net saving of £48k is forecast for directorate support. This comes from staff vacancy savings.

Other Risks

52. The Transportation route subsidies rely heavily on the Area Based Grant so any reduction in this grant will cause further overspending if current contracts are maintained. It is however possible to end contracts and reduce costs accordingly but these will incur the payment of a financial penalty, dependant upon the individual contracts.
53. Community Safety staffing and Safer Roads Partnership funding is also reliant upon Area Based Grant funding so any significant loss of this funding could result in potential redundancies and reduced support to partners.

PUBLIC HEALTH

£'000	Annual Budget	Under / (Over) Forecast
Environmental Health & Trading Standards	1,968	0
Emergency Planning	152	(20)
Public Health Support Team	16	0
	2,136	(20)

Major Budget Exceptions

54. In the development of the Joint Emergency Planning Unit, staffing costs for the Emergency Planning team are expected to exceed budget by £20k.

Recovery Plan Actions Instigated

55. Whilst additional contributions are being negotiated with the Primary Care Trust and Hereford Hospital Trust which will mitigate the pressure on Emergency Planning budgets, this has not yet been agreed.
56. Annual savings of £189k have been identified through expected vacancy management savings.

CENTRAL SERVICES BUDGETS

£000's	Annual Budget	Under / (Over) Forecast
Chief Executive	393	0
Director of Public Health	296	0
Director of Clinical Leadership & Quality	55	0
Other Central	1,028	0
Corporate Management	1,127	0
	2,899	0

Major Budget Exceptions

57. There are no expected variations from Budget.

Major Virements Completed

58. A Budget provision has been made for the Monitoring Officer Duties in Legal and Democratic Services of £15k.

RESOURCES DIRECTORATE

£'000	Annual Budget	Under / (Over) Forecast
Asset Management & Property Services	3,139	150
Financial Services	1,759	87
Audit Services	426	11
Benefits and Exchequer Services	1,516	358
Central Budgets	181	(84)
Total	7,021	521

Current Position

59. Overall the Directorate is predicted to underspend by £521k.
60. Historically the authority has received higher benefits subsidy than the actual costs of payments to claimants. This is due to efficiencies that attract higher subsidy. Latest estimates show this continuing in the current year with an anticipated surplus of £315k which more than offsets unavoidable overspends in the central budget.

Major Budget Exceptions

61. Asset management and property services include a predicted surplus on retail properties which exceeds budget by £143k mainly due to supplementary rental income from Maylord Orchards.
62. Some £40k of the predicted underspend in financial services is an amount currently unallocated but which may be required for property valuation work necessary in implementing International Financial Reporting Standards. Employment costs are likely to be £23k below the budgeted level. Total income from schools finance is expected to be £18k better than budgeted.
63. Staffing is the main area of underspending within audit.
64. In benefits and exchequer potential overspends on archiving, software and bailiff costs are being offset by holding staff vacancies.
65. The overspend within central budgets relates to project management costs.

Capital Monitoring Summary

1. The capital forecast outturn for 2010/11 now totals £74.7m, a summary by directorate and funding source is provided in Table A below.

Table A – Funding of 2010/11 Capital

Directorate	2010/11 Forecast £'000	SCE(R) £'000	Prudential Borrowing £'000	Grant £'000	Revenue Contribution £'000	Capital Receipts Reserves £'000
Children's Services	31,679	915	480	29,891	65	328
Resources	4,828	-	3,926	33	-	869
Deputy Chief Executive	3,507	-	3,507	-	-	-
Adult Social Care	974	-	300	551	-	123
Sustainable Communities	33,562	12,315	4,230	9,108	143	7,766
Public Health	105	-	50	22	-	33
Total	74,655	13,230	12,493	39,605	208	9,119

2. Various changes to the capital forecast have been identified recognising the programming of spend and confirmation of funding announcements. Change scheme revisions exceeding £140k are listed below;-
- The Ledbury library scheme remains in the capital programme but until a project is developed the forecast for this years has been reduced by £2,239k. This would be funded by prudential borrowing.
 - The Ross library scheme has been scaled back following a scheme review reducing the forecast for this year by £592k. This reduction returns the allocation to corporate funding.
 - The Credenhill flood alleviation scheme forecast has been re-profiled in agreement with the funding body (AWM) reducing this years expected spend by £750k.
 - A review of revenue expenditure has identified £669k of costs that can be capitalised. These are ICT costs relating to the PC standardisation programme and community network costs.
 - The Leominster closed landfill site forecast has slipped by £232k due to late approval of the scheme by the Environment Agency. This means works will be carried out in the next financial year.

3. Details of capital schemes with a forecast spend in 2010/11 exceeding £500k are provided in Table B below.

Table B - Schemes with an expected outturn exceeding £500k in 2010/11

Scheme	2010/11 Forecast £'000	Spend to end period 6 £'000	Comments
Children's Services			
Hereford Academy	13,256	5,422	Work in progress scheme on schedule both time and budget
Earl Mortimer Replacement School	4,171	2,876	Work in progress scheme on schedule both time and budget
Co-location project	1,912	157	Six schemes are progressing at various locations with a yet to be confirmed proposal for Leominster
Devolved Capital Programme	1,900	2,030	Devolved allocation of capital funding to schools
Intervention Centres	1,823	823	14 schemes at high schools are progressing
Primary Grant	1,500	181	This will fund the amalgamation of Leominster's junior and infants school, a business case will be presented when costings available.
Co-location – Bromyard HOPE	1,416	252	The largest co-location scheme is in Bromyard, mainly funded by AWM grant
TCF Standards and Diversity	675	76	Rural funding towards plant and equipment costs
Childcare / QuAc	662	480	Various schemes to complete in 2010/11
Wave 2 Playbuilder	607	12	No longer ringfenced
Condition property works	600	358	Annual programme of works at various sites committed on a highest need basis, budget under pressure
Childrens Centres	563	252	Springfield children's centre completes soon, Conningsby is scheduled to complete this year
Resources			
Corporate accommodation	3,000	211	Programme manager recently appointed, this year's scheme to be confirmed shortly.
Smallholdings	723	170	Regulatory works at various sites
Hereford Leisure Pool	600	-	Essential refurbishment works to commence shortly
Deputy Chief Executive			
Integrated Support Services	2,780	724	Anticipated HR and finance system to go live April 2011
Sustainable Communities			
Road, Bridge & Footway Maintenance	11,769	5,671	Annual programme of works
Livestock Market	5,800	652	Access and preliminary works underway
Rural Enterprise Grant	1,667	766	Various grant funded schemes
Grange Court	1,500	36	Refurbishment works to commence soon

Affordable Housing Grants	1,338	263	Allocation of grants to external schemes of which a number are currently on hold
Mandatory Disabled Facilities Grant	1,230	443	Various schemes are referred and committed before expenditure is recorded this may delay actual spend
Extreme winter highway damage	1,017	252	Large amount of Amey works completed in August
Hereford City Centre Enhancements	891	547	Improvement works to complete in November
Credenhill flood alleviation scheme	750	318	Grant funded alleviation works in association with Hereford Futures
Rotherwas Futures Estate Development Work	718	(162)	The negative spend to date represents an opening creditor for infrastructure costs
Private Sector Housing	697	145	Schemes will be reduced to be replaced by available Kickstart loans
Sustrans Connect 2	558	108	Cycle scheme linking Hereford to Holme Lacy
Sub Total	64,123	23,063	
Schemes with a budget <£500k in 2010/11	10,532	3,468	This includes the Riverside capital scheme which is being temporarily funded from the primary grant funding allocation
Total	74,655	26,531	

4. This report has been presented to the Capital Strategy Working Group, whose remit is to focus and investigate any exceptional deviations from the approved capital scheme.

Prudential Borrowing

5. A summary of the Prudential Borrowing position is set out below.

	£'000	£'000
2010/11 Original Prudential Borrowing Forecast		18,601
Add: Slippage from 2009/10	4,789	
New funding allocations	1,136	
		5,925
Less: Slippage into future years	(11,289)	
No longer required	(744)	
		(12,033)
Expected use of Prudential Borrowing in 2010/11		12,493

The bulk of slippage into future years relates to the accommodation strategy (which has a forecast spend of £3m this year) and Ledbury library, which is under review.

Capital Receipts Reserve

6. The capital receipts reserve totalled £13.3m as at 31st March 2010; £9.1m of this is expected to fund the 2010/11 capital programme. Future year commitments include funding the provision of a livestock market and improvements to smallholdings.

This quarterly report ensures the council demonstrates best practice in accordance with CIPFA's recommendations. This is achieved by informing members of Treasury Management activity.

1. The Economy

1.1. Recent economic statistics show:

- The Bank Base Rate remaining unchanged at 0.50%.
- CPI inflation remaining relatively high: year on year inflation fell from 3.2% to 3.1% in July and stayed at this rate in August and September.
- GDP growing in the third quarter by 0.8%, twice as much as economists had forecast.

2. The Council's Investments

2.1 As at 30th September 2010 the council held the following investments:

Investment	Term	Maturity Date	Interest Rate	Amount invested	
				£m	£m
Instant access bank accounts:					
National Westminster	N/A	N/A	1.10%		
Santander	N/A	N/A	0.80%	5.00	10.00
15 day notice account:					
Clydesdale	N/A	N/A	0.75%	5.00	5.00
Instant access Money Market Funds:					
Prime Rate	N/A	N/A	0.81%	5.00	
Ignis	N/A	N/A	0.68%	5.00	
Insight	N/A	N/A	0.61%	1.22	
Standard Life	N/A	N/A	0.59%	5.00	16.22
Rolling monthly programme of £1 million one year term deposits:					
Lloyds	364 days	27/07/11	1.95%	1.00	
Lloyds	364 days	19/08/11	1.95%	1.00	
Barclays	364 days	16/09/11	1.46%	1.00	3.00
Other fixed term deposits:					
Bank of Scotland	364 days	27/01/11	1.82%	5.00	
Nationwide	183 days	24/12/10	0.96%	2.00	
Nationwide	123 days	25/10/10	0.74%	3.00	
Barclays	213 days	25/02/11	1.04%	2.00	
Barclays	241 days	25/03/11	1.12%	2.00	14.00
Total					48.22

2.2 Since the last quarterly report two further Money Market Funds have been opened with Prime Rate and Ignis. These Funds are recommended by the Council's advisor (Arlingclose) and provide the same levels of security and liquidity as existing Funds but offer a slightly higher return.

- 2.3 An instant access account with the Royal Bank of Scotland has also been opened. Royal Bank of Scotland is in the same banking group as National Westminster and so, following Arlingclose's advice, a group limit of £7.5 million is used. An additional £2.5 million will be invested with the Royal Bank of Scotland who have agreed to pay an interest rate of 1.10%, consistent with the council's existing National Westminster account.
- 2.4 There has been no change in the bank base rate during the quarter and the council's treasury adviser has provided the following forecast of the bank base rate (forecast provided October 2010):

	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Bank Rate	0.50	0.50	0.50	0.75	1.00	1.25	1.50	2.00	2.50	2.75

Comparing the above rates with the forecast provided in the last quarterly report shows rates remaining low for longer. The current forecast shows the base rate probably remaining unchanged at 0.50% until September 2011 (whereas their previous forecast was June 2011).

- 2.5 The council has earned interest on its investments as follows:

Month	Average Invested £m	Average rate of interest earned	Amount of interest earned
April 2010	23.7	1.02%	£19,866
May 2010	30.5	0.94%	£24,156
June 2010	44.7	0.80%	£29,272
July 2010	49.3	0.85%	£35,726
August 2010	41.4	1.01%	£35,136
September 2010	47.6	1.09%	£38,175
Total			£182,331

- 2.6 The 2010/11 budget for interest receivable is £249,000. Whilst the above figures are before deducting interest paid out to third parties (such as schools and trust funds), and although balances fall sharply in the last few months of the year, the current projection is for investment income to exceed budget by around £40,000.
- 2.7 The level of investment balances in August and September remained relatively high due to taking out some short-term borrowing. The borrowing was offered at competitive rates and was taken out to assist with liquidity requirements (being used in preference to the council withdrawing funds earning higher rates). The amounts borrowed were as follows:

Date of advance	Lender	Period	Interest rate (including 0.10% brokerage)	Amount £'m
03/08/10	London Borough of Barnet	29 days	0.40%	5.00
19/08/10	London Borough of Barnet	61 days	0.45%	2.80
19/08/10	Northamptonshire C C	61 days	0.45%	2.20
23/08/10	London Fire Authority	49 days	0.45%	5.00

3. The Council's Longer Term Borrowing

3.1 So far in the year to date the council has taken out the following new loans from the Public Works Loan Board (PWLB):

Date	Term	Amount	Repayment method	Interest rate	6 monthly repayment of principal
26/06/10	10 years	£10 million	EIP	2.47%	£500,000
27/07/10	9 years	£5 million	EIP	2.24%	£277,778
27/08/10	50 years	£5 million	Maturity	3.95%	N/A
15/10/10	5 years	£4 million	Maturity	1.85%	N/A
15/10/10	6 years	£3 million	Maturity	2.16%	N/A

EIP = Equal Instalments of Principal repaid every six months
Maturity = All principal repaid at end of term (unless repaid earlier)

3.2 In addition the following PWLB loans have been repaid:

Date	Remaining term to maturity	Amount	Repayment method	Interest rate
28/07/10	23 years	£5 million	Maturity	4.25%
02/08/10	37 years	£5 million	Maturity	4.20%
02/08/10	41 years	£5 million	Maturity	4.20%

Maturity = All principal repaid at end of term (unless repaid earlier)

3.3 The historically low base rate has meant that short-term borrowing has been comparatively inexpensive and so new borrowing has concentrated on fixed rate loans with terms of ten years or less. The exception was when the 50 year maturity rate dropped below 4.00% for a week at the end of August. It is rare for the 50 year rate to drop below 4.00% (this was the first (and last) time in 2010) and so the council borrowed £5 million for 50 years at 3.95%.

3.4 A comparison of total borrowing now to that at the start of the year shows the following:

	Principal outstanding	Annual interest payable thereon	Average rate of interest
At 31 March 2010	125,147,302	5,448,289	4.35%
At 15 October 2010	136,522,358	5,490,282	4.02%

3.5 Therefore as the result of the availability of better priced short-term loans, and the rescheduling of some more expensive longer term debt, the average annual interest rate payable has fallen by 0.33% (which is equivalent to £413,000, based on the principal outstanding at the start of the year).

4.0 Projected outturn for borrowing costs

4.1 So far in the year to date the council has taken out net new borrowing of £12 million (i.e. new loans of £27 million less £15 million repaid). Based on the capital programme, and after deducting slippage in the planned programme of expenditure, it is estimated that the council will need to take out additional new borrowing of at least £7 million before the year end. The exact amount will depend on other factors including cashflow requirements and movements in PWLB rates, however, current projections based on further borrowing of £7 million indicate an underspend against budget of around £990,000.

5.0 Change In PWLB interest rates announced in the Spending Review on 20 October 2010

5.1 On 20 October HM Treasury instructed the Public Works Loan Board (PWLB) to increase the interest rate on all new loans to an average of 1.00% above the government's cost of borrowing. The increment had been 0.25% and so the directive resulted in PWLB rates increasing across the board by an average of 0.75%.

5.2 Whilst the council had already met nearly two-thirds of its projected borrowing requirement for 2010/11, around £7 million for 2010/11 (and any PWLB loans taken out in future years) will now have to be funded at higher rates.

5.3 The increase in the variable rate was by a margin of 0.90% (from 0.70% to 1.60%). After taking out some fixed rate loans to lock in the lower rates, variable rate loans were one of the options being considered for the remaining borrowing in 2010/11 and to finance the capital programme in 2011/12.

5.4 In addition to the change in rates, in order to ensure that borrowing decisions are transparent and consistent with measures adopted elsewhere in the public sector, HM Treasury has determined that a detailed list of individual local authority loans will be published on the PWLB website. The first list was published on 1 November.

WRITE-OFFS – APRIL TO SEPTEMBER 2010

Income Type	April – September 2010		2009/10 (Full year)	
	No. of cases	Amount	No. of cases	Amount
Council Tax	24	£39,215.05	41	£70,477.72
Business Rates	23	£106,276	55	£304,193.60
Benefit Overpayments	14	£27,752.73	16	£31,912.82
Debtors	5	£11,862.56	36	£149,001.28

1. For Business Rates (National Non-Domestic Rates), irrecoverable amounts are fully reimbursed by Central Government subject to the approval of the Audit Commission; therefore, there is no cost to the Authority. The amount written off continues to be affected by the financial climate.
2. For benefit overpayments, a provision is made for irrecoverable amounts from the subsidy paid by the Department for Work and Pensions. Irrecoverable amounts for Sundry Debtors are recharged to the originating department.
3. In general, debts considered for write-off fall into the following categories:
 - Bankruptcy or liquidation
 - Debt relief order
 - Unable to trace debtors
 - Committal
 - Debtor deceased with no estate
 - No further action possible
4. For bankruptcies and liquidations, a claim is lodged with the Receiver and no further effective action can be taken as, under current legislation, local authority debts are non-preferential.
5. An individual with debts of less than £15,000 and a low income can apply for a debt relief order if they cannot afford to pay off their debts. It is granted by the Insolvency Service and is a cheaper option than bankruptcy.
6. Whilst there is an option for committal for non-payment of council tax and business rates, there has been a big increase in the initial costs payable to the court which makes this option uneconomic in the vast majority of cases. Additionally, the Magistrates can remit part or all of the debt and where this happens the amount remitted is written off.

MEETING:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	29 NOVEMBER 2010
TITLE OF REPORT:	BUDGET UPDATE 2011/12
PORTFOLIO AREA:	RESOURCES

CLASSIFICATION: Open

Wards Affected

County-wide.

Purpose

To update the Committee on the current position concerning arrangements for the 2011/12 budget.

Recommendation(s)

- THAT (a) the approach to engaging with the community is noted; and**
- (b) the underlying principles for the 2011/12 budget are commented upon.**

Alternative Options

- 1 No other alternative has been provided as this is an information report.

Reasons for Recommendations

- 2 There is a need to gain the preliminary view of Overview and Scrutiny as agreed by cabinet on 21st October 2010.

Introduction and Background

- 3 At Cabinet on 21st October 2010 a Budget Consultation paper was presented that outlined the approach to consultation and engagement. The report emphasised that at this challenging time for the public sector it is necessary to help residents understand the funding position.
- 4 The announcement of Comprehensive Spending Review (CSR10) on 20th October confirmed the overall reduction in public sector funding. However, the overall position for Herefordshire will not be announced until the draft local government settlement is released by central government. The anticipated date of the announcement is 2nd December 2010.

Consultation and Engagement

5. There is a requirement to help residents understand why difficult decisions will be needed. In order to achieve this information will be available on the council's website that can be updated

Further information on the subject of this report is available from
David Powell, Director of Resources on 01432 383518

as required and will include information on the budget setting timetable thus ensuring the timetable is also publicised.

6. The appropriate use of Herefordshire Matters will be a key part of the process given its wide distribution across the county. Information about the budget and engagement process can also be published in the local press, via press releases.
7. Regular budget bulletins will be made to employees who will be able to respond individually or give feedback to trade unions.
8. Public meetings remain a suitable means of engagement. It is important that rural areas are also covered in a series of events to be held during November and early December.
9. Other groups and bodies will need to be engaged and consulted as follows:
 - Trade Unions via meetings with the Leader and Deputy Leader.
 - Schools Forum to provide an overall update on the implications for schools.
 - Parish Councils will be offered an overall meeting and officers will attend individual meetings if required.
 - Voluntary and Community Sector will be consulted as part of the ongoing Third Sector Support Services Review
 - There is a requirement that the Business Community is consulted as part of the council tax setting process and this will be scheduled in consultation with the local Chamber of Commerce.
10. Internal consultation about the budget will involve Overview and Scrutiny Committee and the meetings on 29th November and 14th January will be used to consult with the committee so that their views can be fed back to Cabinet.
11. Briefings for political groupings and councillors will be held.

Budget Process

12. The process for setting the 2011/12 budget commenced as part of the current year's budget setting. In 2009 Directorates were asked to put together proposals for an anticipated 5% year on year reduction as part of the overall resource allocation framework. This approach used an estimated 15% reduction in government funding that represented a best estimate in 2009 of an approach to address the national deficit. These figures were built into the 2010 Medium Term Financial Plan (MTFP).
13. The overall budget process is now concluding with a series of star chambers where directors are challenged by the Chief Executive, deputy Chief Executive and Director of Resources about savings targets and financial pressures. The star chambers commenced on 15th November and conclude early December. This timeline allows the process to be finished in time for the draft local government funding settlement on 2nd December.
14. In order to guide those attending star chambers, Joint Management Team (JMT) agreed principles and priorities on 12th October. The meeting also emphasised the need to bring policy based issues to the centre of the process. This included using the transformation programme "Rising to the Challenge" to shape the budget. As a result Shared Services, the Commercial Strategy and Organisational Design all feature as part of the process.

Budget Setting Principles

- 15 The overall approach to setting the budget contains the following principles:
- a. The council will take advantage of government funding up to 2.5% of council tax increase;
 - b. The impact of inflation at 2% is included;
 - c. Prior year capital decisions will be fully funded;
 - d. Prior year revenue pressures are funded;
 - e. The Shared Services programme is included in the budget;
 - f. Updated Shared Services and Organisational Design savings are included;
 - g. An additional £1.96m is included as Herefordshire's part of the additional allocation from central government for Adult Services;
 - h. The financial plan now includes the estimated £12.05m of former specific grants that are now in the revenue support grant;
 - i. An additional 0.7% of pay is included for the outcome of the actuary's revaluation of the pension fund;
 - j. The front loading of government funding reductions announced in CSR10 is now included in the financial plan.
- 16 In addition to CSR10 the government is consulting on local government formula changes. The particular concern for Herefordshire is the impact of a reduction to Concessionary Fares funding.

Comprehensive Spending Review (CSR10)

- 17 The CSR10 announced on 20th October was largely in line with the anticipated position. The announcement contained a considerable amount of information and in the days following CSR10 announcement details emerged that have now been reviewed and assessed for their impact on the budget. In summary CSR10 has meant the following for Herefordshire:
- Any authority electing to freeze Council Tax in 2011/12, will 'have the tax base funded at a rate of 2.5% in each year of CSR10.
 - By 2014/15, £1bn will be put into Formula Grant for Personal Social Services, meaning total funding for social care, including rolled-in grants, will be £2.4bn; in 2011/12 the addition is £530 million. In 2011/12 this is an additional £1.96m for Herefordshire.
 - £1bn of funding will be provided through the NHS budget to support joint working between the NHS and councils in the provision of social care.
 - All ring fencing on grants will be removed, apart from a total of nine grants including the Dedicated Schools Grant and a new grant for public health, to be introduced in 2013.
 - The schools budget for 5 to 16 year olds will increase by 0.1% in real terms each year of the Spending Review period; this includes £2.5bn of funding for the new pupil premium.
 - The number of transport grants to councils is to be reduced; however, councils will gain greater control and flexibility over spending these grants.

- Bus Operators' Subsidy will be reduced by 20%, but the statutory concessionary travel entitlements remain in place.
- The 'New Homes Bonus' will be introduced to 'reward' councils granting planning permission for the construction of new homes, by matching Council Tax receipts for each new home built for a number of years, with an additional premium added.
- The Regional Growth Fund totals over £1.4bn over three years. A panel will assess funding bids from Local Enterprise Partnerships as well as the private sector.
- Revenue grants to local authorities from DfT will be reduced by 28%.
- From April 2011 grants currently paid outside Formula Grant worth more than £4bn, will be rolled into Formula Grant. For Herefordshire this is an estimated £12.05m.
- From April 2011 onwards, grant streams to local authorities will be reduced from around 70 to less than ten.
- From 2013/14 Council Tax Benefit (CTB) will be localised.

Legal Implications

18 There are no direct legal implications with respect to this report.

Risk Management

19

Consultees

20 None identified.

Appendices

21 Timetable of budget consultation

Background Papers

Appendix A – Consultation/Engagement Timetable

Action	Date	Responsible Officers/Body
Cabinet – Budget consultation paper	7 th October 2010	Director of Resources
Overview and Scrutiny Committee Budget Consultation paper	18 th October 2010	Director of Resources
Cabinet Paper - Budget Consultation paper	21 st October 2010	Director of Resources
Cabinet - Verbal update on CSR 10 Announcement	21 st October 2010	Director of Resources
Member event for CSR10	28 th October 2010	Director of Resources
Consultation Events	Nov/Dec 2010	Financial Services Management Team
CSR10 Consultation with Bromyard Town Council	2 nd November	Director of Resources
CSR10 Consultation with Ross Town Council	8 th November	Director of Resources
Overview and Scrutiny Committee – Budget Framework Paper	29 th November	Director of Resources
CSR10 Consultation with Kington Town Council	6 th December 2010	Director of Resources
JMT Event to conclude Committee – Budget 2011/12 for comment	Early December 2010	Director of Resources
CSR10 Consultation with Hereford City Town Council	21 st December	Director of Resources
Joint Consultative Forum	December 2010	Director of Resources
Business Community Event	December 2010	Director of Resources
Schools Forum	December 2010	Head of Financial Services
HALC	26 th January 2011	Chief Executive, Leader of the Council, Director of Resources
FRM Finalised	Jan 2011	Head of Financial Services
MTFMS Report Produced	7 th Jan 2011	Head of Financial Services/Director of Resources
Budget 2011/12 for Comment	14 th Jan 2011	Scrutiny Committee
Presentation of Budget 2011/12	20 th Jan 2011	Cabinet
Presentation of Budget	4 th Feb 2011	Council

Action	Date	Responsible Officers/Body
2011/12		
Feedback Comments from Budget Presentation	17 th Feb 2011	Cabinet
Council Tax Setting	4 th Mar 2011	Council

NB: dates are being sought with other town councils.



MEETING:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	29 NOVEMBER 2010
TITLE OF REPORT:	WORK PROGRAMME
REPORT BY:	COMMITTEE MANAGER (SCRUTINY)

CLASSIFICATION: Open

Wards Affected

County-wide.

Purpose

To consider the work programmes of the scrutiny committees.

Recommendation

THAT the current work programmes be approved as a basis for further development, subject to any comment the Committee wishes to make.

Introduction and Background

1. This Committee is responsible for overseeing, co-ordinating and approving the work programmes of the scrutiny committees and approving its own annual work programme. It is also required to periodically review its and the scrutiny committees work programmes to ensure that overview and scrutiny is effective, that there is an efficient use of scrutiny resources and that potential duplication of effort by scrutiny members is minimised.
2. A report on the work programmes of all Scrutiny Committees' will be made to this Committee quarterly. A copy of this Committee's own work programme will be made to each of its scheduled meetings. Copies of the current work programmes are appended.
3. The Committee's programme may be modified by the Chairman following consultation with the Vice-Chairman and the Directors in response to changing circumstances.
4. Should any urgent, prominent or high profile issue arise, the Chairman may consider calling an additional meeting to consider that issue.
5. Should Members become aware of any issues they consider may be added to the scrutiny programme they should contact the Chairman or Democratic Services to log the issue so that it may be taken into consideration when planning future agendas or when revising the work programme.

Progress in response to recommendations made and issues raised by the Committee

6. A note showing progress in response to recommendations made and issues raised by the Committee is also appended.

Background Papers

- None identified.

Overview and Scrutiny Committee – work programme 2010/11

	17 December 2010
	<ul style="list-style-type: none"> • Local Development Framework
	14 January 2011
	<ul style="list-style-type: none"> • Budget 2011/12 for comment • Medium Term Financial Strategy
	21 February 2011
	<ul style="list-style-type: none"> • Integrated Corporate Performance Report • Budget Monitoring Report
	25 March 2011
	<ul style="list-style-type: none"> • Response to Scrutiny Review of Winter Weather – Update • ICT Services Update
Other issues	
<ul style="list-style-type: none"> • Consideration of Affordable Housing Options • Herefordshire Public Services – possible consideration of effectiveness of working arrangements • Herefordshire Partnership 	

Further additions to the work programme will be made as required

**ADULT SOCIAL CARE AND STRATEGIC HOUSING SCRUTINY COMMITTEE
WORK PROGRAMME 2010/11
FOLLOWING MEETING ON 23 SEPTEMBER 2010**

13 December 2010	
Items	<ul style="list-style-type: none"> • Budget Monitoring • Performance Monitoring • Joint Strategic Needs Assessment • Quality Care Commission Annual Performance Assessment • Audit Commission Inspection Report • Interim Cabinet Response to the Scrutiny Review of Home Care Services • Action Plan Monitoring: the Scrutiny Review of the Support to Carers in Herefordshire and the Joint Scrutiny Review Of The Transition From Leaving Care To Adult Life
24 January 2011	
Items	<ul style="list-style-type: none"> • Budget Monitoring • Performance Monitoring • Safeguarding Board, Adult Social Care – Improvement Programme • Action Plan Monitoring: Review of the Modernisation of Day Care Opportunities in Herefordshire. • Review of Cabinet's Response to the Scrutiny Review of Home Care Services
21 March 2011	
Items	<ul style="list-style-type: none"> • Budget Monitoring • Performance Monitoring • Action Plan Monitoring: the Scrutiny Review of the Support to Carers in Herefordshire, Joint Scrutiny Review Of The Transition From Leaving Care To Adult Life and the Scrutiny Review of Home Care Services.

Further additions to the work programme will be made as required

**Children's Services Scrutiny Committee - Work Programme - 20010/11
Following the Committee on 22 October 2010**

10 December 2010 at 10.00am	
	<ul style="list-style-type: none"> • Performance Digest. • To consider the draft revised Children and Young Peoples Plan. • Inspection Outcomes and Action Plan – following the Safeguarding Peer Review; the Unannounced and the Announced inspections. • Secondary School Standards Report – (a detailed report e.g. to cover school by school; girl /boy; looked after children; traveller, etc) • Revenue Budget Monitoring • Mobile ICT Working • Committee Work Programme.
Scrutiny Reviews	--

Member Seminar
<p>Note: All Councillors will be invited to a seminar based on one of the Every Child Matters themes on 7 February 2011 (afternoon) Possible Theme: Making a positive Contribution</p>

11 March 2011 at 10.00am	
	<ul style="list-style-type: none"> • Issues for scrutiny raised from the seminar on 7 February and other associated key issues e.g. links to NEET (Not in Employment or Training). • Directorate Reorganisation –update and indication of the activities and responsibilities within the directorate. • Standards in the Early Years Foundation Stage and Standards in the Primary Phase - Update • Cabinet Member response to the Pupil Achievement in Swimming at Key Stage 2 review. (passed to the Cabinet Member 1 Nov 2010) • Capital Budget Monitoring. • Revenue Budget Monitoring • Performance Digest • Committee Work Programme.
Scrutiny Reviews	--

11 July 2011 at 10.00am	
	<ul style="list-style-type: none"> • Capital Budget Monitoring. • Revenue Budget Monitoring • Performance Digest • Committee Work Programme.
Scrutiny Reviews	--

September 2011 at 10.00am	
	<ul style="list-style-type: none"> • Standards in the Early Years Foundation Stage and Standards in the Primary Phase – Full report. • Capital Budget Monitoring. • Revenue Budget Monitoring • Performance Digest • Committee Work Programme.
Scrutiny Reviews	--

December 2011 at 10.00am	
	<ul style="list-style-type: none"> • Capital Budget Monitoring. • Revenue Budget Monitoring • Performance Digest • Committee Work Programme.
Scrutiny Reviews	--

March 2012 at 10.00am	
	<ul style="list-style-type: none"> • Capital Budget Monitoring. • Revenue Budget Monitoring • Performance Digest • Committee Work Programme.
Scrutiny Reviews	--

Possible future items on:

- 'Be Healthy' issues (obesity / alcohol / lifestyle/housing/ CAMHS/ psychology service) also consider inviting members from Health Scrutiny. (see minutes June 2010)
- The 14 – 19 Strategy
- Foundation and Academy Schools
- Governance arrangements for the Children's Trust and partnerships.
- Delivery plans to be submitted to Committee for the Children and Young People Plan.

In consultation with the Chairman and Vice-Chairman the Director of Children's Services is working up a programme of open seminars for Members based on defined themes.

Suggested themes or Issues identified by the Director for future agendas

Date	Subject
To be confirmed	Economic Well Being: 14-19 Strategy.
To be confirmed	Positive Contribution: Targeted / Integrated Youth Services
To be confirmed	Enjoy and Achieve: Attendance
	Herefordshire and its comparators

COMMUNITY SERVICES SCRUTINY COMMITTEE

**WORK PROGRAMME TO BE PRESENTED FOR CONSIDERATION
ON 8 OCTOBER 2010**

	6 December 2010
Items	<ul style="list-style-type: none"> • Budget Monitoring • Performance Monitoring • Edgar Street Grid – Update • Crime & Disorder Reduction Partnership Scrutiny – Update • Action Plan Monitoring: Review of Community and Safety Drugs Partnership, Review of the Herefordshire Economic Development Strategy 2005- 25, Review of Tourism.
Scrutiny Reviews	<ul style="list-style-type: none"> • Review of the Strategic Direction of the Edgar Street Grid
	11 February 2011
Items	<ul style="list-style-type: none"> • Budget Monitoring • Performance Monitoring • Edgar Street Grid – Update
	7 March 2011
Items	<ul style="list-style-type: none"> • Budget Monitoring • Performance Monitoring • Edgar Street Grid – Update • Crime & Disorder Reduction Partnership Scrutiny – Update • Action Plan Monitoring: Review of Community and Safety Drugs Partnership, Review of the Herefordshire Economic Development Strategy 2005- 25, Review of Tourism and Review on Volunteering.
Scrutiny Reviews	<ul style="list-style-type: none"> • Review of Access to Services • Review of Festivals

Further additions to the work programme will be made as required.

ENVIRONMENT SCRUTINY COMMITTEE WORK PROGRAMME

For consideration by Committee on 26 November 2010

9.30am 28 February 2011	
	<ul style="list-style-type: none"> • Public Rights of Way Service – Update. • Road over Rail Bridges – To report on number, liability for and condition (including former road over rail bridges). • County Flood Policy - (to consider the Preliminary Flood Risk Assessment policy prior to submission to Cabinet and Environment Agency) • Capital Budget Monitoring • Revenue Budget Monitoring. • Report on Performance Indicators. • Committee Work Programme

9.30am 4 July 2011	
	<ul style="list-style-type: none"> • Recycling – actions being taken to encourage further recycling. • Land Maintenance and its effect upon the County (e.g. Hedge cutting, drainage ditch clearance etc) • Capital Budget Monitoring • Revenue Budget Monitoring. • Report on Performance Indicators. • Committee Work Programme

September 2011	
	<ul style="list-style-type: none"> • Capital Budget Monitoring • Revenue Budget Monitoring. • Report on Performance Indicators. • Committee Work Programme

Items may be added for consideration as the programme is further developed.

- Consider any impact of the Open Windrow Greenwaste composting facility at Morton-on-Lugg (see Minute 60-Committee work programme and Minute 64). Invite Environment Agency to discuss.

Health Scrutiny Committee Work Programme 2009/11

The agenda will be based on:

- Quarterly Updates – Service Development
- Statutory Business including consultations
- Quality Assurance and Public Engagement
- Population Health and Equalities

21 January	
	<ul style="list-style-type: none"> • Updates by Chief Executives of Health Trusts • Population Health - health and wellbeing of older people • Update on response to Scrutiny Review of GP Services • Herefordshire Service Integration Programme
18 March	
	<ul style="list-style-type: none"> • Follow up points from previous meetings and “need to know” information from Health Trusts. • Population Health – Issues relating to housing

Progress in response to recommendations made and issues raised by the Overview and Scrutiny Committee

March 10-Information Communication and Technology Services Update	
Recommendations	Response/Action
<p>(b) a further progress report be made in 6 months time, noting in particular ongoing work on the interface between the Social Care Framework system with the Council's finance system and Civica software packages; and</p> <p>(c) Councillor WLS Bowen be deputed to discuss access to the intranet for Members to identify and seek to resolve the apparent problems.</p>	<p>Report made on 18 October.</p> <p>Work being undertaken.</p>
July 10 – Annual Corporate Performance Report 2009/10	
<p>the outcome of the Children's Services Committee's consideration of Key Stage 1 & 2 performance, scheduled for consideration 22 October, be reported to this Committee on 29 November</p>	<p>Included in Integrated Performance Report. – 29 November.</p>
<p>1. the Committee recommends to Cabinet that in principle the LAA targets be retained, however: Cabinet should consider whether any of the targets can sensibly be amalgamated or joined up to those used by the PCT. Only those targets that can realistically be achieved should be retained.</p>	<p>Reported to Cabinet September 10. Cabinet noted the recommendations of Overview and Scrutiny Committee to review the indicators in the Local Area Agreement, and agreed that the opportunity be taken to review the indicators and projects that are in the Joint Corporate Plan 2010-13, using the forthcoming review of the Joint Corporate Plan 2010-13 to do this.</p>
<p>The report resulting from the review being undertaken by Constitutional Review Working Group (CRWG) incorporating the wider organisational work stream on Regulatory Functions be circulated to Committee Members.</p>	<p>Reported to Council 19 November.</p>
<p>A briefing note be issued to members of Overview & Scrutiny; Health and Adult Social Care Scrutiny Committees setting out how improvements were being made to address the underperformance against NI131 target 'delayed transfer of care from hospitals'.</p>	<p>Report made to Health Scrutiny Committee. Updated report being prepared for wider circulation.</p>

September 2010 – Integrated Corporate Performance Report	
A briefing note be provided on the eight risks in the Corporate Risk Register which required the appropriate Director to review and update the Register entry.	Circulated 10 November.
September 10 – Budget Monitoring Report	
Briefing notes be circulated on:	
-the use of the spend to save reserve.	To be circulated
-recoupment of Dedicated Schools grant for the Hereford Academy and the implications of John Kyrle High School achieving academy status;	Circulated 7 October and 11 October respectively.
- how school balances held by the authority were managed;	Circulated 7 October
and the outcome of negotiations on the SHAW contract	To be circulated
October 2010	
a briefing note be provided on the pilot project looking at equipping frontline staff with mobile equipment to make the data collection process more efficient.	To be circulated.
it be requested that a copy of the broadband policy paper to be provided to JMT in November be circulated to Members.	Policy will be provided upon publication.
staff be firmly reminded of the need to switch off computers on grounds of both cost and environmental considerations;	To be actioned.
October 2010	
briefing notes be provided on the control exercised over consultants with particular reference to the Ross flood alleviation scheme and the scope for schools to undertake small schemes themselves	In preparation.