

# AGENDA

## Overview and Scrutiny Committee

Date: **Monday 21 February 2011**

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Time: **9.30 am**

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

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

For any further information please contact:

**Tim Brown, Committee Manager (Scrutiny)**

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If you would like help to understand this document, or would like it in another format or language, please call Tim Brown, Committee Manager (Scrutiny) on 01432 260239 or e-mail [tbrown@herefordshire.gov.uk](mailto:tbrown@herefordshire.gov.uk) in advance of the meeting.

# Agenda for the Meeting of the Overview and Scrutiny Committee

## Membership

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

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Whether an interest is prejudicial is a matter of judgement for each Councillor. What Councillors have to do is ask themselves whether a member of the public – if he or she knew all the facts – would think that the Councillor's interest was so important that their decision would be affected by it. If a Councillor has a prejudicial interest then they must declare what that interest is. A Councillor who has declared a prejudicial interest at a meeting may nevertheless be able to address that meeting, but only in circumstances where an ordinary member of the public would be also allowed to speak. In such circumstances, the Councillor concerned will have the same opportunity to address the meeting and on the same terms. However, a Councillor exercising their ability to speak in these circumstances must leave the meeting immediately after they have spoken.

**AGENDA**

	<b>Pages</b>
<b>1. APOLOGIES FOR ABSENCE</b> To receive apologies for absence.	
<b>2. DECLARATIONS OF INTEREST</b> To receive any declarations of interest by Members in respect of items on the Agenda.	
<b>3. MINUTES</b> To approve and sign the Minutes of the meeting held on 14 January 2011.	1 - 6
<b>4. SUGGESTIONS FROM MEMBERS OF THE PUBLIC ON ISSUES FOR FUTURE SCRUTINY</b> To consider suggestions from members of the public on issues the Committee could scrutinise in the future.	
<b>5. INTEGRATED CORPORATE PERFORMANCE REPORT - QUARTER 3 2010-11</b> To consider an overview of performance against the Joint Corporate Plan 2010-13 for the first nine months of 2010-11.	7 - 32
<b>6. BUDGET MONITORING REPORT 2010/11</b> To consider the forecast financial position for both revenue and capital to 31 March 2011 and provide an update on Directorates' recovery plans instigated to address projected overspends.	33 - 60
<b>7. LOCAL DEVELOPMENT FRAMEWORK AND LOCAL TRANSPORT PLAN</b> To consider Cabinet's recommendations to Council on the preparation of the Local Development Framework and arrangements in respect of the Local Transport Plan.	61 - 72
<b>8. WORK PROGRAMME</b> To consider the Committee's work programme.	73 - 82



## **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

Formal meetings of the Committees are held in public and information on your rights to attend meetings and access to information are set out overleaf

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#### **1. Identifying Areas for Scrutiny**

At the meeting the Chairman will ask the members of the public present if they have any issues which they would like the Scrutiny Committee to investigate, however, there will be no discussion of the issue at the time when the matter is raised. Councillors will research the issue and consider whether it should form part of the Committee's work programme when compared with other competing priorities.

Please note that the Committees can only scrutinise items which fall within their specific remit (see below). If a matter is raised which falls within the remit of another Scrutiny Committee then it will be noted and passed on to the relevant Chairman for their consideration.

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(Please note that the Scrutiny Committees are not able to discuss questions relating to personal or confidential issues.)

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### **Adult Social Care and Strategic Housing**

*Statutory functions for adult social services and Strategic Housing.*

### **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**

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

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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 Friday 14 January 2011 at 9.30 am**

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

Councillors: ME Cooper, KG Grumbley, TM James, RI Matthews, AT Oliver and PJ Watts

**In attendance:** Councillors PL Bettington, H Bramer (Cabinet Member - Resources), JP French (Cabinet Member - Corporate and Customer Services and Human Resources, JG Jarvis - Cabinet Member - Environment and Strategic Housing) and RJ Phillips – Leader of the Council).

**45. APOLOGIES FOR ABSENCE**

Apologies were received from Councillors PA Andrews, AE Gray and PM Morgan.

**46. DECLARATIONS OF INTEREST**

There were none.

**47. MINUTES**

**RESOLVED:** That the Minutes held on 29 November 2010 be confirmed as a correct record and signed by the Chairman.

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

There were none.

**49. MEDIUM TERM FINANCIAL STRATEGY 2011/14 AND BUDGET UPDATE 2011/12**

The Committee was invited to comment on the draft Medium Term Financial Strategy (MTFS) for 2011/14 and inform Cabinet of its views.

The Director of Resources presented the report. He highlighted the following points:

- Further information had been received on the Government's financial settlement for schools. This presented a challenging position for schools, with falling rolls leaving them facing a budget reduction.
- The front loading of funding reductions placed significant pressure on funding in 2011/12. The profile of reduction for Herefordshire was 13.3%, 8.6% and 1.9% for the next three years.
- That the Council had been making preparations for a funding reduction for some time. In 2009 a strategy had been developed based on an estimated 15% reduction in government funding over three years. This had represented the best estimate of an

approach to address the national deficit. These figures were built into the 2010 MTFS agreed by Council in March 2010. However, the timing and extent of the budget reductions required by Government had changed.

- The Local Government Settlement had been announced on 13 December 2010, one of the latest announcements in recent times. This had complicated the production of papers for the Committee's consideration as work on the preparation of the MTFS continued.
- There was a net funding loss of £11.206m in 2011/12. The Director outlined steps that had been taken by Directors to arrive at proposals to close the funding gap and the core principles and priorities, set out at paragraphs 15 and 16 of the report that had been used to identify the further savings required and the necessary service changes.
- The budget setting principles were set out at paragraph 17 of the report.
- The Government's review of the funding formula had resulted in a net decrease of £2.7m in the Council's grant. The main variation resulted from changes to concessionary travel funding distribution.
- That it was estimated that as a result of the budget proposals up to 250 posts would be deleted from the organisation (excluding schools).
- That the current policy for the general fund reserve required it to be 3% of net revenue budget. The total net budget for 2011/12 was £148.8m and would require a reserve of £4.5m. In addition non schools specific reserves totalled £7.87m. It was proposed that a specific financial reserve of £1m was established following a review of current specific reserves to meet potential financial pressures associated with the reduction in funding.
- The effect of the changes to the funding formula on concessionary fares funding and the proposal that a sum of £550k was passported within formula grant and that temporary support of £1m was provided by temporary use of the current £2.774m Waste Reserve. The 2012/13 budget would require this to be repaid and the base budget would be adjusted. A reduction in expenditure on concessionary travel would still be needed. This could be achieved by meeting guidance for availability of concessionary fares which would yield approximately £200k of savings. These measures would protect concessionary travel funding and provide £1.55m of funding compared with £1.8m in 2010/11.
- That although the timeframe of the Comprehensive Spending Review for 2010 was four years the settlement was a two year settlement with a new local government funding methodology to be in place for 2013/14.

In discussion the following principal points were made:

- Members thanked the Director of Resources and his team for the quality of the report that he had produced and the Member seminar held on 10 January on the financial settlement and its impact.
- It was noted that the late settlement meant that work was ongoing on the budget and that the report for consideration by Cabinet on 20 January included additional information.

- Members questioned the proposed use of the Waste Reserve to support expenditure on concessionary fares, mindful that the Reserve would soon be required for its intended purpose, and sought assurances that the commitments under the joint waste contract would be met.

The Leader of the Council outlined the proposal to limit concessionary fares bringing the policy in line with the statutory requirements in 2011/12. This would mean that concessionary fares would no longer generally be available before 9.30 am. However, it was proposed that adults who supported people with a disability would continue to receive the current, unlimited concession. Careful consideration needed to be given to be given to concessionary funding in future years. He emphasised the disparate nature of settlements received by Councils, ranging from a 51% reduction in the case of one Council to a 20% increase in the case of another.

He noted that the Government was advising Councils to use reserves to offset the effect of the front loading of the Government's funding reductions. The alternative was to make further cuts and then reinstate funding later. The policy was to replenish the Waste Reserve in the 2012/13 budget. He emphasised the significant effect that the front loading of the funding reduction had had on the Council's financial plans.

The Cabinet Member (Environment and Strategic Housing) reported that discussions had been held with the Director of Resources and Worcestershire County Council about when the Waste Reserve would need to be drawn on for the purposes of the joint waste contract. He had been assured that the reserve would be replenished in time for when it was needed and endorsed its proposed use on that basis.

- Comment was invited on the joint working with health including the planning for the development of a GP Consortium and health promotion changes included within the priorities to be delivered in the medium term, as described in paragraph 15 of the report. The Director of Resources informed the Committee that the pathfinder status for the development of the GP Consortium, the efficient approach to provision of public health services, which were proposed to be transferred wholly to local authorities, and work to integrate the commissioning and provision of care were advantageous to the Council's financial position.

The Leader of the Council added that NHS Herefordshire had agreed that the funding provided through the NHS budget nationally to support joint working between the NHS and Councils across the country in the provision of social care would be made available. In other parts of the country joint working arrangements were not so advanced and Councils were having to undergo tough negotiations with the relevant Primary Care Trusts.

- In response to questions the Director of Resources stated that the assumptions made in the MTFs for 2010/11 about reductions in funding and the savings required had been peer tested with other authorities and the approach in Herefordshire had been comparable to that of the majority of authorities.
- In relation to staff reductions a Member stated that the focus should be on not reducing posts providing frontline services. A concern was also expressed about the level of salaries for senior posts.

Asked whether alternatives to redundancy had been considered the Cabinet Member (Corporate and Customer Services and Human Resources) stated that efforts were being made to offer flexibility to staff. She also commented on measures that had been undertaken to manage the Council's costs which necessarily meant staff reductions. These included reducing layers of management, the reduction in the

need for staff as a result of the introduction of the Agresso software which reduced the amount of data entry and analysis required, the Shared Services project, and management of recruitment. Posts dependent on grant funding would also be deleted where those grants ceased and a case could not be made that funding delivered a policy requirement.

In relation to the savings of £3.148m on the pay bill included in the 2011/12 budget the Deputy Chief Executive clarified that this was the current estimate of the net savings. The Council's transition to a smaller, strategic organisation was ongoing. The Council would, however, still have an enormous amount of responsibilities to discharge and this would represent a huge challenge over the next two years.

A Member observed that outsourcing could prove effective but also could have pitfalls. A number of continuing concerns about the cost effectiveness of the Amey contract were expressed.

The Director of Resources confirmed that sufficient capacity had been provided within the MTFs to meet the ongoing costs of redundancy.

- Concern was expressed about the provision in the Comprehensive Spending Review that from 2013/14 Council Tax Benefit would be localised. The Director of Resources commented that it remained the case that further detail was awaited. A number of other measures relating to housing benefit were described in the MTFs.
- The New Homes Bonus 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 was discussed. The estimate that this would provide £660k per annum was questioned. The Director of Resources considered that this was a fair assumption at this stage, pending the receipt of further information from the Government.
- Asked about the implications of increasing charges for adult social care and how any policy would be approved, the Director of Resources stated that a review would be needed. Benchmarking showed that the Council's charges were at the lower end of the scale but there were issues that needed to be taken into account in setting charges having regard to the County's particular circumstances including its rurality and low wages. The 2011/12 budget provided for an increase in discretionary charges in line with inflation.

The Leader of the Council commented that the outcome of the full review of charges that needed to be undertaken would require Member approval. He noted that the Council had to reach a view on where the balance was to be struck between making further savings, including further redundancies, and what income it was appropriate to increase. The review was needed to outline the options and help inform that choice.

- The Director of Resources provided an assurance that he considered the assumptions made about the projected interest rates included in the Minimum Revenue Provision Statement, representing the financing of capital expenditure from the revenue account that was initially funded by borrowing, were sound.

He reminded the Committee that he was required to make a formal statement that the budget calculations as a whole were robust and he considered that the proposals for the 2011/12 budget met this test. The new financial management system with provision for commitment accounting, and additional mechanisms would help to ensure that savings targets would be achieved.

- A Member expressed concern that the MTFFS made no mention of major capital schemes under consideration but not sufficiently advanced to be included in the capital programme. The Leader acknowledged that greater clarity within the MTFFS on this point would be helpful. It was proposed that an explanatory note on the funding of future capital projects should be added to the MTFFS.
- Members expressed a number of concerns about the need for clarity as to where savings would be made and the need to ensure that they were delivered to achieve a balanced budget. The budget report set out the total savings required of each Directorate but did not provide the opportunity for political oversight of the detailed savings and their impact upon the community.

The Leader of the Council commented that the report outlined principal areas where the majority of the savings would be generated. These included savings from the deletion of posts where grants had ceased or there had been grant reductions, a reduction of some 25% in management posts, the shared services project and service redesign, around 250 posts in total.

It was proposed that further detail on the proposed savings should be included in the budget report to Council.

- The Leader invited the Committee to indicate to Cabinet whether it agreed with the core policy principles and budget setting principles included in the report, highlighting in particular the proposal to take advantage of government funding up to 2.5% of council tax increase, and the policy on the use and future replenishment of reserves to mitigate the impact of the front loading of government reductions.

The Committee indicated its support for the principles set out in the report.

#### **RESOLVED:**

##### **That Cabinet:**

- (a) **be advised that the core policy principles and the budget setting principles set out in the report at paragraphs 15, 16 and 17 are supported by the Committee;**
- (b) **be recommended that Council through the Cabinet receives sufficient detail of the proposed budget reductions to understand the impact on communities, services and the organisation; and**
- (c) **be recommended that an explanatory note on the funding of future capital projects should be included in the Joint Medium Term Financial Strategy.**

#### **50. JOINT CORPORATE PLAN 2011-2014**

The Committee considered the draft Joint Corporate Plan (JCP).

The Head of Policy and Performance commented that the JCP took account of the fact that fewer resources would be available in the future and focused in particular on local priorities the Council had to deliver.

The Cabinet Member (Corporate and Customer Services and Human Resources) stated that consultation with Partners on the content of the Plan had taken place but further consultation would be necessary and the Plan may also need to be reviewed in the light of the outcome of Council elections in May.

**RESOLVED: That Cabinet be advised that the Committee welcomes the aspirations in the Joint Corporate Plan, whilst noting the challenge in ensuring the delivery of the desired outcomes.**

**51. WORK PROGRAMME**

The Committee considered the work programmes of the scrutiny committees.

**RESOLVED: That the current work programmes be approved as a basis for further development.**

The meeting ended at 11.53 am

**CHAIRMAN**





<b>MEETING:</b>	<b>OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>DATE:</b>	<b>21 FEBRUARY 2011</b>
<b>TITLE OF REPORT:</b>	<b>INTEGRATED CORPORATE PERFORMANCE REPORT – QUARTER 3 2010-11</b>
<b>REPORT BY:</b>	<b>HEAD OF POLICY AND PERFORMANCE</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide.

### **Purpose**

To consider an overview of performance against the Joint Corporate Plan 2010-13 for the first nine months of 2010-11.

### **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 17 February is appended. Cabinet's decision will be reported at the meeting.

### **Background Papers**

- None identified.



<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>17 FEBRUARY 2011</b>
<b>TITLE OF REPORT:</b>	<b>INTEGRATED CORPORATE PERFORMANCE REPORT – QUARTER 3 2010-11</b>
<b>PORTFOLIO AREA:</b>	<b>CORPORATE AND CUSTOMER SERVICES AND HUMAN RESOURCES</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To provide Cabinet with an overview of performance against the Joint Corporate Plan 2010-13 for the first nine months of 2010-11.

### **Key Decision**

This is not a Key Decision.

### **Recommendations**

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

### **Key Points Summary**

- A large number of indicators are only reported annually but at different times, so in-year judgements can only currently be made on a selection of relevant indicators. Of the 77 indicators where data is available this quarter, 52 are on track to achieve target, although the number currently behind or failing to achieve target has risen slightly to 25 (24 at Quarter 2).
- The majority of key projects are being delivered to schedule (85 of 96 projects), although 11 are currently behind schedule (5 at the end of Quarter 2).
- The overall revenue budget position for 2010-11 for the council shows a projected £2.2m overspend. This is approximately 1.5% of the council's £143m revenue budget (excluding Dedicated Schools Grant funding).

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

## Alternative Options

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

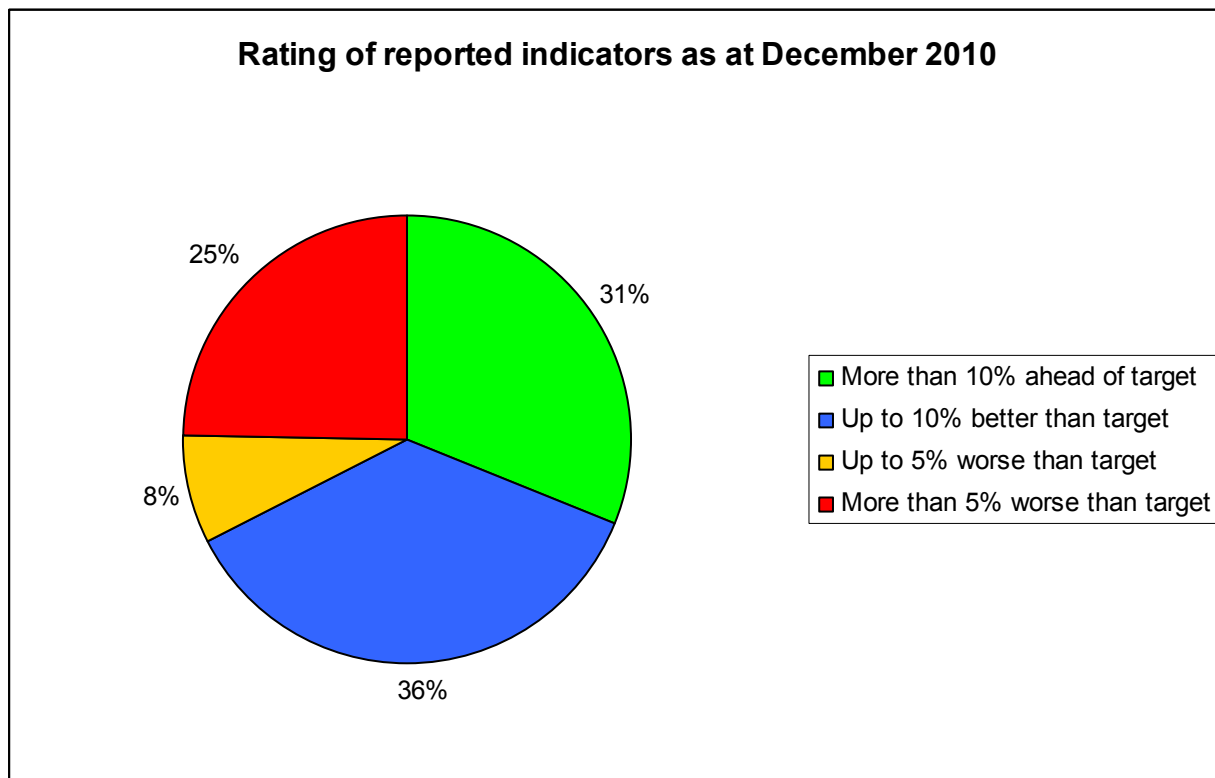
5. Based on a balanced scorecard approach, the following six elements (A-F) have been identified to provide an overview of the key issues that enable the Council to achieve the desired outcomes of the Joint Corporate Plan. These elements are monitored bi-monthly by the Joint Management Team (JMT).

### **A – Performance at the end of December**

6. The nature of the indicators selected for the Joint Corporate Plan means that not all have data reported at the same time / frequency. In particular, some indicators are reported annually. These are only reported at the appropriate time in the year. At that time JMT can assure themselves that appropriate in year actions are being taken to maintain good performance or improve it where necessary.

Because of the reporting of indicators at different times / frequency, data is available for more indicators for this report than for the previous report. Of the 77 indicators for which 2010-11 performance data is available now, 24 (15 at Quarter 2) are currently performing significantly better than target (Appendix 2a), and 25 (24 at Quarter 2) have failed to achieve or are behind target (Appendix 2b). The rest are on target. Annually reported indicators that were presented

in the previous report (such as the examination results) have been removed from the appendices of this report, but have been accounted for in the count of Red, Amber, Blue and Green indicators below.



7. *Economic Development and Enterprise*: processing of planning applications remains on track to achieve their targets; but, latest figures for the % of the working age population claiming out of works benefits is marginally behind target.
8. *Healthier Communities and Older People*: there are examples of good performance and also areas that require continued attention. The number of adults supported to live independently through social services is ahead of target and continues to improve. In contrast, the assessment of new social care clients within the agreed four week period remains marginally behind target which would be a risk if this under performance continued or grew; as reported on page 16 in *Appendix 2b*, improved operational performance reports will allow managers to target areas for future improvement.
9. *Children and Young People*: the previous performance report highlighted the disappointing examination results in the Early Years Foundation Stage and Key Stage 1 and 2. Additional indicators have been reported this quarter; notably the results for looked after children. Results for looked after children achieving Level 4 in English, and similarly in Maths, have both exceeded target, showing an improvement on the previous year; although achievement of 5 A\*-C GCSEs (or equivalent) at KS4 (with English and Maths) has not met target. As reported last quarter, a number of strategies are being implemented to improve results and reduce the risk in this priority area.

Initial assessments for children's social care remain behind target, although performance has improved slightly in the last couple of months. As reported in *Appendix 2b* on page 17, a new

model of working has been introduced in the team and an upward trajectory of improvement is forecast to the end of the year.

The provisional performance for the % of 16-18 year olds not in education, employment or training (NEET) shows a worse picture than in the previous year, due in part to the current economic climate. The embedding of Connexions into the local authority and being restructured to locality working should improve the position in future. The validated figure for this indicator should be available in March.

10. *Safer Communities:* reducing accidents on our roads continues to move in a positive direction, and each of the three indicators in this area should achieve their target when year-end results are available towards the end of February.

Although not included within the appendices, it is worth noting that the number of anti-social behaviour incidents recorded by the police is now better than target, having been worse than target for the first eight months of the year.

11. *Stronger Communities:* the target for the number of affordable homes delivered has been reduced from 170 to 120 for the year. However, the revised target still remains challenging, and although an additional 14 homes were delivered in the third quarter, performance remains worse than target. A number of actions have been identified in *Appendix 2b* on page 19, including continued awareness of affordable housing through the use of leaflets, website and liaison with parish councils.

In contrast, the number of households in temporary accommodation is better than target and the same period last year, although there has been a slight increase during the quarter.

12. *The Environment:* the amount of residual household waste collected is better than target at the end of November, averaging below 50 kg per month for the year, with recycling rates currently achieving target.

Following completion of the second survey to measure standards of street cleanliness, each of the four indicators are achieving their targets, with levels of fly-posting being significantly better than its target.

13. *Organisational Improvement and Greater Efficiency:* performance in the identification of changes to customers housing and council tax benefits continues to be better than target. Processing of new claims and changes is also improving, although currently behind target.

## **B – Projects at the end of December**

14. The majority of projects are being delivered to schedule, although there has been a rise in the number behind target, largely due to the withdrawal of external funding, such as progress with the Hereford Futures Scheme; or the impact of national policy, such as the need to consider the Localism Bill in the progression of the Local Development Scheme and the production of the Local Transport Plan.

A number of projects have been rated **Red** for this period, based on a slippage in a milestone, often the delivery of a single task. An example of this is the Engagement and Delivery Strategy, where the only milestone to date has been to seek consideration of the strategy by

the Children's Trust Management Group. This task has been delayed until January, resulting in the **Red** rating; once considered, it should be possible to deliver the project to the agreed schedule.

### **C – Finance at the end of December**

15. The overall revenue budget position for 2010-11 shows a projected £2.2m overspend. This is approximately 1.5% 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.

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, although the winter weather has seen a dramatic increase in some costs since the last forecast.

### **D – Customers at the end of December**

16. There are a number of customer related projects in the Rising to the Challenge transformation programme. These are:

*Customer Experience:* The overall positive direction of travel is ongoing. There has been a significant improvement in engagement across the organisation through the service level agreement framework process during the last quarter. This will result in more constructive action in relation to the satisfaction performance indicators. There are some areas where further action is required to address concerns from customers. In particular in the previous quarter a perception that services do not respond quickly enough have become apparent - services particularly affected are environmental health and trading standards and highways. Both service area management teams are seeking ways to address these issues with Customer Services staff.

*Service Failure:* The headline indicator in the section is NI14. The positive trend for this indicator is ongoing - however, the issues identified in relation to Customer Experience are an undoubted contributing factor to the lack of significant progress, as customers follow up on queries. Further work by customer service managers in relation to managing expectations at the point of contact should begin to impact in the next quarter.

However, there has been a continuing improvement in contact centre performance, through more innovation in capacity management. However, the improved response to the impact of the winter weather has had a paradoxical effect on the headline abandonment rate, as callers have hung up once the information they were seeking was provided through the call management queue system.

*Service Transformation:* The Customer Organisation project has gathered momentum in the last quarter. The procurement process for a replacement CRM system has been completed and two major service areas have been engaged regarding service transformation. Both services (Libraries and Revs/Bens) will need to agree front-back office delivery arrangements before any major organisational changes happen.

## **E – Employees at the end of December**

17. There has been a slight increase in sickness absence within the Council in the last two months, although performance is still on course to achieve target.

The vacancy management process, where all vacancies must be advertised internally in the first instance, has resulted in a steady decrease in vacancies being advertised externally.

## **F – Risks at the end of December**

18. Key performance risks are described in section **A-E** above.

## **Community Impact**

19. 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**

20. None.

## **Legal Implications**

21. None.

## **Risk Management**

22. By highlighting progress against the Joint 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**

23. None.






## **Appendices**

Appendix 1	Key to symbols and list of Joint Corporate Plan themes and outcomes with lead directors
Appendix 2a	Exception report (Green, for those indicators and projects that are ahead of target)
Appendix 2b	Exception report (Red and Amber, for those indicators and projects that are behind target)

## **Background Papers**

- None.



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
<b>Theme 1 Economic Development and Enterprise</b>	
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
<b>Theme 2 Healthier Communities and Older People</b>	
HPS 2.1 People have longer, healthier lives, with reduced inequalities between different groups and localities	Sarah Aitken
HPS 2.2 Older people living fulfilled lives as active members of their communities	Marcia Pert
HPS 2.3 Vulnerable people able to live safely and independently in their own homes	Marcia Pert
HPS 2.4 Enhanced emotional well-being, with fewer suicides	Sarah Aitken
HPS 2.5 Personalised health and social care services, which offer people much greater choice and influence over their care	Marcia Pert
HPS 2.6 Improved dental health	Marcia Pert
<b>Theme 3 Children and Young People</b>	
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	Sarah Aitken
HPS 3.2 Children and young people are safe, secure and have stability	David Sanders

Theme and Outcome	Lead Director
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
<b>Theme 4 Safer Communities</b>	
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	Sarah Aitken
HPS 4.4 Communities to have enhanced resilience and recovery from emergencies through effective partnership planning and co-ordination	Sarah Aitken
HPS 4.5 Fewer accidents and injuries	Geoff Hughes
HPS 4.6 People feel as safe as they would like to be	Geoff Hughes
<b>Theme 5 Stronger Communities</b>	
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

Theme and Outcome	Lead Director
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
<b>Theme 6 The Environment</b>	
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
<b>Theme 7 Organisational Improvement and Greater Efficiency</b>	
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	Performance (Year to Date)	DoT since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
<b>Economic Development and Enterprise</b>							
HPS.1.3 - The number of people attending the Herefordshire Food Festival	Bigger is Better	Annual	★		31/12/2010	13000	8000
HPS.1.4 - The percentage of major planning applications dealt with within 13 weeks (NI 157a)	Bigger is Better	Monthly	★		31/12/2010	71	60
HPS.1.4 - The percentage of minor planning applications dealt with within 8 weeks (NI 157b)	Bigger is Better	Monthly	★		31/12/2010	75	65
HPS.1.4 - The percentage satisfaction of businesses with recorded non-compliance with LA regulation services (NI 182i)	Bigger is Better	Quarterly (4 week lag)	★		30/09/2010	76	63
HPS.1.4 - The percentage satisfaction of businesses with no recorded non-compliance with LA regulation services (NI 182ii)	Bigger is Better	Quarterly (4 week lag)	★		30/09/2010	76	63
<b>Healthier Communities and Older People</b>							
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 (8 week lag)	★		31/10/2010	96.34	78
HPS.2.5 – The number of people supported to live independently through social services (all adults) / 100,000 population (NI 136)	Bigger is Better	Monthly	★		31/12/2010	3778	3400
<b>Children and Young People</b>							
HPS.3.2 - The percentage of children becoming subject to a Child Protection Plan who had previously	Smaller is	Quarterly	★		31/12/2010	8.1	13







Key Performance Indicators – Exceptions (Green – 10% or more ahead of target)							
Outcome & Measure		Frequency of reporting	Performance (Year to Date)	DoT since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
been the subject of a Plan, or on the Child Protection Register, no matter how long ago that Was (NI 65)	Better						
HPS.3.3 - The percentage of secondary school persistent absentees (NI 87)	Smaller is Better	Annual	★	🟢	31/12/2010	5.0	5.9
HPS 3.3 - The percentage of looked after children who had been in care for at least one year achieving level 4 in English at Key Stage 2 (aged 11) (NI 99)	Bigger is Better	Annual	★	🟢	31/12/2010	60	50
HPS 3.3 - The percentage of looked after children who had been in care for at least one year achieving level 4 in Maths at Key Stage 2 (aged 11) (NI 100)	Bigger is Better	Annual	★	🟢	31/12/2010	60	50
HPS.3.5 - The percentage of pupils permanently excluded from school (including maintained primary and secondary; and, special schools) during the academic year (NI 114)	Smaller is Better	Quarterly	★	🟢	31/12/2010	0	0.04
<b>Safer Communities</b>							
HPS.4.1 & 4.6 - The rate of re-offending of prolific and other priority offenders (NI 30)	Smaller is Better	Quarterly (7 month lag from Jtrack and Police National Computer)	★	🟢	30/06/2010	18	28
HPS.4.2 - The number of criminal damage incidents recorded by the police	Smaller is Better	Monthly	★	🟢	31/12/2010	1455	1791
HPS.4.5 - The number of children killed or seriously injured in road traffic accidents (NI 48 proxy)	Smaller is Better	Monthly (6 week lag)	★	🟢	31/11/2010	3	11
HPS.4.5 - The number of people killed in road traffic collisions	Smaller is Better	Monthly (3 month lag)	★	🟢	30/09/2010	7	12

Key Performance Indicators – Exceptions (Green – 10% or more ahead of target)							
Outcome & Measure		Frequency of reporting	Performance (Year to Date)	DoT since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
HPS.4.5 - The number of people killed or seriously injured in road traffic collisions (NI 47 proxy)	Smaller is Better	Monthly (6 week lag)	★	▲	30/11/2010	60	99
<b>Stronger Communities</b>							
HPS.5.3 - The number of households living in temporary accommodation provided by the council under the homelessness legislation (NI 156)	Smaller is Better	Monthly	★	▲	31/12/2010	59	82
<b>The Environment</b>							
HPS.6.1 - kg of residual waste per household (NI 191)	Smaller is Better	Monthly (4 week lag)	★	▲	30/11/2010	397.7	456.67
HPS.6.5 - The percentage of relevant land and highway that has unacceptable levels of fly-posting (NI 195d)	Smaller is Better	Four Monthly	★	▲	31/11/2010	0	1
<b>Organisational Improvement and Greater Efficiency</b>							
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 1000 claimants (NI 180)	Bigger is Better	Monthly	★	▲	31/12/2010	1378	1125
HPS.7.5 - Average days sickness FTE (Council)	Smaller is Better	Monthly (4 week lag)	★	▼	30/11/2010	3.65	4.3
HPS.7.5 – The percentage staff turnover (Council)	Smaller is Better	Monthly (4 week lag)	★	▼	30/11/2010	9.59	13

<b>Projects – Exceptions (Green – ahead of schedule)</b>			
<b>Project</b>	<b>Responsible Officer</b>	<b>Latest rating</b>	<b>Due Date</b>
Manage the Rural Grants Programmes (RBG and REG)	Coleman, Dorothy	★	31/12/2013
Comments: • £150,450.76 delivered in November of private sector support.			
Date of comment Dec 10			
Shared Services	Teale, Mike	★	31/12/2011
Comments: • The key decision paper for Shared Services has been presented to and approved by the PCT Board, Cabinet and the HHT Board. The paper is due to go to the Full Council on the 19 <sup>th</sup> November 2010. Work is underway on developing the detailed implementation plan.			
Date of comment Nov 10			



Key Performance Indicators – Exceptions (Red and Amber - behind target)						
Outcome & Measure	Frequency of reporting	Performance (Year to Date)	DoT since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
<b>Economic Development and Enterprise</b>						
HPS.1.1 The percentage of the working age population claiming out of work benefits (NI 152)	Quarterly (9 month lag from Jobcentre Plus)			30/05/2010	9.2	9.1
Remedial Actions • Data from and up to May 2010. Indicator remains marginally below target; however the outturn has again improved from the previous quarter Feb 2010). The Council continues to run schemes to reduce worklessness for example Contract 2 of the Future Jobs Fund is progressing well, with 18 beneficiaries already recruited and 2 more to be recruited at the end of January 2011. The European Social Fund - Engage Project has increased the number of clients as at 31st December 2010 to 605; of which 44 are SO1 clients (those who were over 12 months unemployed). A total of 83 of these (25 of which are SO1) are known to be employed as a result of this assistance.						
Source Date 31/12/2010						
HPS.1.5 The average journey time per mile (minutes and seconds) on major routes in Hereford City during the morning peak	Annual			31/12/2010	20.45	19
Remedial Actions • In 2010 average journey times within the AM peak record a minimal increase on the previous year. The reason for this is not completely understood and can not be attributed to increased vehicle flows as there has been a 1.79% decrease in traffic flows within Hereford. The prioritisation of the A49 (Trunk Road) in controlling traffic within Hereford can not be understated and minimal journey time savings for northbound traffic on the A49 appear to have impacted both southbound A49 traffic and northbound traffic on the A465. Consequently increasing journey times across the network.						
Source Date 31/12/2010						
<b>Healthier Communities and Older People</b>						
HPS.2.1, 4.3 and 4.6 The number of alcohol-related admissions to hospital/100,000 population (NI 039)	Quarterly (4 week lag)			30/09/2010	664.5	606
Remedial Actions • Development of additional proxy indicator/s for measuring alcohol misuse in the county. Continued development of new assault and alcohol-related injury database in Hereford County Hospital A&E department. PCT Registrar undertaking an alcohol needs						

Key Performance Indicators – Exceptions (Red and Amber - behind target)						
Outcome & Measure	Frequency of reporting	Performance (Year to Date)	DoT since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
assessment for Herefordshire, Safer Herefordshire is assisting in this area of work.						
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)	Monthly	 Bigger is Better		31/12/2010	86.18	90.5
Remedial Actions • Performance continues to stay around the 85/86% mark, below target but on a par nationally. Work will begin shortly on improving the operational performance reports to allow improved management information for locality team managers. This will allow managers to target areas for improvement going forward.						
Source Date 31/12/2010						
HPS.2.3 Average weekly rate of delayed transfers of care from hospitals/100.000 population aged 18 or over (NI 131)	Quarterly (4 week lag)	 Smaller is Better		30/09/2010	44.26	18.6
Remedial Actions • The following processes have already been implemented:						
<ul style="list-style-type: none"> <li>- Daily monitoring of delays across providers;</li> <li>- Development of a system wide bed management process;</li> <li>- Review of assessment processes to avoid repetition of patient assessments; and</li> <li>- Review of panels that determine a person's eligibility for care and exploring the possibility of joint panels.</li> </ul>						
<ul style="list-style-type: none"> <li>- The Unplanned Care Workstream monitors progress against the action plan.</li> </ul> <p>Although a year to date figure for the first three quarters is not yet available, there has been a significant improvement in performance for the last three months; December's performance was 5.71, which should be reflected in improved year to date figure when available.</p>						
Source Date 31/12/2010						
HPS.2.5 The number of adults, older people and carers receiving social care through a Direct Payment and/or an Individual Budget per 100,000 population aged 18 or over (NI 130)	Monthly	 Bigger is Better		31/12/2010	6.06	31
Remedial Actions • It is recognised that Herefordshire is behind other areas in delivering against this indicator and work is being undertaken to						

Key Performance Indicators – Exceptions (Red and Amber - behind target)						
Outcome & Measure	Frequency of reporting	Performance (Year to Date)	DoT since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
<p>rectify this. Actions have been identified and agreed to increase the take-up of personal budgets, including:</p> <ul style="list-style-type: none"> <li>emphasising offering personalised budgets for new cases; this is expected to increase the number of personal budgets by around 25 per month;</li> <li>the creation of a short-term central review team who will focus on existing case reviews for three months starting in Jan 2011; this is currently estimated to deliver an additional 350-400 users with personal budgets by March 2011;</li> <li>migration of existing client groups with single providers to a personal budget and individual service funds; and</li> <li>migration of existing client groups with low-level needs to personal budgets.</li> </ul> <p>The intention for Adult Social Care in the county is to offer all eligible clients the opportunity to have a personal budget by March 2013. This will also require work to make it easier to pay and manage direct payments and to work with all stakeholders to ensure the effects are appropriate and understood.</p>						
Source Date 31/12/2010						
<b>Children and Young People</b>						
HPS.3.2 The percentage of initial assessments for children's social care carried out within 7 working days of referral (NI 59)	Bigger is Better	Monthly		31/12/2010	55.4	80
<p>Remedial Actions • The impact of the unannounced and announced inspections has been significant in terms of achievement of initial assessment timescales. A new team manager took up post in December 2010 and has already started to impact changes in practice and quality of assessments. A new model of working has been introduced in the team with one sub team focusing on contact-referral-initial assessment and the other focusing on Section 47 enquiries and child protection. 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>						
Source Date 31/12/2010						
HPS.3.3 The percentage of looked after children achieving 5 A*-C GCSEs (or equivalent) at KS 4 (with English and Maths) (NI 101)	Bigger is Better	Annual		31/12/2010	15	20
<p>Remedial Actions • 3 pupils out of the cohort of 20 achieved 5 A*-C GCSEs including English and Maths. 16 out of the cohort of 20 (80%) achieved at least 1 A-G qualification. All looked after children have a personal education plan which includes the targets that are expected to be achieved and this is reviewed as part of the statutory Looked After Children reviews. Schools track individual pupils throughout the year to check</p>						

Key Performance Indicators – Exceptions (Red and Amber - behind target)						
Outcome & Measure	Frequency of reporting	Performance (Year to Date)	DoT since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
on progress. The Education Liaison Support Service provides support to looked after children in school and each school has a designated teacher for looked after children.						
Source Date 31/12/2010						
HPS.3.4 The percentage of 16-18 year olds who are not in education, employment or training (NEET) (NI 117)	Annual	▲	▲	31/12/2010	7.2	4.7
Remedial Actions • Year 11 Destinations are now reviewed at two points in the year, September and January (known as the September and January Guarantees) in order to be able to track young people who are not engaged in education, employment or training. The definition for this indicator takes the average of November, December and January and is validated by the Department for Education in February. The data at this stage is, therefore, provisional. The economic climate has, in any event, caused a rise in the NEET figures but there is a particular rise at this time of year in the number of 17 year olds who are NEET because those who stayed on to retake exams will now have left school/college, some will have started courses and then dropped out and the overall economic climate has severely reduced the availability of work based learning opportunities. The 14-19 Consortium which includes the local authority, work based learning organisations, colleges and schools work together to address these issues and identify potential funding opportunities to improve access to education and training for young people. For example, grant funding for 'Live and Learn' has been used over the last three years to work with young people to re-engage them in education and learning – this has proved extremely successful and further funding for this work is being sought.						
Source Date 31/12/2010						
<b>Safer Communities</b>						
HPS.4.1, 4.2 and 4.6 Rate of re-offending by young people aged 10-17 in the youth justice system (NI 019)	Quarterly (4 week lag)	▲	▲	30/09/2010	0.32	0.28
Remedial Actions • 69 young people in Herefordshire cohort, of whom 10 have re-offended committing 22 offences.						
Source Date 30/09/2010						
<b>Stronger Communities</b>						
HPS.5.3 The number of affordable homes delivered (NI 155)	Quarterly	▲	▲	31/12/2010	80	90

Key Performance Indicators – Exceptions (Red and Amber - behind target)						
Outcome & Measure	Frequency of reporting	Performance (Year to Date)	DoT since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
<p>Remedial Actions • 14 affordable homes have been delivered this quarter, providing a total of 80 against a revised target of 120. Although the target remains challenging, the following activity is taking place in an attempt to achieve it:</p> <ul style="list-style-type: none"> <li>• The website is up to date, leaflets are available and we have many queries regarding low cost home ownership schemes together with liaison with parish council's and local residents in order to raise awareness of Affordable Housing;</li> <li>• We have established strong working relationships with the private sector which has contributed to bringing 100 empty properties back into use, against a target of 125;</li> <li>• Project plans are being reviewed with a view to developing a study of 3 or 4 affordable housing solutions;</li> <li>• A delivery plan for affordable housing has been included within the Local Infrastructure Programme submitted to the Homes &amp; Communities Agency to inform investment opportunities; and</li> <li>• Although ad-hoc, sites have been identified across Herefordshire Public Services and have been included in a draft report prepared for senior officer discussions over the next few months for cabinet sign off.</li> </ul>						
Source Date 31/12/2010						
<b>Organisational Improvement and Greater Efficiency</b>						
HPS.7.3 The average time taken in calendar days to process all new claims and changes of circumstance for Housing / Council Tax benefits (NI 181)	Monthly	▲	▲	31/12/2010	11.67	11
<p>Remedial Actions • Whilst performance continues to improve, the higher than anticipated number of changes notified has affected our ability to deal with these within the expected timescales. Greater focus on dealing with changes to reduce processing times aims to achieve target by March.</p>						
Source Date 31/12/2010						
HPS.7.4 The percentage of customer contacts with council services that are assessed as being avoidable (NI 14)	Monthly	▲	▲	31/12/2010	33	25
<p>Remedial Actions • The trend for avoidable contact continues to be in the right direction. This is due to a number of issues - the continuing review of customer correspondence is having an impact, although the need for service areas to update and return calls is a major cause of the speed of travel for this indicator. Areas where this is a particular issue is Highways and Planning. Ongoing discussions through the SLA review process will develop some solutions to this problem. However, significant process re-design is required. This will be achieved through the customer</p>						

Key Performance Indicators – Exceptions (Red and Amber - behind target)						
Outcome & Measure	Frequency of reporting	Performance (Year to Date)	DoT since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
organisation project.						
Source Date 31/12/2010						
HPS.7.4 The percentage of people making a request for service through Info that are 'satisfied' or 'very satisfied'	Monthly (8 week lag)	▲	Not measured last year	31/10/2010	82	95
Remedial Actions • A general upward trend continuing. The major issues in relation to this indicator improving further appear to be the need for service areas to respond to customers in reasonable time and constructively.						
Source Date 31/12/2010						

<b>Projects – Exceptions (Red – behind schedule)</b>			
<b>Project</b>	<b>Responsible Officer</b>	<b>Latest rating</b>	<b>Due Date</b>
Progress Hereford Futures (formerly the Edgar Street Grid (ESG) Scheme	▲	Webster, Nick	Dec-11
Remedial Actions • National Trust have agreed Heads of Terms over the acquisition of their land on the FAS scheme. Regional Growth Fund bid being submitted for the Link Road and Three Elms Industrial Estate.			
Deliver Model Farm employment site	▲	Bradley-Lloyd, Paul	Jan-11
Remedial Actions • Though planning application has been submitted the progress of this project is unsure because of the funding situation.			
Date of comment Dec 10			
Support home working businesses and small business growth	▲	Webster, Nick	Mar-11
Remedial Actions • The RE:Think Energy Grant scheme will be part of the Shropshire submission to AWM for funding, decision expected in Jan 11. New Business Board met for first meeting in Dec, will be building networks around this hub, range of other networks being supported - METNET, Herefordshire Media Group, Truffle Herefordshire.			
Date of comment Dec 10			
Local Development Scheme	▲	Yates, Peter	Sep-11
Remedial Actions • Publication of the Localism Bill in December combined with uncertainty over the possible Community Poll have together stalled progress. A revised timetable will need to be agreed - probably to be reported to an LDF Task Group meeting at the end of January.			
Date of comment Dec 10			
Produce Local Transport Plan	▲	Burgess, Steve	Feb-11
Remedial Actions • The impacts of the Localism Bill are currently being considered in relation to the emerging Local Development Framework Core Strategy. The delays caused by this are impacting on the progression of the LTP. A decision regarding the LTP and how it will be taken forward will be made within January 2011.			

<b>Projects – Exceptions (Red – behind schedule)</b>			
<b>Project</b>	<b>Responsible Officer</b>	<b>Latest rating</b>	<b>Due Date</b>
			Date of comment Dec 10
Carers Support Programme	▲	Brooks, Jade	not set
Remedial Actions • The commissioning intentions/plan for Carer's Support has not been finalised as Area Based Grant (the main source of finance) has been affected as a result of the Comprehensive Spending Review. Integrated Commissioning is awaiting notification of its budget following the recent Star Chambers before concluding this piece of work.			
			Date of comment Dec 10
Cabinet Recommendations on Education Provision For The Future	▲	Sanders, David	Mar-13
Remedial Actions • The way forward has not been established in detail and will not be until the summer of 2011. Some schools face significant budget challenges over the next two years, as does the local authority and the move to academy status will exacerbate this. Actions with schools, and the community of schools in Herefordshire, will be taken forward with the new interim Director of Children's Services.			
			Date of comment Dec 10
Engagement And Involvement Strategy	▲	Sanders, David	Mar-13
Remedial Actions • The Strategy has been developed and is due for consideration by the Children's Trust Management Group in January 2011. Following the meeting, the strategy will be implemented and considered by stakeholders in July.			
			Date of comment Dec 10
Implement Hidden Harm Strategy	▲	Daniels-Symonds, Paula	Mar-11
Remedial Actions • Following the November meeting which was cancelled due to inclement weather, the next meeting is scheduled for January 2011. There has been no further development on this strategy.			
			Date of comment Dec 10
Management of Local Biodiversity Sites	▲	Bloxsome, Bill	Mar-11
Remedial Actions • Work is almost complete on 27 sites towards the Indicator NI197 target of 50 sites. 23 sites are still outstanding due to halt			



<b>Projects – Exceptions (Red – behind schedule)</b>			
<b>Project</b>	<b>Responsible Officer</b>	<b>Latest rating</b>	<b>Due Date</b>
in ABG spend. The indicator may now not be met.			
Fair Pricing Initiatives	▲	Burton, Jana	Apr-10
Remedial Actions • The findings from the pilot Electronic Monitoring Scheme for Home Care are being data cleansed. The scheme will be rolled out across all providers if the pilot demonstrates sufficient benefits.			
			Date of comment Dec 10
			Date of comment Dec 10





<b>MEETING:</b>	<b>OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>DATE:</b>	<b>21 FEBRUARY 2011</b>
<b>TITLE OF REPORT:</b>	<b>BUDGET MONITORING REPORT 2010/11</b>
<b>REPORT BY:</b>	<b>HEAD OF FINANCIAL SERVICES</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide.

### **Purpose**

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

### **Recommendation**

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

### **Introduction and Background**

1. The report to Cabinet on 17 February is appended. Cabinet's decision will be reported at the meeting.

### **Background Papers**

- None identified.



<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>17 FEBRUARY 2011</b>
<b>TITLE OF REPORT:</b>	<b>BUDGET MONITORING REPORT 2010/11</b>
<b>PORTFOLIO AREA:</b>	<b>RESOURCES</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide.

### **Purpose**

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

### **Key Decision**

This is not a Key Decision.

### **Recommendation**

**THAT Cabinet**

- (a) **Note the report and the forecast deficit position of £2.2 million; and**
- (b) **Note the Chief Executive's requirement that Directors deliver recovery plans to ensure a balanced revenue budget**

### **Key Points Summary**

- As of the end of December 2010 the overall revenue budget position for 2010/11 shows a projected £2.2m overspend. This is approximately 1.5% of the Council's £143m revenue budget (excluding Dedicated Schools Grant funding).

### **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 is being taken 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.

## Considerations

7. Appendix A includes the detailed revenue budget monitoring report. Key areas of concern continue to be Integrated Commissioning Directorate, with a projected £3.8m overspend. Children and Young People's Directorate are starting to make inroads and the deficit has reduced by £250k.
8. The delivery of these agreed recovery plans is essential to mitigate the effect of the overspends rolling into 2011/12.
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. The Integrated Commissioning Directorate has an ongoing recovery plan of £2.0m to meet its overspends and, in addition, is establishing what further measures are required to balance the current year position going into 2011/12. At this stage of the year it is unlikely to make additional savings, thus the Council must now consider how the overall deficit is managed back to a balanced position.
11. The availability of additional government funding distributed to NHH is being investigated and may be a source of further mitigation to close the gap. There is potentially over £800k to support Social Care, to be used in 2010/11. It is clear that the Integrated Commissioning position is a key financial risk.
12. The council will also use appropriate Local Public Sector Agreement (LPSA) and Area Based Grant (ABG) residual funding in 2010/11 to contribute towards financial mitigation.
13. There may be the opportunity to capitalise redundancy costs, if the expected cost exceeds £695k in the current year. A submission to Department of Community and Local Government is being made. There is a £500k redundancy reserve which would be expected to fund most costs; but the opportunity to capitalise would allow this reserve to contribute towards the forecast deficit or be rolled forward for future use. In 2011/12 the reserve will be £1m and this increase is built into the budget presented to Council on 4<sup>th</sup> February 2011.

14. The 2010/11 budget includes a £1m efficiency target. This will be covered by central savings and savings being delivered by Directorates.

## **Community Impact**

15. Not applicable.

## **Financial Implications**

16. These are contained in the report.

## **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.

## **Legal Implications**

18. None.

## **Alternative Options**

- There are no Alternative Options.

## **Appendices**

Appendix A – Revenue Budget Monitoring

Appendix B – Capital Monitoring

Appendix C – Treasury Management





**REVENUE BUDGET MONITORING**
**Summary**

1. The following table summarises the 2010/11 projected outturn based on the financial position as at 31<sup>st</sup> December 2010.

<b>£'000</b>	<b>Budget</b>	<b>Projected (over) or under spend</b>
Integrated Commissioning	46,496	(3,814)
Children & Young People	26,138	(665)
Deputy Chief Executive	14,168	180
Sustainable Communities	35,613	(992)
Public Health	2,135	0
Central Services	2,834	0
Resources	7,014	605
<b>Directorate Position</b>	<b>134,398</b>	<b>(4,686)</b>
Borrowing and investments	15,131	1,140
Revenue contribution to capital	460	500
Centrally held budget	995	0
WMS Profit Share	(624)	78
Transfer to/from Reserves	1,332	800
<b>Total</b>	<b><u>142,844</u></b>	<b><u>(2,168)</u></b>

2. The overall revenue budget position for 2010/11 shows a projected £2.2m overspend. This is approximately 1.5% of the council's £143m 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 continues to relate to Integrated Commissioning. The overspend has in part been carried over from last year, but activity levels continue to increase. Other service deficits are being mitigated by the recovery plans, although the winter weather has seen a dramatic increase in costs since the last forecast.
4. The availability of additional government funding distributed to NESH is being investigated. There is potentially over £800k to support Social Care, to be used in 2010/11. It is clear that the Integrated Commissioning position is a key financial risk.
5. There may be the opportunity to capitalise redundancy costs, if the expected cost exceeds £695k in the current year. The approach to pay back the capitalisation will be considered within the submission to Department of Community and Local Government, with a rapid turnaround for approval. The £500k redundancy reserve would be expected to fund most costs; but the opportunity to capitalise would allow this reserve to contribute towards the forecast deficit.

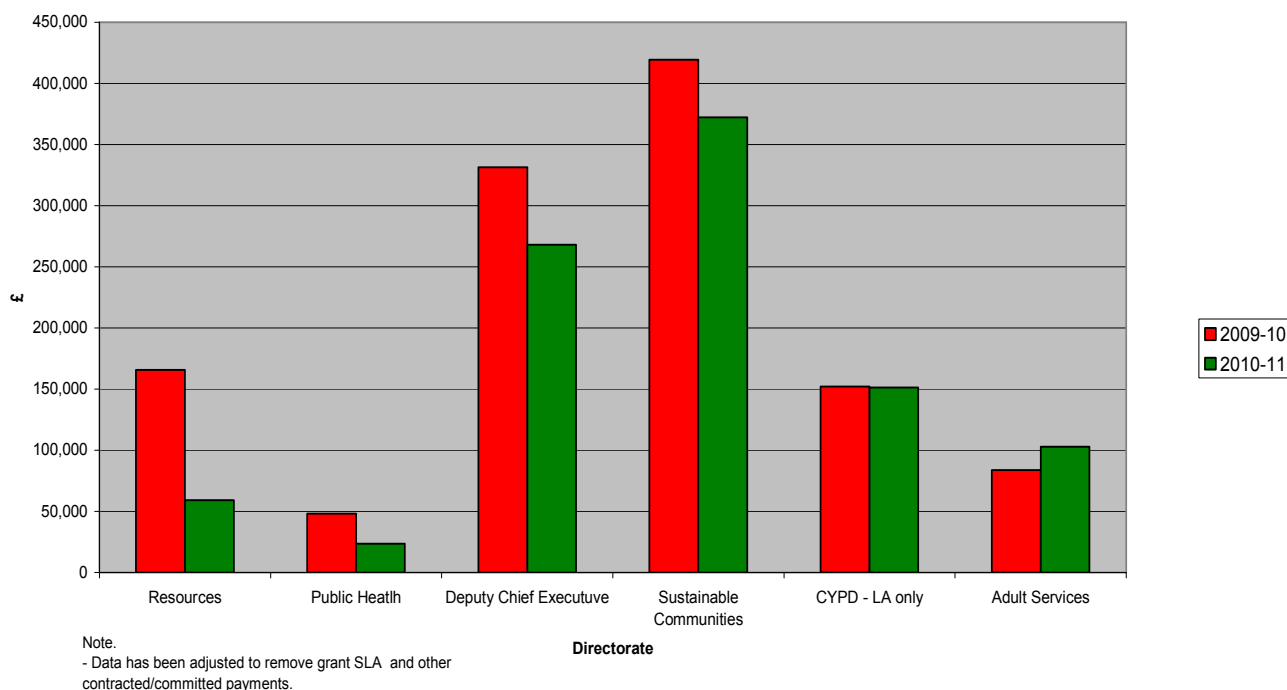
Further information on the subject of this report is available from  
Anne Phillips Head of Financial Services on 01432 383173

6. In addition to the revenue overview, a capital monitoring summary is provided at Appendix B. The forecast outturn spend is £69.7m.
7. Appendix C provides a Treasury Management update and explains an expected underspend in the region of £1.04m to £1.09m on borrowing costs. This is in part due to a proactive programme of loan rescheduling that replaces higher cost loans with new borrowing at lower rates than budgeted.
8. Throughout the report reference is made to virements that have been actioned across the services. In particular it is now assumed that the winter maintenance reserve of £500k will be utilised in the coming weeks. Its replenishment is required as part of future financial planning.

## Recovery Plan

9. As a result of the projected overspend, directorates must reduce spend on discretionary services, alongside vacancy management. The graph below for December 2010 demonstrates the comparative spend against the previous year (excluding schools). The data shows a significant reduction for December (19%); for November a 10% reduction was seen. The analysis focuses on the overall supplies and services spend category where managers have the capacity to reduce expenditure.

Comparison of supplies & services discretionary expenditure for December



## Reserves Update

11. The general reserve balance as at 1<sup>st</sup> April 2010 was £6.4m. The council held the following earmarked reserves of £14.2 million at 31<sup>st</sup> March 2010.

	<b>31.03.09</b>	<b>Transfer to/(from)</b>	<b>31.3.10</b>
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	0	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	0	869
Economic Development	346	(80)	266
Herefordshire Safeguarding Children Board	21	0	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
	<b>16,064</b>	<b>(1,828)</b>	<b>14,236</b>

## INTEGRATED COMMISSIONING DIRECTORATE

£'000	Annual Budget	Under / (Over) spend
Learning Disabilities	12,370	(443)
Mental Health	7,442	(952)
Older People	13,469	(1,498)
Physical Disabilities / Sensory Impairment	4,659	(926)
Section 75 Arrangements	936	(22)
Commissioning Directorate	1,620	0
Other Services	6,000	27
<b>Total</b>	<b>46,496</b>	<b>(3,814)</b>

### Overview

12. 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.
13. The forecast is a net overspend of £3.8m. This is based on existing commitments projected forward in combination with a realistic forecast of the remaining recovery measures of £0.9m.
14. The cost improvement plan shows delivery of £1.1m of recovery action achieved year to date leaving a further £0.9m to be delivered by 31<sup>st</sup> March 2011 to enable achievement of £2m recovery action. It is assumed the £2m will be realised. Business cases are being prepared for the remainder of the schemes including invest to save bids. The Directorate is also adhering to the Chief Executive's 'freeze on all discretionary spend' which is being monitored and reported to officers in the directorate.
15. There is potentially over £800k government funding to support Social Care, to be used in 2010/11. As yet the figures below have not been factored into the forecast. Further funding for 2011-12 has also been published.
  - £291k - To work with local authorities to develop local re-ablement capacity, according to local plans submitted to SHAs in December 2010
  - £592k - Funding must be transferred to local authorities, to spend on social care services, which also benefits health. PCTs and local authorities should jointly agree how the funding should be spent and the outcomes to be achieved
16. The Area Based Grant of £2,415k has been received to match year to date expenditure.

### Major Budget Exceptions

17. Learning Disabilities - Forecast over spend £443k.
18. 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 where there are more complex needs. There was an overspend

in 2009/10 of £1m at year end, this is included in the budget assumptions for 2010/11 along with the assumption that there will be 1 additional package from CYPD. There were 2 high value packages approved costing £192k and 3 smaller packages totalling £46k. The full year projection is now predicting an overspend of £74k.

- Domiciliary Care packages have increased year to date and resulted in an increase to the forecast.
- Personal Budgets and direct payment are predicted to under spend by £134k. The number of packages is currently 78, 19 above budget. More than anticipated Supporting People (SP) Grant money has been transferred £229k and is included in the income projection aiding the underspend 3 Direct Payment packages have been transferred to Personal Budgets and have created a saving with the Direct Payments budget. The extra packages anticipate additional costs of £192k, but there have also been surpluses refunded, £17k year to date.

19. Mental Health - Forecast over spend £952k.

- The full year impact of the increase in standard rates for residential homes has the effect of £327k within Mental Health. The payments were backdated to the 1<sup>st</sup> April 2010, affecting the projected outturn.
- The projected outturn for the year within residential and nursing has been increased by £177k due to the increase in respite. The budget assumed a reduction in the number of clients, 29 year to date, based on previous year trends. The number of clients up until September had reduced by 14 to 195 but has recently increased to 208, thus the forecast has been adjusted to reflect this £272k. Some client contributions have been increased after assessments, amounting to extra income of £12k.
- There has been an increase in domiciliary care packages. The intensive 'action4housing' packages are projected to have an impact of £202k for the year. Additional packages are anticipated to increase spend by a further £61k.
- It was assumed when the original Budget was set, that Personal Budgets would increase by 12 during 2010/11. There has actually been no change and the number remains at 7, thus the forecast has been reduced by £68k to take account of the lack of growth. Direct Payments have increased by 6, which has increased the overspend forecast by £35k.
- The cost of agency staff has increased due to the increase in workload relating to the number of safeguarding cases. Anticipated impact of £43k if agency costs continues for the full year.

20. Older People - Forecast over spend £1,498k.

- 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 258 packages. Predicted over spend in addition to the brought forward deficit is £347k.
- 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 £210k. The predicted outturn has been increased to reflect this giving a rise of £452k.
- The number of Personal budgets was expected to grow in order to achieve NI130

(supporting clients to live at home with a personal budget). The budget includes growth of 84 packages during the year. 3 new packages have been approved year to date and the forecast has been reduced by £726k to reflect this.

21. Physical Disabilities Forecast over spend £926k.

- The budget for 2010/11 assumes that the number of care packages reduces by 3. Year to date 2 packages have ended. The actual activity is slightly behind budget increasing the projection by £31k.
- 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 £392k 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 15 and the projected outturn has thus been reduced by £90k.

22. Section 75 agreements. Forecast overspend £22k.

23. There is an anticipated over spend within the Community Equipment Store of £101k. This will be met 50:50 with the PCT and is due to the high demand for (in particular) specialist equipment. We will use capital grant to mitigate the impact on council budgets

24. Hillside is predicting an overspend of £125k with the Council's contribution to this being £36k. The year end forecast is based on current pressures of agency, physiotherapy cover, utilities and unachieved efficiency savings

## **Recovery Plan**

25. 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	4,891	16
Safeguarding and Assessment	12,257	(1,018)
Planning, Performance & Development (PP&D)	6,966	487
Community Operations	301	148
Central Directorate - ABG	28	(298)
<b>Total</b>	<b>24,443</b>	<b>(665)</b>

### Overview

26. Although the pressures on Safeguarding continue with further increases in the number of children needing to be looked after, other savings have been identified which have helped to reduce the predicted overspend to £665k.
27. Additional savings through utilisation of current unringfenced grant funding and capitalisations are also being explored.
28. As a result of the recent settlement and cuts in grant funding for 2011/12 it is likely that a number of posts within the CYPD restructure will remain vacant (previously assumed to be filled in quarter 4) which is likely to deliver additional savings. The impact has not yet been quantified but will be included in the next report.

### Major Budget Exceptions

29. The key changes reflected in the forecast are:

### Central Costs

30. It is assumed that £100k of the Common Assessment Framework PCT funds can be contributed to the savings target and this is built into the central costs forecast.

### Improvement & Inclusion (I&I)

31. Savings have been made within Improvement and Inclusion management as a result of agreeing to allocate 25% of Assistant Director's salary to additional savings identified in Learning Skills Council (LSC)/Connexions (ABG) and reduced forecasts for recruitment and conference expenditure. Total saving £50k.
32. Additional savings have been taken within early years Local Authority budgets by funding from the Surestart grant under spend, these comprise the nursery education officer post £20k and Homestart contract £10k.
33. In addition a proportion of the 11-19 head of service salary has also been charged against the

additional savings identified within LSC/Connexions £16k.

34. Additional income generated through the ICT Service Level Agreement (SLA) with schools has enabled a contribution of £45k towards the salary of the school improvement team IT/security advisor.

### **Safeguarding**

35. The forecast for residential and agency foster placements has increased by £199k since October as a result of additional children being taken into care and changes/extensions in residential placements.
36. The savings have been partially offset through funding the advocacy costs through the Connexions budget and utilising additional Think Family grant savings (£76k) to offset part of the costs of the Action for Children contract (relating to intensive family support).

### **Schools**

37. The forecast overspend on central DSG is £50k. This may be mitigated by use of underspend on Surestart Grant at year. The overspend relates to SEN banded funding and SEN complex needs, but offset by underspends on SEN support staff and early years support. SEN is a cost pressures in 2011-12.
38. Latest estimates based on expenditure to the end of December forecast 7 schools in deficit, totalling £350k.

### **Action Plan / Savings Update**

39. The action plan has been updated with the feedback received from DLT and is circulated for information and includes the additional savings identified and included in the revised forecast.
40. Key amendments include
41. Allocating £100k of the CAF funds to the savings target.
42. Allocating £76k of additional Think Family grants to offset Action for Children contract costs
43. Using part of additional savings identified in LSC / Connexions to offset salaries costs for I&I (£41k) and costs for advocacy team (£38k)
44. Savings of £25k for conference / room hire within I&I management
45. Additional income from ICT SLA mostly funding 3<sup>rd</sup> ICT support post (£45k)

### **Other Developments**

46. CYPD is progressing with three work streams, Looked After Children (LAC), Edge of Care and Complex Needs Solutions (CNS) to develop solutions to the increasing pressures in terms of numbers of children requiring LAC / CNS services with high costs per child. The approach focuses on reducing current contract costs, developing alternative service options (e.g. increasing numbers of own in house foster carers) and early intervention to reduce numbers coming into the system requiring high cost support.
47. Two schools became academies at the beginning of January with more schools now considering applications. As more schools move to academy status this will increase pressures on DSG funded services such as Additional Needs due to the top slice of funds.



## DEPUTY CHIEF EXECUTIVE DIRECTORATE

£'000	Annual Budget	Under / (Over) Forecast
Legal & Democratic Services	3,024	(230)
Communications	372	0
Director and Administration	374	45
Policy & Performance	707	15
Herefordshire Partnership	249	15
Customer Services	1,547	0
ICT	6,181	50
Human Resources	1,612	265
Corporate Programmes	(5)	20
<b>Total</b>	<b>14,061</b>	<b>180</b>

### Major Budget Exceptions

52. 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 management posts in Legal & Democratic Services is £50k; this is now addressed with a permanent recruitment. Locums in Legal Services are expected to cost £100k above budget; the Shared Services Structure will remove the need for Locums.

### Recovery Plan Actions Instigated

53. In addition to the current under spend the Directorate is looking to achieve an additional £60k under spend across all services to contribute towards the corporate position.

### Other Risks

54. An impact assessment is currently underway covering changes to land charges income

### Major Virements Completed

55. The costs and the budget of £65k relating to the Licences for Ordnance Survey have been transferred from Democratic Reporting and Management in Central Services to the GIS team in the Deputy Chief Executive Directorate.
56. ABG allocation of £95k was distributed to Corporate Training, Human Resources to match costs.

## SUSTAINABLE COMMUNITIES

£'000	Annual Budget	Under / (Over) Forecast
Highways, Transport & Community Services	11,577	(1,537)
Environment, Planning & Waste	13,383	170
Homes & Communities	2,859	30
Economy & Culture	7,068	0
Directorate Management & Support	460	0
Savings	266	345
<b>Total</b>	<b>35,613</b>	<b>(992)</b>

### Major Budget Exceptions

57. There is an overspend of £1.582m in relation to Winter Maintenance; this reflects the impact of a heavy winter thus far. As at 31st December 2010, 7053 tonnes of salt had been used compared with 1800 tonnes used for the same period last year. Up to the end of December 2010 the gritting teams carried out 65 priority runs, 12 secondary ones and 11 part treatments, compared to the period up to December 2009 when there were 36 priority runs, 4 secondary runs and 4 part treatments.
58. Transportation is forecasting an under spend of £45k due to the recent bad weather resulting in reduced costs for concessionary fares.
59. The latest estimates of the joint Waste Disposal PFI contract costs for 2010/11 predicts an underspend of £170k for Herefordshire. The outturn estimate reflects a one-off Landfill Tax credit £613k, of which £113k has been received to date, and reduced costs for Energy for Waste.
60. There is an underspend of £30k in relation to staff vacancy savings in the Private Sector Housing team.
61. There is currently a saving of £345k identified by the Directorate in response to the Chief Executive's discretionary spend edict to help mitigate the council's overall budget overspend position in October. This is derived from various one off savings across the Directorate including surplus planning fee income of £155k and utilisation of Housing and Planning Delivery Grant received in previous years.

### Recovery Plan Actions Instigated

62. There is a winter reserve of £500k has been assumed to be required in the overall figures on page 1, it is needed to mitigate the pressure caused by the severe winter conditions.
63. The Directorate is also adhering to the Chief Executive's 'freeze on all discretionary spend' which is being monitored and reported.

### Other Risks

64. Planning income has fallen during December and based on previous years trends there is a risk that if planning income continues to fall short of budgeted target income then the service is

likely to over spend. These income targets will be closely monitored over the coming weeks and any continued deterioration reported.

### **Major Virements Instigated**

65. There is additional budget of £1,037k in relation to the allocation of Area Based Grant funding to match costs incurred to 31<sup>st</sup> October 2010.

## PUBLIC HEALTH

<b>£'000</b>	<b>Annual Budget</b>	<b>Under / (Over) Forecast</b>
Environmental Health & Trading Standards	1,967	0
Emergency Planning	152	0
Public Health Support Team	16	0
<b>Total</b>	<b>2,135</b>	<b>0</b>

### Major Budget Exceptions

66. In the development of the Joint Emergency Planning Unit, staffing costs for the Emergency Planning team are expected to exceed budget by £15k however this will be met by additional contributions from the Primary Care Trust and Hereford Hospital Trust.

### Recovery Plan Actions Instigated

67. Annual savings of £189k have been identified through expected vacancy management savings.
68. The Directorate is also adhering to the Chief Executive's 'freeze on all discretionary spend' which is being monitored and reported. There is an overall target of £49k savings allocated to the directorate and this is expected to be met in the coming months through additional licensing and pest control income along with the reduction in discretionary spend.

## CENTRAL SERVICES BUDGETS

<b>£000's</b>	<b>Annual Budget</b>	<b>Under / (Over) Forecast</b>
Chief Executive	393	0
Director of Public Health	296	0
Director of Clinical Leadership & Quality	55	0
Other Central	963	0
Corporate Management	1,127	0
<b>Total</b>	<b>2,834</b>	<b>0</b>

### Major Budget Exceptions

69. There are no expected variations to the budget.

### Major Virements Completed

70. The Costs and the Budget of £65k relating to the Licences for Ordnance Survey have been transferred from Democratic Reporting and Management in Central Services to the GIS team in the Deputy Chief Executive Directorate.

## RESOURCES DIRECTORATE

£'000	Annual Budget	Under / (Over) Forecast
Asset Management & Property Services	3,137	156
Financial Services	1,759	88
Audit Services	426	10
Benefits and Exchequer Services	1,511	419
Central Budgets	181	(68)
<b>Total</b>	<b>7,014</b>	<b>605</b>

### Current Position

71. Overall the Directorate is predicted to underspend by £605k.

### Major Budget Exceptions

72. Asset management and property services underspend assumes full contribution from the NHSH in respect of office accommodation. Additional income is also expected in respect of maintenance works ongoing at learning disability establishments that were transferred in March 2010. A mitigating effect is that the recent cold weather is likely to cause an overspend on property maintenance.
73. Financial services underspend includes £40k unallocated budget which may be required for property valuation work necessary in implementing International Financial Reporting Standards. Service level income from schools buying in the finance service is £28k higher than budgeted.
74. Audit underspend results from training income and staff cost savings.
75. Historically the authority has received higher benefits subsidy than the actual costs of payments to claimants. This is due to efficiencies (low level of local authority error), 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. In benefits and exchequer potential overspends on archiving, software and bailiff costs are being offset by holding staff vacancies.
76. The overspend within central budgets relates to project management costs.

## Capital Monitoring Summary

1. The capital forecast outturn for 2010/11 now totals £69.7m, 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	31,459	915	480	29,671	65	328
Resources	2,828	-	1,926	33	-	869
Deputy Chief Executive	3,214	-	3,064	150	-	-
Adult Social Care	304	-	-	283	-	21
Sustainable Communities	31,722	12,315	3,634	8,608	149	7,016
Public Health	200	-	50	117	-	33
<b>Total</b>	<b>69,727</b>	<b>13,230</b>	<b>9,154</b>	<b>38,862</b>	<b>214</b>	<b>8,267</b>

2. Various changes to the capital forecast have been identified recognising the programming of spend and confirmation of funding announcements. Forecast changes, exceeding £150k, that have been vired are detailed below:-
- The corporate accommodation forecast expenditure this year has slipped by £2m into 2011/12 representing 2010/11 scheme revisions following the appointment of a project manager and identification of schemes to be completed this financial year.
  - The forecast expenditure on strategic housing has reduced by £1m representing expected slippage in cash expenditure on committed schemes where the timing of completion monies is dependant on solicitors.
  - The forecast on Grange Court has slipped by £500k following cashflow revisions post scheme sign off.
  - The forecast capital expenditure on Herefordshire Connects has slipped by £444k, this represents a cashflow review and no changes in the milestones have been made.
  - Forecast expenditure on adult social care mental health and community equipment capital items has slipped by £670k into the next financial year.
  - The golf driving range capital scheme at Hereford leisure centre will not be completed this year resulting in £347k slippage into 2011-12.
  - Playbuilder capital funding has reduced by £220k following central government reductions. The schemes will be delivered within this revised funding envelope.
  - £154k of childcare quality and access funding has been vired to fund anticipated children centre costs.

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**

<b>Scheme</b>	<b>2010/11 Forecast £'000</b>	<b>Spend to end period 9 £'000</b>	<b>Comments</b>
<b>Children's Services</b>			
Hereford Academy	13,256	8,684	Work in progress scheme on schedule both time and budget
Earl Mortimer Replacement School	4,171	3,624	Work in progress scheme on schedule both time and budget
Co-location	3,328	1,152	Seven schemes are progressing at various locations with the Leominster scheme starting in the next two weeks.
Devolved Capital Programme	1,900	1,369	Devolved allocation of capital funding to schools
Intervention Centres	1,823	1,005	14 schemes at high schools are progressing
Primary Grant	1,500	358	This grant is to fund the amalgamation of Leominster's junior and infants school
TCF Standards and Diversity	675	76	Rural funding towards plant and equipment costs
Childcare / QuAc	508	512	Various schemes to complete in 2010/11
Condition property works	600	571	Annual programme of works at various sites committed on a highest need first basis, budget under pressure due to decreased funding allocation this year
Childrens Centres	717	255	Springfield children's centre completes soon, Conningsby is scheduled to complete this year
<b>Resources</b>			
Corporate accommodation	1,000	566	This years scheme to proceed in the near future
Smallholdings	723	593	Regulatory works at various sites
Hereford Leisure Pool	600	-	Essential refurbishment works to commence shortly
<b>Deputy Chief Executive</b>			
Herefordshire Connects	2,336	1,057	HR and finance system to go live April 2011
<b>Sustainable Communities</b>			
Road, Bridge & Footway Maintenance	11,769	8,944	Annual programme of Amey works
Livestock Market	5,200	3,241	Work underway to complete in Spring
Rural Enterprise Grant	1,667	1,275	Various grant funded schemes
Grange Court	1,000	241	Refurbishment works now commenced
Mandatory Disabled Facilities Grant	1,230	630	Various schemes are referred and committed before expenditure is recorded this may delay actual spend



Extreme winter highway damage	1,017	738	Bulk of works completed
Hereford City Centre Enhancements	891	950	Improvement works completed
Credenhill flood alleviation scheme	750	483	Grant funded alleviation works in association with Hereford Futures
Rotherwas Futures Estate Development Work	718	168	Work progressing on the northern access road
Private Sector Housing	697	331	Only emergency schemes are being progressed due to final year of government funding allocation and will support vulnerable households as a priority.
Access to new livestock market	600	22	Work to be completed by Amey
Sustrans Connect 2	558	286	Cycle scheme linking Hereford to Holme Lacy
<b>Sub Total</b>	<b>59,234</b>	<b>37,131</b>	
<b>Schemes with a budget &lt;£500k in 2010/11</b>	<b>10,493</b>	<b>5,645</b>	
<b>Total</b>	<b>69,727</b>	<b>42,776</b>	

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	(14,628)	
No longer required	(744)	
		(15,372)
Expected use of Prudential Borrowing in 2010/11		9,154

6. The bulk of slippage into future years relates to the accommodation strategy (which has a forecast spend of £1m this year) and Ledbury library, which is under review.
7. The delay in PB has delivered an additional one off underspend in the revenue budgets of £258k.

### Capital Receipts Reserve

8. The capital receipts reserve totalled £13.3m as at 1<sup>ST</sup> April 2010; £8.3m of this is expected to fund the 2010/11 capital programme as detailed above. Future year commitments include funding the provision of a livestock market and improvements to smallholdings and total £4.2m. This year capital receipts have been received from the sale of Elmhurst.



The quarterly report ensures the council is embracing best practice in accordance with CIPFA's recommendations, by informing members of Treasury Management activity. The last quarterly report actually covered the period to 15 October 2010 (and included October borrowing transactions) and so this report covers the remaining period to the end of 2010.

## 1. The Economy

### 1.1. Recent economic statistics show the following:

- The Bank Base Rate remaining unchanged at 0.50%.
- Inflation remaining well above target, with the January VAT increase and rise in fuel duty adding additional pressure.
- GDP for the fourth quarter is still awaited but it is expected to show that the economy continued to grow at a slower rate than the 0.7% growth achieved in the third quarter.
- Early indications point to a strengthening manufacturing sector but performance in the service sector is weaker, raising concerns about the sustainability of the recovery.
- House prices remain stagnant. Statistics from Nationwide show that modest rises in the first half of 2010 were reversed in the second half with the average UK house price ending on £162,763 compared to £162,103 at the beginning of the year.
- The number of unemployed people increased by 35,000 in the quarter to October 2010 to reach 2.5 million or 7.9% (up 0.1% on the previous quarter). Of these 839,000 had been unemployed for over 12 months, the highest figure since February 1997.

1.2 Both the domestic economy and the global outlook remain finely balanced. The implication for interest rates is that they will remain at their current levels and in all probability they will remain there for some time to come.

## 2. The Council's Investments

### 2.1 As at 31 December 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%	5.13	
Royal Bank of Scotland	N/A	N/A	1.10%	2.50	
Santander	N/A	N/A	0.80%	5.00	12.63
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%	4.39	9.39
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	
Nationwide	334 days	25/10/11	1.25%	1.00	
Nationwide	364 days	24/11/11	1.33%	1.00	5.00

Other fixed term deposits:						
Bank of Scotland	364 days	27/01/11	1.82%	5.00		
Barclays	213 days	25/02/11	1.04%	2.00		
Barclays	241 days	25/03/11	1.12%	2.00		9.00
<b>Total</b>						<b>41.02</b>

- 2.3 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 December 2010):

Bank Rate	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
<b>Upside risk</b>		+0.25	+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
<b>Central case</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.75</b>	<b>1.00</b>	<b>1.25</b>	<b>1.50</b>	<b>2.00</b>	<b>2.50</b>	<b>2.75</b>
<b>Downside risk</b>				-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

- 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
October 2010	48.8	0.97%	£40,386
November 2010	44.4	1.04%	£37,763
December 2010	42.7	1.16%	£39,623
<b>Total</b>			<b>£300,103</b>

- 2.6 The 2010/11 budget for interest receivable is £249k. 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 £100k. The actual surplus will depend upon borrowing activity in the last few months of the financial year.

### 3. The Council's Borrowing

- 3.1 The council's borrowing transactions in the period to 15 October 2010 were detailed in the last quarterly report. No loans (including short-term) were taken out in the subsequent period to 31 December 2010.
- 3.2 Year to date the council has taken out net new PWLB borrowing of £12 million (new loans of £27 million less £15 million repaid). Based on the capital programme for 2010-11, and after deducting slippage, it is estimated that the council will need to take out additional new borrowing of £3 - £4 million to fund capital expenditure. In addition, short-term borrowing may be needed to cover day to day liquidity requirements around the year end.

- 3.3 The extent of the underspend against budget will depend on the timing of loans taken out and whether it is decided to take out short-term loans from the market or a longer term PWLB loan. Depending upon which option is chosen, the projected underspend is in the region of £1.04 to £1.09 million.





<b>MEETING:</b>	<b>OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>DATE:</b>	<b>21 FEBRUARY 2011</b>
<b>TITLE OF REPORT:</b>	<b>LOCAL DEVELOPMENT FRAMEWORK AND LOCAL TRANSPORT PLAN</b>
<b>REPORT BY:</b>	<b>COMMITTEE MANAGER (SCRUTINY)</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide.

### **Purpose**

To consider Cabinet's recommendations to Council on the preparation of the Local Development Framework (LDF) and arrangements in respect of the Local Transport Plan (LTP).

### **Recommendation**

**THAT the Committee considers Cabinet's recommendations to Council on the preparation of the Local Development Framework and arrangements in respect of the Local Transport Plan.**

### **Introduction and Background**

1. The report to Cabinet on 17 February is appended. Cabinet's decision will be reported at the meeting.
2. The Committee was scheduled to consider the Local Development Framework at a meeting specifically arranged for that purpose on 17 December. That meeting was cancelled because Council in November 2010 agreed to consider the practicality of conducting a poll as part of the consultative process undertaken in determining the Local Development Framework and the Core Strategy. Work was ongoing on that matter and it was considered that it would be pre-emptive to formulate the Core Strategy before the outcome of the poll. As the purpose of the Overview and Scrutiny Committee's meeting was to consider the Core Strategy before it went on to the Cabinet and then on to Council it was decided to arrange a meeting of the Overview and Scrutiny Committee when the poll had been determined and officers had had the opportunity to review the recommendations in the Core Strategy.
3. A number of questions were submitted to the Committee in advance of the meeting scheduled for 17 December. Those questions received in advance and the answers given to them are appended for reference.

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Further information on the subject of this report is available from  
Tim Brown, Committee Manager (Scrutiny) on 01432 260239

4. In October 2010 the Committee noted that the Chairman of Breinton Parish Council had requested that the Local Development Framework (LDF) process be scrutinised. It was noted at that time that account would be taken of this request in determining the Committee's scheduled consideration of the LDF in December 2010. Specific points raised in requesting an investigation of the whole process of the LDF Consultation were: in particular "why consultation is ongoing when (1) results of the previous consultation have not yet been completed and (2) when important reports which should provide supporting evidence of the robustness of the Council's Preferred options (such as the Habitats Regulations Assessment report and the infrastructure delivery report) are not currently available, even though the consultation has been ongoing now for nearly 3 weeks."
5. Given the content of the report to Cabinet it is considered that no purpose would be served at this stage by engaging in a detailed consideration of the LDF and LTP. It is therefore proposed that the questions received to date are noted and held in abeyance for future discussion, along with the request referred to in paragraph 4 above, when the Committee gives formal consideration to a report on the detail of both the LDF and LTP.

## **Appendices**

Questions submitted in advance of the Committee's scheduled meeting on 17 December and answers given/comment made.

## **Background Papers**

- None identified.



<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>17 FEBRUARY 2011</b>
<b>TITLE OF REPORT:</b>	<b>LOCAL DEVELOPMENT FRAMEWORK AND LOCAL TRANSPORT PLAN</b>
<b>PORTFOLIO AREA:</b>	<b>ENVIRONMENT AND STRATEGIC HOUSING/HIGHWAYS AND TRANSPORTATION</b>

**CLASSIFICATION** Open

**Wards affected**

County-wide

**Purpose**

To agree further research and consultation; to recommend to Council revisions to the timetable for preparation of the Local Development Framework; and to recommend to Council interim arrangements in respect of the Local Transport Plan.

**Key Decision**

This is not a Key Decision.

**Recommendation**

**THAT:**

1. **Additional research and advice on the impact of the Localism Bill along with further consultation, including an advisory community poll, be undertaken to inform the development of the Local Development Framework Core Strategy, and a further report on the detail of this consultation be brought to Cabinet in June;**
2. **It be recommended to Council that:**
  - (a) **the Local Development Framework timetable be revised as set out in the table at paragraph 11 below;**
  - (b) **the linkage between the Local Development Framework and Local Transport Plan, and the consequent impact on the Local Transport Plan timetable be noted;**
  - (c) **the existing Local Transport Plan 2 be adopted as the Council's interim Local Transport Plan3 pending finalisation of the Local Development**

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Further information on the subject of this report is available from  
Peter Yates, Planning Policy Manager on (01432) 261952

## Framework submission; and

3. **Delegated authority be given to the Leader of the Council, in consultation with the relevant Cabinet Members, to take account of any views the Overview & Scrutiny Committee may express on the proposals above in drawing up Cabinet's final recommendations for consideration by Council.**

## Key Points Summary

- This report provides an update on progress in preparing the Local Development Framework (LDF) and the Local Transport Plan (LTP). Both are part of the Council's Policy Framework.
- The legislative basis for preparing the LDF is changing as a consequence of the Localism Bill, which proposes the revocation of Regional Spatial Strategies (RSS) and new roles and responsibilities for local groups undertaking neighbourhood planning.
- The arrangements for both the public and private funding of new infrastructure linked to development are also under review.
- The recent LDF consultation on the Hereford preferred option produced particular comments and objections to the proposed housing sites in general and the proposed choice of a western relief road corridor in particular. These views contrasted with the outcomes of earlier consultations, which produced generally favourable results. Following the debate at Council on 19<sup>th</sup> November, the Executive were asked to consider the practicalities of undertaking a poll to assist in clarifying the situation.
- The current published timetable for the LDF preparation made provision for the Core Strategy to be reported to Council at its meeting on 4<sup>th</sup> February 2011 with a recommendation that the policies be submitted to the Secretary of State for public examination and subsequent adoption later in 2011. It is now clear that this timetable cannot be met and a revised Local Development Scheme timetable will be necessary.
- Having regard to the changing legislative context and the new issues raised in the recent round of consultation, it is prudent to afford an opportunity for the implications for the emerging Core Strategy to be further considered prior to the document being finalised.
- The Council is required to adopt an LTP from 1<sup>st</sup> April 2011. However the LTP needs to be aligned with the Council's planning strategy. Whilst the latter is being confirmed, the requirement to have a LTP in place can be achieved by extending the life of the present document by adopting it as the 2011 interim LTP3, and reviewing it when the strategic planning position becomes clearer.

## Alternative Options

1. The current planning policies of the Council are set out in the 2007 Unitary Development Plan, which runs to 2011. Whilst these policies have been "saved" and will continue in force until replaced, new planning policies are required to influence and control development for the next plan period – currently to 2026. The LDF will set out these new policies and is a statutory requirement, with no alternative to its preparation.

## Reasons for Recommendations

2. To afford an opportunity for the implications of the changing legislative context to be fully considered, and to enable further consultation, including a community poll, to be undertaken.

Linked to the changes in the LDF timetable, to provide for the continuation of the existing LTP2 to be adopted as an interim LTP3 in the meantime.

## **Introduction and Background**

3. Progress is being made on the LDF to replace and roll forward the Council's planning policies set out in the Unitary Development Plan. A comprehensive programme of consultations has taken place throughout 2010, along with briefings for individual and groups of Members. However, the latest round of consultation raised some new issues. Further consideration of these matters is needed and Council, at its meeting on 19th November 2010, overwhelmingly carried a motion agreeing "...in principle to carrying out a poll with the people of Herefordshire to ask a question relating to construction of a road around Hereford City and that the Executive be asked to consider the practicality of such action."
4. In addition, the legislative background is now changing significantly it would be prudent to extend the current LDF timetable to enable the implications of those legislative changes to be fully considered. Because of the close links between the Council's planning and transport policies, changes in the LDF timetable have implications for the LTP.
5. Both LDF and LTP are part of the Council's Budget & Policy Framework.

## **Key Considerations**

6. The Localism Bill, published in December 2010, introduces a number of significant reforms to the planning system, notably the revocation of RSS. Hitherto the West Midlands RSS has provided a regional context for the preparation of the LDF, particularly in respect of future housing provision. The Bill is expected to pass into law later this year. Thus, whilst at present compliance with the RSS is required, it would be prudent to progress on the basis that it will, in due course, cease to exist. This will allow a degree of flexibility and local choice which has not been available to date in the preparation of the LDF. The Bill also introduces new arrangements for neighbourhood planning within the existing (and continuing) framework of statutory planning control.
7. The Localism Bill also confirms the government's intention to continue with a revised form of the Community Infrastructure Levy to replace Section 106 agreements for collecting developer infrastructure contributions, other than those concerned with affordable housing or the mitigation of site specific impacts. Other new and emerging financial measures include the New Homes Bonus, Regional Growth Fund and Tax Increment Financing. Future sources of finance are therefore not, at present, entirely clear – nor are the investment plans of service providers. These issues impact directly upon the financial viability of development and the ability to pay for new infrastructure. This will require more work to finalise the Economic Viability Study, identify any funding gaps, develop a Charging Schedule to raise contributions under the Levy, and to finalise an Infrastructure Delivery Plan with service providers.
8. The Council's planning policies are currently set out in the Unitary Development Plan. Although the Plan had a nominal end-date of 2011, the policies have been through a formal process of being "saved" and most continue in force by virtue of a direction of the Secretary of State made in February 2010. However, the planning strategy for the future development of the County in the longer term needs to be formulated, and planning policies prepared to deliver it. The vehicle for this is the LDF, a portfolio of documents led by the Core Strategy. This looks ahead to 2026, balancing development needs with protection of the environment, and ensuring alignment of the planning strategy with the Sustainable Community Strategy and other Council priorities such as the Localities agenda.

9. The emerging LDF is founded on a significant evidence base and has been the subject of a comprehensive programme of consultations throughout 2010 including public meetings, presentations, “road shows”, coverage in the media and both Parish Council and Member briefings. The consultations in the earlier part of 2010 showed widespread support for the emerging policies. At the time of the detailed consultation on the Hereford package particular comments/objections were raised to both proposed housing sites and the western relief road corridor. The most recent round of consultations has also revealed new issues concerning water quality and infrastructure funding which will need to be resolved before the Core Strategy is finalised.
10. At its meeting on 19th November, Council requested that the practicality of holding a Community Poll on the topic of a relief road for Hereford be explored by the executive. Legal advice has indicated that such an approach would be possible as part of a wider consultation exercise. However, such a poll could not be carried out during the pre-election period, as it would breach the Government’s publicity guidance; nor can the facilities used by the Returning Officer on election day be used. It is therefore proposed that a community poll be undertaken, as part of the overall consultation process, as early as possible after the election.
11. The current published timetable for the preparation of the Core Strategy is set out in the Local Development Scheme. This envisages the Core Strategy being reported to full Council at its meeting on 4th February 2011 with a recommendation that the document be submitted to the Secretary of State for public examination and adoption later that year. Taking into account both the impact of national policy and legislative changes, and Council’s expressed desire to undertake a community poll, it is therefore proposed that the indicative LDF timetable be revised as in the table below. It should be noted that, subject to the outcome of the additional consultation, further revisions to the timetable may be required.

<b>Activity</b>	<b>Date</b>
Cabinet approve detail of further consultation, including community poll	June 2011
Consultation	July – October 2011
Overview & Scrutiny Committee	December 2011
Cabinet	January 2012
Council approve submission of draft Core Strategy	February 2012
Pre-submission publicity	March/April 2012
Submission to Secretary of State	May 2012

12. The Council is required to have a LTP in place for the period commencing on the 1st April 2011. This follows on from the five year period covered by the current LTP (1 April 2006 to 31 March 2011). However, unlike the previous LTPs which had to be submitted to Government by the date when they were due to come into effect, the form and content of the LTP will be for local consideration only and will not need to be submitted to Government.
13. Development of the next Local Transport Plan (LTP3), including the adoption of a 15 year time horizon, taking the strategy to 2026 as per the LDF, has been carried out in parallel with development of the LDF strategy, building on the opportunity to ensure that the long term land use strategy for Herefordshire is underpinned by complementary policies in respect of transport infrastructure. A draft LTP3 was issued for consultation in October 2010 and this was also co-ordinated with consultation on the Core Strategy preferred option for Hereford. An update on the development of the LTP strategy was provided to Environment Scrutiny Committee at its

meeting on the 26th November. It was noted in that report that the draft LTP had been written to reflect the LDF Hereford preferred option (as consulted on in September-November 2010). The report also stated that the final review of LTP would need to reflect any decisions regarding the LDF Strategy when it is considered by Council.

14. A coherent new LTP3 can only be determined when the key infrastructure requirements for the County up to 2026 have been agreed through the LDF process. As an interim measure, pending finalisation of the LDF strategy, it is proposed to roll forward the current LTP (LTP2) and that it be adopted as an interim LTP3. The current LTP2 remains fit for purpose at the current time and provides an ongoing strategy which is consistent with the current Unitary Development Plan and provides a sound basis to guide transport provision in the County in the intervening period.

## **Community Impact**

15. The emerging LDF policies have been drafted to align as closely as possible with the Council's wider policies which impact on community matters and fall within planning influence. The involvement of the Local Strategic Partnership is maintained through the Local Development Framework Task Group which, apart from LSP membership, also includes representative Members from minority political groups on the Council. The impact of the Localism Bill will be very significant in redefining how the Council's policies relate to local communities.

## **Financial Implications**

16. The costs of undertaking a community poll, using postal voting, are estimated at £50k.
17. Preparation of the LDF is being carried out from within existing budgets which are reviewed annually. More work is needed with an Infrastructure Delivery Plan to establish viability of any capital projects associated with the development envisaged by the LDF and to assess the potential for Community Infrastructure Levy and New Homes Bonus to provide capital funding.
18. A current LTP3 will be a key supporting document for any bid to the Local Sustainable Transport Fund.

## **Legal Implications**

19. Advice has been received that an advisory community poll may be undertaken as part of the consultation within overall LDF process.
20. The Council has a statutory duty to prepare a LDF and LTP. The Localism Bill does not change that principle. However when enacted it is expected to enable new roles and responsibilities, especially as regards the role of Parish Councils and other community groups at the neighbourhood level.

## **Risk Management**

21. The principal risks to progression of the Core Strategy are set out above and centre on the legislative changes underway, the emergence of new funding streams and delivery mechanisms, and the outcome of the recent round of consultation. Managing these risks requires further opportunity to consider the implications for the emerging Core Strategy and is the subject of this report.
22. This needs to be balanced against continuing to use the policies of the Unitary Development Plan as a basis for planning control, notably in respect of housing land supply. This can be

managed by ongoing monitoring. On a strategic level, the opportunities offered by the LDF and Core Strategy to guide development to meet the Council's broader priorities as set out in the Sustainable Community Strategy and other strategies and programmes will not be able to be realised. However, the impact of the localism agenda is likely to be felt across the range of Council services and further consideration of the emerging Core Strategy can take place within this overall context.

## **Consultees**

23. Extensive community consultations have been carried out as outlined above. All consultations on the LDF have to comply with the Council's own Statement of Community Involvement which was adopted in 2007 and is itself part of the Local Development Framework. Consultation reports are published on the Council's website to cover every stage of the process from 2007 onwards.

## **Appendices**

None

## **Background Papers**

Local Transport Plan 2.

**Questions submitted to the Overview and Scrutiny Committee**

<p><b>Questions From Victoria Wegg-Prosser</b></p>	
<p>1. In view of the inconsistencies, inadequate modelling, and the likely rejection of Herefordshire Council's plans for a Hereford Relief Road on an 'inner western route' when an independent Public Inquiry is held (which will be triggered by the issuing of Compulsory Purchase Orders) will the Overview and Scrutiny please now call in <i>'the policy which states that this option will be pursued'</i> and review this policy's expensive decision-making processes? <i>(the above wording in italicised quotes is from the 2<sup>nd</sup> paragraph on p. 15 of 'Preferred Option : Hereford, Sustainability Appraisal, Follow On Consultation – September 2010')</i></p>	<p><b>Comment</b> The policy concerned is policy H2 in the September 2010 Hereford preferred option.  The concept of call-in is not relevant or appropriate in this case because the Local Development Framework forms part of the Budget and Policy Framework and as such will need to be determined by the Council.  The timetable in the report to Cabinet indicates that the Overview and Scrutiny Committee's views will be sought before recommendations on the matter are considered by Council.  Any CPO Inquiry held in connection with the Hereford relief road proposal will in any event be pursuant and subject to that scheme being confirmed within the Core Strategy.</p>
<p>2. In view of the ruling by Counsel for the Returning Officer communicated to the Town Clerk on 11th November 2010 that the proposed poll by the City of Hereford 'would be devoid of practical application as Herefordshire Council could not set aside the statutory process for developing the LDF which is in any event well advanced regardless of the results of the poll' will the Overview and Scrutiny Committee now request that the Returning Officer explain why the Motion 'that the Council agree in principle to carrying out a poll with the people of Herefordshire to ask a question relating to</p>	<p><b>Comment</b> The Council at its meeting on 19 November 2010 asked officers to look at the practicality of carrying out a community poll on the topic of a relief road for Hereford as part of the LDF process. Advice has been given that such a poll is in principle possible as part of a wider consultation exercise and further advice will be provided to the Cabinet meeting in June on the wording and logistics of running a poll.</p>

<p>construction of a road around Hereford City' was not ruled to be equally part of the statutory process mentioned above and therefore should not have been permitted to be put as a Motion to Council on 19th November, 8 days later</p>	
<p><b>Questions from Pat Churchward</b></p>	
<p>1. 1. Having read the Economic Strategy Document, and looked at the information provided re the GVA it is encouraging to see that we, as a county, are predicted to increase the numbers of our managers, professionals and technicians by 10% between 2010 and 2020(see data supplied by Cambridge Econometrics SQW consulting 2010) With this in mind, how will this Council support the expected growth by further investment in the Higher Education facilities available in the county?</p>	<p><b>Answer sent by Sustainable Communities Director</b>  With Hereford Futures, the Council is discussing the potential of the Blackfriars Education Centre site to expand such educational facilities. The site has been specifically allocated for that purpose by virtue of a Cabinet decision. There are a number of options available in taking this forward, including collaborating with existing local providers and the private sector, which will need further assessment in terms of their feasibility.</p>
<p>2. Councillor John Jarvis, at Northolme Community Centre in Belmont on Thursday 18<sup>th</sup> November, declared he was happy that the NHS and PCT had acknowledged that Hereford Hospital would be able to accommodate and cope with the residents of the proposed 10,000 new homes coming to the county. Breinton Parish Council would like to hear about, and, more importantly, know where to access, the evidence provided by both of the above so that we can circulate this information and thereby allay the fears of our residents.</p>	<p><b>Answer sent by Councillor Jarvis</b>  Throughout the process of preparing the Core Strategy I can ensure you that the NHS and PCT have been consulted upon the emerging proposals. In discussions with the health providers there has been no indication that the provision of additional bed spaces is a requirement resulting from the implementation of the Local Development Framework. Indeed, over the last two years, health and social care providers in Herefordshire have been reviewing how to deliver significant improvements in quality and efficiency through closer integration of services, as set out in the recent engagement document 'Your local health and social care services are changing – tell us what you think'. The document sets out a</p>



	<p>model that provides care differently and reduces the reliance on hospital beds. Similarly discussions with the PCT regarding future requirements for new health facilities have indicated that the requirements for acute care bed spaces is reducing as practice is to provide intensive rehabilitation and then continue care in the home, at community hospitals or through nursing homes.</p>
<p>3 Regarding the proposed new car parking facilities for Council employees at Plough Lane, the Council is requested to explain their plan regarding the environmental (flood plain and CO2 emissions) congestive,(vehicular and sustainable travel) and financial (free parking for all, and upkeep) implications for the city.</p>	<p><b>Answer sent by Sustainable Communities Director</b>  The Council is considering expanding its Plough Lane offices as part of its accommodation strategy. This will require further car parking and other arrangements for travel and journey to work. Travel Plans and assessments of vehicular movements along with a flood risk assessment will be required as part of the planning application.</p>





<b>MEETING:</b>	<b>OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>DATE:</b>	<b>21 FEBRUARY 2011</b>
<b>TITLE OF REPORT:</b>	<b>WORK PROGRAMME</b>
<b>REPORT BY:</b>	<b>COMMITTEE MANAGER (SCRUTINY)</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide.

### **Purpose**

To consider the Committee's work programme.

### **Recommendation**

**THAT the current work programme 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. A copy of the Committee's current work programmes is 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**

	<p style="text-align: center;"><b>25 March 2011</b></p> <ul style="list-style-type: none"><li>• Response to Scrutiny Review of Winter Weather – Update</li><li>• ICT Services Update</li></ul>
<p><b>Other issues</b></p> <ul style="list-style-type: none"><li>• Consideration of Affordable Housing Options</li><li>• Herefordshire Public Services – possible consideration of effectiveness of working arrangements</li><li>• Herefordshire Partnership</li><li>• Response to Scrutiny Review of Communications (Summer 2011)</li><li>• Local Development Framework</li></ul>	

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



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

<b>March 10- Information Communication and Technology Services Update</b>	
<b>Recommendations</b>	<b>Response/Action</b>
<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>
<b>July 10 – Annual Corporate Performance Report 2009/10</b>	
<p>the outcome of the Children's Services Committee's consideration of Key Stage 1 &amp; 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 &amp; 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>

<b>September 2010 – Integrated Corporate Performance Report</b>	
<b>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.</b>	Circulated 10 November.
<b>September 10 – Budget Monitoring Report</b>	
<b>Briefing notes be circulated on:</b>	
<b>-the use of the spend to save reserve.</b>	Circulated 26 November.
<b>-recoupment of Dedicated Schools grant for the Hereford Academy and the implications of John Kyrle High School achieving academy status;</b>	Circulated 7 October and 11 October respectively.
<b>- how school balances held by the authority were managed;</b>	Circulated 7 October
<b>and the outcome of negotiations on the SHAW contract</b>	To be circulated.
<b>October 2010 – ICT Services Update</b>	
<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.</b>	Circulated 6 January.
<b>it be requested that a copy of the broadband policy paper to be provided to JMT in November be circulated to Members.</b>	Policy will be provided upon publication.
<b>staff be firmly reminded of the need to switch off computers on grounds of both cost and environmental considerations;</b>	A First Press series is being run called 'Saving It'. Turning off computers and monitors is scheduled to be included in January.
<b>October 2010 - Project Design and Development/Financial Control of Capital Schemes</b>	
<b>Briefing notes be provided on</b>	(i) Issued 17 December 2010
<b>(i) the control exercised over consultants with particular reference to the Ross flood alleviation scheme and;</b>	
<b>(ii) the scope for schools to undertake small schemes themselves</b>	(ii) To be finalised.
<b>November 210 – Update on Accommodation Programme</b>	
<b>That (a) the issues raised by the Committee be taken into account by the Accommodation Board;</b>	Comments have been shared with the Accommodation Board. The Board is being revised and terms of reference updated.
<b>(b) consideration be given to</b>	



<p>communication with all Members about the accommodation programme and the localities project to ensure that Members were appropriately briefed;</p> <p>(c) the critical role of ICT provision to the success of the accommodation programme be highlighted and full account taken of this in developing the accommodation proposals; and</p> <p>(d) a briefing note be circulated on the costs of consultants employed on the accommodation programme.</p>	<p>A seminar on localities was held for all Members and PCT Board members on 5 November. A further seminar will be held in the New Year and a briefing note will be circulated.</p> <p>Joint Director of ICT advised.</p> <p>Circulated 17 December.</p>
<p><b>November 2010 - Scrutiny Review Of Communication With The Public About Services And Access To Those Services - Executive's Response</b></p>	
<p>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; and</p> <p>(b) a full progress report in response to the scrutiny review be made in the Summer of 2011, with consideration then being given to the need for any further reports to be made.</p>	<p>Noted</p> <p>Noted in work programme</p>
<p><b>November 2010 - Integrated Corporate Performance Report - Quarter 2 2010-11</b></p>	
<p>That (a) the Committee's observations on performance be sent to the Leader of the Council;</p> <p>(b) the Children's Services Scrutiny Committee should be requested to continue to give consideration to educational performance as part of its work programme; and</p> <p>(c) the Committee's concerns about the monitoring of performance against National Indicator 59: % of initial assessments for children's social care carried out within 7</p>	<p>Letters sent 16 December</p> <p>Request Made.</p> <p>Request Made.</p>

working days of referral be highlighted.	
<b>November 2010 – Budget Monitoring Report</b>	
<p><b>That (a) the Revenues and Benefits Team be commended for its work in collecting debts;</b></p> <p><b>(b) the Executive be urged to give careful consideration to whether additional cost effective action could be taken to avoid incurring additional costs under the waste disposal contract;</b></p> <p><b>(c) the implications of schools achieving academy status be noted and monitored; and</b></p> <p><b>(d) the Committee’s observations be reported to the Executive.</b></p>	<p>Letter sent to Director of Resources.</p> <p>Leader and Cabinet Member Environment and Strategic Housing notified.</p> <p>Included in budget monitoring reports.</p> <p>Letter sent notifying the Executive 16 December</p>
<b>November 2010 – Work Programme</b>	
<p><b>Requested that Community Services Scrutiny Committee should consider proposals for the future management of commons as this issue was exciting comment in the community.</b></p> <p><b>Provide Clarification on when the Executive’s proposals for making the Council’s own holdings available for affordable housing will come forward.</b></p>	<p>Submitted for inclusion in the work programme.</p> <p>The evidenced proposals are expected to come forward by March 2011.</p>
<b>January 2011 - Medium Term Financial Strategy 2011/14 and Budget Update 2011/12</b>	
<p><b>That Cabinet:</b></p> <p><b>(a) be advised that the core policy principles and the budget setting principles set out in the report at paragraphs 15, 16 and 17 are supported by the Committee;</b></p> <p><b>(b) be recommended that Council through the Cabinet receives sufficient detail of the proposed budget reductions to understand the impact on communities, services and the organisation; and</b></p>	<p>Reported to Cabinet 20 January.</p>

<p><b>(c) be recommended that an explanatory note on the funding of future capital projects should be included in the Joint Medium Term Financial Strategy.</b></p>	
<p><b>January 2011 - Joint Corporate Plan 2011-14</b></p>	
<p><b>That Cabinet be advised that the Committee welcomes the aspirations in the Joint Corporate Plan, whilst noting the challenge in ensuring the delivery of the desired outcomes.</b></p>	<p>Reported to Cabinet 20 January.</p>

