

AGENDA

Cabinet

Date: **Thursday 28 July 2011**

Time: **2.00 pm**

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

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

For any further information please contact:

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Agenda for the Meeting of the Cabinet

Membership

Chairman Councillor JG Jarvis

Councillor AJM Blackshaw
Councillor PM Morgan
Councillor RJ Phillips
Councillor PD Price
Councillor DB Wilcox

GUIDANCE ON DECLARING PERSONAL AND PREJUDICIAL INTERESTS AT MEETINGS

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

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AGENDA

		Pages
1.	APOLOGIES FOR ABSENCE To receive any apologies for absence.	
2.	DECLARATIONS OF INTEREST To receive any declarations of interest by Members in respect of items on the Agenda.	
3.	MINUTES To approve and sign the minutes of the meeting held on 30 June 2011.	1 - 8
4.	ECONOMIC DEVELOPMENT STRATEGY, LOCAL DEVELOPMENT FRAMEWORK AND LOCAL TRANSPORT PLAN 3 To consider the Economic Development Strategy for recommendation to Council on 18 November 2011. To agree a revised strategy for the Local Development Framework. To agree further consultation arrangements, including a community poll. To ensure that the strong linkages between the Economic Development Strategy, the Local Development Framework and the Local Transport Plan 3 are firmly embedded in each evolving strategy.	9 - 50
5.	HEREFORDSHIRE SUBSIDISED BUS NETWORK REVIEW To seek approval to achieve the required public transport route subsidy budget savings through award of contracts as set out in this report.	51 - 64
6.	UPDATE ON THE SHARED SERVICES PROGRAMME To update Cabinet on the progress of the Shared Services Programme.	65 - 74
7.	INTEGRATED CORPORATE PERFORMANCE REPORT - QUARTER 1 2011-12 To provide Cabinet with an overview of performance against the Joint Corporate Plan 2011-14 for the first three months of 2011-12.	75 - 106
8.	BUDGET MONITORING REPORT 2011/12 To report the forecast financial position for both revenue and capital to 31st May 2011 and provide an update on Directorates' recovery plans instigated to address projected overspends.	107 - 122
9.	BUDGET PLANNING/PARTICIPATORY PROCESS 2012/13 To seek agreement for the forthcoming budget planning process that includes greater public participation, in partnership with NHS partners.	123 - 128
10.	REVIEW OF THE FORWARD PLAN To review the Forward Plan and consider whether any matters should be referred to the Overview and Scrutiny Committee.	129 - 136

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HEREFORDSHIRE COUNCIL

BROCKINGTON, 35 HAFOD ROAD, HEREFORD.

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HEREFORDSHIRE COUNCIL

MINUTES of the meeting of Cabinet held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Thursday 30 June 2011 at 3.00 pm

Present: Councillor JG Jarvis (Chairman)
Councillor (Vice Chairman)

Councillors: AJM Blackshaw, PM Morgan, RJ Phillips and PD Price

In attendance: Councillors LO Barnett, WLS Bowen, RB Hamilton, MAF Hubbard, TM James, RI Matthews, NP Nenadich, GJ Powell, SJ Robertson, A Seldon and J Stone.

100. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors: DB Wilcox, Cabinet Member Environment, Housing and Planning and JA Hyde, Cabinet Support Member.

101. DECLARATIONS OF INTEREST

There were no declarations of interest made.

102. MINUTES

RESOLVED: That the Minutes of the meeting held on 17 March 2011 be approved as a correct record and signed by the Chairman.

103. FINAL REVENUE AND CAPITAL OUTTURN 2010/11

The Cabinet Member Corporate Services and Education presented the report. The Cabinet Member made the following points:

- A balanced budget had been delivered for 2010/11. The general fund reserve was at £6.4m.
- Specific reserves totalled £17.9m of which £6m was ring fenced schools reserves.
- Adult services care budget was still an area of financial risk.
- Budgetary recovery plans and control of discretionary expenditure had significantly contributed to the year-end position.
- The Council's financial position was regularly reported to Cabinet for review.
- There had been a number of projects delivered successfully amounting to £2.696m.

The Chief Officer Finance and Commercial made the following points:

- There had been considerable pressure in all directorates which had led to an overspend of £2.6m. The reduction in discretionary spend had significantly reduced this.
- A considerable contribution has been made in the way funds are borrowed for the capital programme through the use of revenue instead of reserves where appropriate.
- Currently the authority is on target to deliver a balanced budget.
- Winter maintenance reserves are to be included in the general reserves.

- Integrated Commissioning directorate had a £4.3m overspend.
- Children's Services, overspend was considerably less than had been previously.
- There was a slight underspend in the Deputy Chief Executive's directorate and equally in the Sustainable Communities directorate.
- The Capital outturn funding through grants was £4.5m.
- The end of year position showed a gross borrowing of £140m.

Cabinet made the following comments:

- There had been good financial management by the authority in reacting early to avoid service problems in adult social care.
- There was a potential additional cost to the council relating to any school staff being made redundant.
- Cabinet noted the number of schools converting to academy status and that the academies were choosing to buy back services from the local authority rather than get services elsewhere.

RESOLVED

That:

- a) the final outturn for 2010/11 be approved; and**
- b) the movements to new reserves outlined in paragraph 12 of Appendix A to the report be approved.**

104. INCOME PROPOSALS AND CHARGING PROPOSALS

The Cabinet Member Corporate Services and Education presented the report and made the following points:

- A consistent approach to cost recovery and increasing income generation needed to be adopted through corporate charging principles.
- Work undertaken on traded services to schools had identified proposals of £1.9m relating to existing income streams. There was a need to mitigate against the risk of lost income from academy schools.
- Benchmarking against other authorities indicated that Herefordshire was in the lower quartile in terms of income generation, indicating there was scope to generate additional income to offset budget pressures.

The Chairman invited the vice-chairman of the Overview and Scrutiny Committee to address cabinet. The vice-chairman stated it was important the report reflected the true cost of services across all areas as they currently were.

The Independent Group Leader and the It's Our County Group Leader both raised concern over the increase in charges to the public and were advised that car parking charges had not been increased in three years. The issue of council staff car parking was raised in relation to public perception. Cabinet was advised that this was already under review.

Cabinet noted that in a benchmarking analysis Herefordshire was in the lowest quartile for income generation through chargeable services and also for salaries. Cabinet

agreed that any changes proposed would need to be considered carefully and that a county-wide parking policy was required.

RESOLVED

That:

- a) **the charging principles contained at Appendix 1 to the report be approved;**
- b) **the proposals in relation to car parking and planning advice charges contained in the report be approved and authority be delegated to the Director for Places and Communities to finalise the schedule of fees and charges to be applied within the principles agreed;**
- c) **the proposals in relation to school transport and adult social care charges contained in the report be approved and authority be delegated to the Director for People's Services to finalise the schedule of fees and charges applied within the principles agreed; and,**
- d) **Overview and Scrutiny Committee, through the Vice-Chairman Corporate Services, undertake a review to identify options for the development of budgetary policy to support further income generation.**

105. INTEGRATED CORPORATE PERFORMANCE REPORT 2010/11

The Cabinet Member Corporate Services and Education reminded Cabinet that the report reflected performance for the last 12 months.

The points raised were:

- The performance report was part of the quarterly review of the joint corporate plan.
- The rate of improvement was slightly better than the previous 12 months and Cabinet was referred to pages 42-44 of the report which outlined each directorate.
- Currently progress on performance was being measured through the Performance + performance management system.
- Due to a change in national policy Appendix 2C had been added, which outlined the indicators that were no longer reported on nationally.
- Hereford Council's collection of council tax was still in the top quartile nationally.
- In referring to the number of 16/18 year olds not in education it was stated that the figure was unknown but it was estimated at 250, which was a reduction on last year's estimate of 300.

RESOLVED: That Cabinet considered performance for the operating year 2010/11.

106. JOINT CORPORATE PLAN

The Cabinet Member Corporate Services and Education reminded Cabinet that the Joint Corporate Plan was for Herefordshire Council and NHS Herefordshire setting out the measures, targets and projects which formed the basis for joint working.

Cabinet made the following comments:

- 1.6 improved access to superfast broadband and wider use of technologies – targets were being revised to reflect those of government and national requirements. For the superfast phase I & II broadband project, 30 companies had expressed interest.
- 3.2 improved intervention and support for children and young people and keeping them safe. It was noted this was an area it was difficult to have a fixed budget for as a child might need to be moved into care at short notice.

RESOLVED: That the measures, targets and projects (as shown at pages 2-8 of Appendix 1 to the report) be approved.

107. REDESIGN OF DELIVERED LIBRARY SERVICE AND DEVELOPMENT OF COMMUNITY LIBRARY SITES

The Cabinet Member Enterprise and Culture presented the report and informed Cabinet:

- That the policy for market towns was to link services to libraries to ensure continued viability.
- The provision of community based libraries could extend the number of library opening hours across the County.
- Concern for the vulnerable and house bound would see the extension of the home delivery service to those whose needs match the criteria for the service. The home delivery service to nursing homes would continue.
- The provision of the service was part of the core values to retain main libraries.
- The viability of community based libraries was being assessed on a case by case basis linking to the overall strategy.

It was noted that positive support had been received from customers. Discussions were being held with Parish Councils on community based libraries but there was no set model and officers were looking at models used by other authorities. With the advent of electronic books a digital approach was also being investigated.

RESOLVED

That:

- a) the redesign of the delivered library services in favour of a home delivery service based upon the needs of the users and the withdrawal of a universal mobile library service be agreed; and**
- b) local groups and organisations be invited to consider operating community based libraries.**

108. OPTIONS FOR THE FUTURE OF WEST MERCIA SUPPLIES

RESOLVED That: under section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of this item of business on the grounds that it involved the likely disclosure of exempt information as defined in Schedule 12(A) of the Act namely information relating to the financial or business affairs of any particular person (including the authority holding that information) and it was considered that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

Summary of Proceedings during which the Public and Press were excluded

The Cabinet Member for Corporate Services and Education presented an exempt report to Cabinet on the options for the future of West Mercia Supplies.

Cabinet considered options for the long term future of this procurement partnership and agreed a preferred course of action.

The meeting ended at 4.25 pm

CHAIRMAN

Document is Restricted

MEETING:	CABINET
DATE:	28 JULY 2011
TITLE OF REPORT:	ECONOMIC DEVELOPMENT STRATEGY, LOCAL DEVELOPMENT FRAMEWORK AND LOCAL TRANSPORT PLAN 3
PORTFOLIO AREA:	CORPORATE STRATEGY AND FINANCE

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider the Economic Development Strategy for recommendation to Council on 18 November 2011;

To agree a revised strategy for the Local Development Framework;

To agree further consultation arrangements, including a community poll;

To ensure that the strong linkages between the Economic Development Strategy, the Local Development Framework and the Local Transport Plan 3 are firmly embedded in each evolving strategy.

Key Decision

This is not a Key Decision.

Recommendation(s)

THAT Cabinet:

- (a) agree the Economic Development Strategy for recommendation to Council;**
- (b) approve the principles of the Local Development Framework Core Strategy Revised Preferred Option for the purposes of consultation, including the plan period;**
- (c) agree proposals for that consultation including a community poll;**

Further information on the subject of this report is available from
Andrew Ashcroft, Assistant Director – Environment, Planning and Waste on (01432) 383098

- (d) **delegate the final wording of the community poll and consultation material to the Director of Places and Communities in consultation with the relevant Cabinet Members;**
- (e) **note the implications for the Local Development Framework timetable as set out in Appendix 2 (paragraph 38);**
- (f) **agree the preparation of a Community Infrastructure Levy charging schedule (to be informed by the Overview & Scrutiny Committee policy review of income generation) to support the delivery of required infrastructure within the Core Strategy; and**
- (g) **note the critical linkages between the adoption of the Local Transport Plan 3 and the Local Development Framework Strategy and the outcome of consultation on the Hereford Relief Road.**

Key Points Summary

- There is a strong relationship between the various strategies and plans to support sustainable growth in the county. The linkages between effective economic development and promotion, spatial planning, transportation and planning and housing development and management create strong and sustainable communities in the county.
- The three strategies/frameworks/plans detailed in this report are being prepared to similar timetables. Together with the Housing Strategy they will represent key mechanisms for planning and delivering growth and regeneration in the County over the lifetime of this Council and beyond.
- The Economic Development Strategy will provide a key context to regeneration and investment work in the County. In particular it will form a basis for the private sector to plan future investment decisions.
- The Local Development Framework will eventually replace the Unitary Development Plan. It is proposed the revised plan period will provide a statutory planning framework for the county to 2031. In particular it will shape and direct the future use of land and buildings in the county.
- The Local Transport Plan 3 will provide a balanced range of transportation measures to allow the safe and sustainable movement of people and vehicles around the County.
- The various documents have been and will be prepared in a co-ordinated fashion.
- The introduction of a Community Infrastructure Levy will assist the Council in delivering key elements of infrastructure both to encourage and to sustain this important package of strategic documents.

Alternative Options

- 1 it is a statutory requirement to produce each of these three plans.
- 2 Inevitably there will be many approaches that could be pursued either in general, or in relation to any of plans/strategies concerned. These have been explored through extensive consultation, and the resulting drafts reflect both national best practice and the particular needs and requirements of the county.

Reasons for Recommendations

- 3 The recommendations will provide further clarity to the evolving growth and regeneration agenda in the county.
- 4 The Economic Development Strategy will ensure the county is well-placed to pursue developments and initiatives, linked to the Marches Local Enterprise Partnership.
- 5 The recommendations will also allow further critical progress to be made on the LDF/LTP3 which are key to the planning and implementation of housing and economic growth in the county.

Introduction and Background

- 6 Appendix 1 contains the draft Economic Development Strategy. The strategy has been produced to reflect the challenges and opportunities arising from the changing economic climate. The strategy is based on the findings of an Economic Assessment undertaken to address the economic challenges of the county whilst building on its strengths in order to create a growing economy.
- 7 Appendix 2 sets out the stage that the Local Development Framework had reached earlier in 2011. As a result of further testing of the models and evidence, and in response to earlier rounds of consultation, a revised strategy is proposed. This will form the basis for further consultation. In respect of the Hereford Relief Road, traffic modelling and environmental assessment work has been completed. On the basis of this work, it has been concluded that in planning terms it would be high risk to proceed with any eastern route. A cost benefit analysis of the routes will form part of the evidence and background papers for the next round of consultation, including the Community Poll.
- 8 Appendix 3 sets out the stage that LTP3 had reached earlier in 2011, reflecting its relationship to the LDF. In March 2011 the Council determined to adopt the LTP2 as its ongoing transport strategy, acknowledging the critical linkage between the transport strategy and the strategic land use policy and pending finalisation of the Local Development Framework submission. This report, and Appendix 2 in particular, provide an update for Cabinet on the process and timetable for progressing the LDF Core Strategy. In line with this updated timetable, and the resolution of Council in March 2011 LTP3 should be presented for adoption to Council in July 2012. Appendix 3 also clarifies the key elements of the LTP2 and how these will be refreshed when the LTP3 is finalised.

Key Considerations

- 9 The combination of issues that relate to the Local Development Framework, the Local Transport Plan 3 and the Economic Development Strategy are very much at the heart of the growth agenda and the place- shaping work that will be rolled out both in its own right and through the evolving Localities agenda. Quite properly there will be much overlap between the various policies and approaches. For this reason these matters are being considered jointly and within the context of a single Cabinet meeting.
- 10 All these issues feature significantly in the new Joint Corporate Plan. These issues play very significantly in the regeneration agenda in general and in particular ongoing investments in Hereford City. The Economic Development Strategy and the LDF will have a major role to play in sustaining and building the future of local communities throughout Herefordshire.
- 11 The implementation of the various strategies is at the heart of the delivery of key strategic objectives in the county. These include promoting economic resilience and diversity, providing

decent and affordable houses, and providing good efficient transportation and movement throughout the county. A community poll is proposed to be undertaken as part of the further consultation exercise on the Local Development Framework. Further detail on the various key considerations is set out in the appendices attached to this report.

Community Impact

- 12 The implementation of these various policies and strategies has the potential to have significant community impacts (as set out in paragraph 11 above). On this basis the three strategies/plans have already been the subject of extensive consultation. In addition, and as set out elsewhere in this report, it is proposed to carry out further consultation on the Local Development Framework including a Community Poll regarding the route of the Hereford relief road.
- 13 In addition the documents in their current formats already demonstrate how previous versions have been amended to take account of previous consultation exercises.

Financial Implications

- 14 The overall cost of producing the LDF to date is approximately £893,000. This has been funded from a variety of sources including the Council's own resources, the New Growth Point funding package and the Planning and Housing Delivery Grant. At this stage, it is anticipated that the overall cost of the forthcoming planned consultation exercise will be in the order of £75,000. This will include the costs of the proposed Community Poll. This consultation exercise will be funded from the LDF budget.

The research carried out for the Economic Development Strategy was funded from national government sources to complete a Local Economic Assessment. The writing, compilation and secondary consultation was provided from in-house resources. Its design and printing will be met through existing revenue budgets.

The development of the evidence base for the Local Transport Plan has been funded from a number of sources. The Government funded Delivering a Sustainable Transport System (DaSTS) programme has funded a joint study of the growth proposals for Hereford, Shrewsbury and Telford and has helped inform proposals around sustainable transport measures for Hereford. Finalisation of the LTP will be resourced in house and a revenue budget is set aside for limited additional research and to cover production and printing costs.

Legal Implications

- 15 Each document will eventually be produced and approved to separate legislative requirements. The holding of a community poll would be compliant with Section 116 of the Local Government Act 2003.

Risk Management

- 16 *Local Development Framework*

The key risk to the adoption of the LDF is the appointed planning inspector's findings on the soundness of the plan. In the event that the plan is found unsound some elements of the process will need to be repeated. This risk is being mitigated by a full and proper production of an evidence base, coupled with public consultation and which meets the guidance set out in the regulations.

An associated risk is that of the Council's inability to adopt a Community Infrastructure Levy

charging regime in the absence of an adopted Local Development Framework. This risk is being mitigated by sound project management and the preparation of the evidence base on the Local Development Framework itself.

17 *Local Transport Plan 3*

A draft LTP3 was the subject of consultation in Autumn 2010. The Strategy followed the then preferred LDF Core Strategy which is now subject to further consultation. Council determined to roll forward the LTP2 as the Council's transport strategy pending the finalisation of the LDF.

LTP2 remains fit for purpose, and provides an ongoing sound basis for determining transportation matters, its relevance will decline over time, when it will be replaced by LTP3.

18 *Economic Development Strategy*

Specific risk relating to projects will have their own risk registers, but there are three universal risk concerned with delivery of ambitions, funding availability and wider engagement.

The first risk is realising the ambitions of the strategy in uncertain economic growth. This will be mitigated by working with partner organisations to deliver effective activities to achieve ambitions.

The second risk is ensuring funding streams are available to progress key projects, particularly in relation to infrastructure. This will be mitigated by working through the LEP to access funding and to encourage business led regeneration.

The third risk is the engagement from the private sector necessary to deliver the strategy. This will be mitigated by working with the Business Board and Economic Development Partnership involved in the production of the strategy.

Consultees

19 Consultation for Economic Development Strategy:

- Employer Survey – conducted May 2010, 782 businesses responded
- Public consultation document released in September 2010 with deadline for responses by 1 December, including sent specifically to town and parish councils as well as wider stakeholder groups / organisations

- Consultation events / roadshows:

7 September Training and Support providers meeting at Bishop Frome Village Hall
22 July Addressing Child Poverty, workshop looking at causes of worklessness in the county at the Kindle Centre
21 September at Arctic Circle offices, Rotherwas Industrial Estate
23 September at Best Western Talbot Hotel, Leominster
7 October at Bronsil House, Eastnor Nr Ledbury
13 October at Leftbank in Hereford
15 October Agricultural focus group
16 November workshop at Social Enterprise Conference
2 November Rural Hub AGM
3 November Bromyard
11 November Golden Valley

- Refining strategy with Business Board and Economic Development Partnership Group – January / February 2011

20 Consultations on the Local Development Framework

Extensive consultations have taken place on this evolving plan since 2008. The principal event was the Place Shaping Consultation event (Jan – March 2010) and follow-up consultations which resulted in approximately 5000 comments.

The Local Development Framework consultation database includes a very significant range of regional and local organisations.

21 Consultation on the Local Transport Plan

The LTP3 consultation was closely coordinated with that for the LDF in 2010, recognising the critical interdependence of the two strategies. This included public consultation and road shows for January to March 2010 and the publication of a draft LTP3 for consultation October/ November 2010. Feedback from these consultations will be taken forward in the ongoing review of the LTP3 strategy alongside the further consultation highlighted in this report.

Appendices

22 Appendix 1 – Economic Development Strategy

Appendix 2 – Local Development Framework

Appendix 3 – Local Transport Plan

Background Papers

Your Business, Your Future - the Herefordshire Economy” consultation document

Herefordshire Employer Survey, 2010

“Your Business, Your Future” – the Business perspective of the Herefordshire Economy March 2011

State of Herefordshire Report, Business and Enterprise Chapter

Local Housing Requirements Study, GL Hearn.

Hereford Relief Road, Interim Forecasting Report, Revised Eastern Route Options, TPI.

Hereford Relief Road, Habitats Regulations Assessment, Hyder Consulting (UK) Limited.

Herefordshire Core Strategy Revised Preferred Options – Sustainability Appraisal Note – Land Use Consultants

Herefordshire Core Strategy Revised Preferred Options – Habitats Regulations Assessment Note – Land Use Consultants

Economic Viability Assessment, Three Dragons and Roger Tym and Partners

Independent Review of the Hereford Relief Road Studies – Parsons Brinckerhoff

Herefordshire Local Development Framework Core Strategy – Draft Revised Preferred Options Background Paper July 2011

Enterprising County Economic Development Strategy for Herefordshire 2011-2016



Why a Strategy

The strategy outlines the path and direction to foster economic vitality. More than one factor affects the potential for economic prosperity; therefore the strategy aims to pull together different considerations to meet that potential. This strategy focuses on achieving growth through the private sector, with new jobs and investment made by businesses – with this approach supported by different organisations and communities coming together to create the right environment for enterprise to flourish.

The Strategy itself is in five key parts:

- 1: The Profile of Herefordshire**
Summary of the current character and issues
- 2: Vision and Aims**
A summary of what the county aspires to achieve
- 3: Business and Communities**
Profile and consideration of enterprise and how the economy impacts on people
- 4: Delivery**
How the strategy will be delivered and results to measure success

The Process

The evidence that informs this strategy is contained within the State of Herefordshire report 2010 (Chapter 3 – A local economic assessment for Herefordshire). The chapter includes a wider range of facts and figures that give a view of the county's economy and also looks at some future trends. The comprehensive research that forms the Local Economic Assessment has been supported by an Employer Survey which received feedback from 782 businesses in the county of various sizes and sectors.

Based on the evidence, a public consultation document was produced, and specific discussions took place with businesses at different locations. This was supported by an on-line consultation and blog. Rather than repeating these facts and figures this document analyses what the information is telling us about the county and incorporates comments from consultees. The case studies within this document aim to illustrate the points being made, giving a flavour of what is possible and achievable. Supporting information can be found at www.economicinvestment.gov.uk.

The strategy is an integral part of the Local Development Framework (LDF), and should also be considered next to other important documents that will have an influence on shaping Herefordshire's future, incorporating the areas of transport, housing, health, employment, child poverty, plus specific business sectors and geographic linkages such as the Marches Local Enterprise Partnership.

This strategy is concerned with the economic potential of Herefordshire and the benefits it can bring in creating a better place for residents to live. By being a wealthier county driven by a stronger economy, poverty can be reduced, businesses can invest in their future and services can be sustained through local investment.

The aim of this strategy is to build on what we currently know about Herefordshire to shape an ambitious future, making sure the most is made of the county's unique qualities.

Therefore, building on the strengths of the county with high ambition for the future the vision for the economic development strategy is to **increase economic wealth of the county through the growth of business**. This will be achieved through the aims to:

- Sustained business survival and growth
- Increase wage levels, range and quality of jobs
- Have a skilled population to meet future work needs
- Develop the county's built infrastructure for enterprise to flourish

The principles outlined below form the values of any economic growth that reflects the wider consideration when aiming to achieve regeneration and development.

Confidence and identity – to understand the county's place in the world with a shared identity that fosters confidence and self belief.

Distinctiveness – creating competitive advantage based on what we have to offer influenced by the county's distinct cultural, heritage, and enterprising character.

Reducing poverty – with a wealthier county comes better services, better quality of life, greater equality of health and wellbeing and a reduction in poverty.

Potential – that every person, regardless of age and ability can meet their potential through work and training.

Environment – be a leader in the growth of environmental enterprise and innovation that marries with the rural nature of the county.

Community – strong communities as contributing factor to a vibrant and sustainable economy, where people want to live, work and visit.

The ten projects listed below are infrastructure and development initiatives that will be completed or make significant progress in the next five years. The projects will impact cross the county, creating economic benefit for the rural areas, market towns and Hereford City responding to the needs of businesses, address challenges within the county and look to the future to create a vibrant and sustainable economy. The projects should not be seen in isolation as will form part of a wider delivery and action plan.

- 1 **Enterprise Zone** – development of employment land at Rotherwas to form an enterprise zone focusing on defence and knowledge sectors, creating added benefit for companies who locate in the area.
- 2 **Broadband** – investment in technology infrastructure for the county to have 100% access to broadband revolutionising how businesses operate and how public services are delivered.
- 3 **Employment Land** – create a network of quality employment land sites across the county where businesses have opportunity to relocate and expand
- 4 **Hereford Relief Road** – invest in the road infrastructure to relieve Hereford and make movement through the county easier for businesses, visitors and residents
- 5 **Hereford City Centre** – as the urban centre of the county creating a more vibrant city with additional retail, housing and leisure.
- 6 **Construction Skills Academy** – ensure the best skills are locally available to meet the potential of investment projects, specifically regarding the city centre development.
- 7 **Employment and Skills** – to run programmes that support people into employment, with a specific concentration on South Wye and Leominster areas.
- 8 **Apprenticeship Campaign** - enabling work based training to generate long term skills.
- 9 **HE Centre** – to create a facility for people to access higher education, that provides a gateway to learning otherwise not available in the county
- 10 **Identity** – create a strong brand identity for Herefordshire that reflects the county's enterprising spirit and visitor appeal.

Section 1 - Profile of Herefordshire

Herefordshire is a rural county, rich in heritage, culture and enterprise. The agricultural heritage has shaped and influenced the distinctiveness of the county with land based industries a key part of the county's offer and has also led to the county having production based strength.

The industries in the county have had a history in diversifying, often out of necessity as the key industries of agriculture and manufacturing meet the challenges of global change. The county has been able to maximise the trend in growth sectors such as tourism, defence, food and drink and creative industries that are wholly complementary to the character and nature of the county. Herefordshire predominately consists of small or medium sized enterprises, with a strong entrepreneurial spirit that has seen companies corner international markets. There is also a strong social enterprise sector where the business delivers services that support community well being.

Compared to national figures Herefordshire has a higher proportion of people who work from home which is consistent with the profile of high levels of self employment. This is reflective of the growth of sole traders and family firms that have become highly successful though still deep rooted in their communities adding to the area's identity and uniqueness.

The county has also proved its resilience during the economic recession compared to other areas partly due to a greater number of self-employed businesses, high employment rate and the resilient nature of some of the sectors. Consultation shows that companies are cautiously confident for the future with capacity to respond to the upturn in the economy. This is not to say Herefordshire has not felt the effects of the downturn with businesses considering the challenges of the global economy the biggest threat for the future.

For all its advantages of being a rural county, there are a number of disadvantages that can create barriers to economic growth. The transport infrastructure is an issue raised by businesses in being able to ship and receive goods, as well as congestion in and around Hereford. This is reflective of the manufacturing nature of many of the businesses that have to compete with other companies that can transport products more quickly and cheaply because of their proximity to faster road and rail links.

The type of businesses in the county influences the area's economic output level (measured by Gross Value Added – GVA). GVA per head of population was at £15,176 in 2007, compared to £20,458 for England. One of the reasons for low GVA is related to wage levels. Herefordshire has one of the highest employment rates in the country and people work on average longer hours, but pay levels are low in comparison (in 2009 the median weekly earnings were £383.30, compared to the England average of £495.20). Businesses often see this as an advantage in having lower overheads but this also means less money is being spent in the local economy.

Another reason why GVA per head of population is low seems to be the net loss of people travelling out of the county for work (over 4,000 residents - approximately 5% of the working age population). Information suggests that this tends to be higher earners with better qualifications who can enjoy the Herefordshire lifestyle whilst working outside of the county.

Figures show that greater GVA is achieved by companies who specialise in knowledge based industries - this may include making the most of technology as well as effective use of intangible assets such as knowledge, skills and innovative approaches to create competitive advantage. Though Herefordshire has seen an escalation in private sector innovation, there is opportunity to increase the number of knowledge based companies in the county and the use of technology more widely in a range of enterprises. This includes attracting companies to locate in the county, bringing their knowledge with them. This is particularly relevant as Herefordshire becomes an early implementer of superfast Broadband in rural areas, creating a unique selling point of availability of some of the fastest broadband in the country alongside a high quality lifestyle.

Herefordshire is well known for its quality secondary schools and FE provision (further education) with 94% of young people progressing to education after school (91% across England). However, there are some challenges – for the small percentage the young people who directly enter the workplace feedback from businesses suggest they are not work ready. There is also limited HE (higher education) opportunity in the county with a net loss of around 1,200 students who study at degree level out of county. Also 21% of companies report skills gaps in their workforce primarily in technical, practical and job-specific skills. Though many will provide valuable in-work training, this can be a financial and time burden for many companies especially small ones. The growth in apprenticeships has been popular with students and businesses sharing an understanding that skills are learnt whilst at work in a supportive

environment.

Two interlinking issues to emerge from the consultation are confidence and identity. In terms of identity companies find it hard to “sell” the county with people often not knowing where Herefordshire is. There is potential for the county to establish its place and position in the market next to its neighbouring counties but also define its identity in the national and global context. With confidence comes a willingness to make more investment and be more enterprising. This is key to creating a sustained economy and business growth in the next 5 years.

Section 2 - Vision and Aims

Vision: to increase economic wealth of the county through the growth of business.

Aims

1. Sustained business survival and growth
2. Increase wage levels, range and quality of jobs
3. Have a skilled population to meet future work needs
4. Develop the county's built infrastructure for enterprise to flourish

Aim 1: Sustained business survival and growth

Businesses are key to creating a strong economy and their growth can make a difference to employment opportunities and ultimately wealth of the county. There is significant opportunity for businesses in the county to increase economic output to equal that of the regional average. As well as business growth, this aim is concerned with survival in an uncertain financial climate where access to finance to enable entry into new markets is challenging. The county is well known for its "home-grown" industries with retention and growth of these companies key. There is also opportunity to attract businesses to the county and outside investment, promoting Herefordshire as a perfect place to do business especially growing the technology and knowledge base sectors.

- Support businesses to diversify their products in order to grow and become more sustainable, including through exporting
- Support business advice and networks, including for social enterprise
- Enhance access to finance and investment schemes
- Aid local companies to secure local contracts through procurement advice and guidance
- Encourage the use of research, innovation and knowledge in whatever sector
- Promote the county as a location for business, tourism and investment

Key results:

- Year on year increase of GVA per head of population to match the national growth rate
- The business survival rate at three years is consistently better than the England average



Arctic Circle Case Study

Set up in 1985 by husband and wife team Eddie and Debbie Gittoes, Arctic Circle, is one of Herefordshire's most successful manufacturing businesses employing 85 people and supporting many others within the local supply chain. The company manufactures equipment for use within the heat transfer market primarily designing and building low carbon solutions for use within the cold food chain. The company has established a reputation for innovative solutions using technologies to become the undisputed market leader in its field.

In collaboration with Morrison's supermarkets Arctic Circle has set up a unique facility at its Rotherwas factory. The 'Natural Refrigerant Technology Centre' is a state of the art facility set up to establish true seasonal energy consumption data for CO² and hydrocarbon refrigeration systems of all types. The centre will also be used as a 'hands on' training environment for engineers, having the capability to simulate real site conditions and issues enabling solutions to be evaluated prior to going to site. It is the first facility of its kind and is a benchmark for the industry.

Section 2 - Vision and Aims

Aim 2: Increase wage levels, range and quality of jobs

Whilst the county has a comparatively high employment rate the average wage levels are much lower. This has an effect on people's circumstances as well as the economy as a whole and wealth of the county. Whilst the aim is about wage levels, it is also about the quality and choice of employment. This means giving people opportunity to stay and work in the county, to be able to progress their careers and training without relocating and ensuring that there are high skill level jobs that can offer high wages. This aim is also about people realising their potential through work, with unemployment having an effect on the individual, families and communities sometimes over generations.

- Enable small businesses to start up and take the next steps in their development to create employment opportunities
- Run employment programmes to meet the needs and aspirations of individuals and employers, including targeted support for certain sectors
- Raise awareness of the range of employment opportunities
- Work with key companies to expand their businesses to create high level employment opportunities with corresponding higher wage levels

Key results:

- Consistently achieve above the national average for employment levels by at least 4%
- Increase wage levels year on year whilst also reducing the gap between Herefordshire and national averages

Aim 3: Have a skilled population to meet future work needs

Skills are a major issue relating to both specialist skills, but also more generic requirements of management, leadership and motivation. Whilst secondary school education has a reputation of quality and offers a diverse range of options with good quality future education provision, people on the whole have to travel out of the county to access higher education. This is seen as creating a combined brain-drain and age-drain, with possibly more people taking degree level qualifications if there was more provision closer to home.

There is a cost and resource challenge for businesses to train people whilst at work, and individuals find it difficult to progress through training in certain subjects whilst living in Herefordshire.

Whilst skills levels of young people are a priority, it may not always be through traditional learning routes with an opportunity, for example, to maximise the new drives in apprenticeships. This is combined with encouraging people of all ages to take up learning to increase aspirations and as pathways to work and better paid work.

- For greater connectivity between businesses and the education sector to understand future needs of industries
- Enable business to train people whilst at work
- Create a gateway to higher education and progression routes to training
- Enhance the adult learning offer as a route to employment and raised aspirations

Key results:

- Increase the qualification level of people who are economically active in the county, measured through the residents qualified at level three
- Raise the training participation level of all 17 and 18 year olds, through increases in full time training, apprenticeships, and training whilst in work.

“Herefordshire has some of the best land in the country and is highly regarded by producers outside of the county for its produce.” Anthony Snell

AJ & CI Snell is a specialist producer of fresh and frozen soft fruit and is the biggest producer of organic blackcurrants in the UK. The business produces fifteen hundred tonnes of fruit every year which they supply to Sainsbury's, Marks & Spencers and farm shops.

The company moved away from growing traditional arable crops and began specialising in soft fruit in 1989 as a means of expanding the business and making it more profitable. During this time the farm has grown from 100 to 400 acres including a 2000-tonne a year capacity packhouse providing state of the art facilities which enables the fruit to be picked, processed and packed all on the same site. As a result the business now employs 30 full time staff and in peak season up to 350 seasonal workers.



Section 2 - Vision and Aims

Aim 4: Develop the county's built infrastructure for enterprise to flourish

The rural nature of the county can create barriers to sustainable economic growth. These include the road and rail infrastructure, the lack of universal access to broadband and shortage of good quality employment land. Other barriers to growth including not making the most of new technologies, businesses adapting more sustainable and environmentally friendly approaches, as well as competing for major contracts.

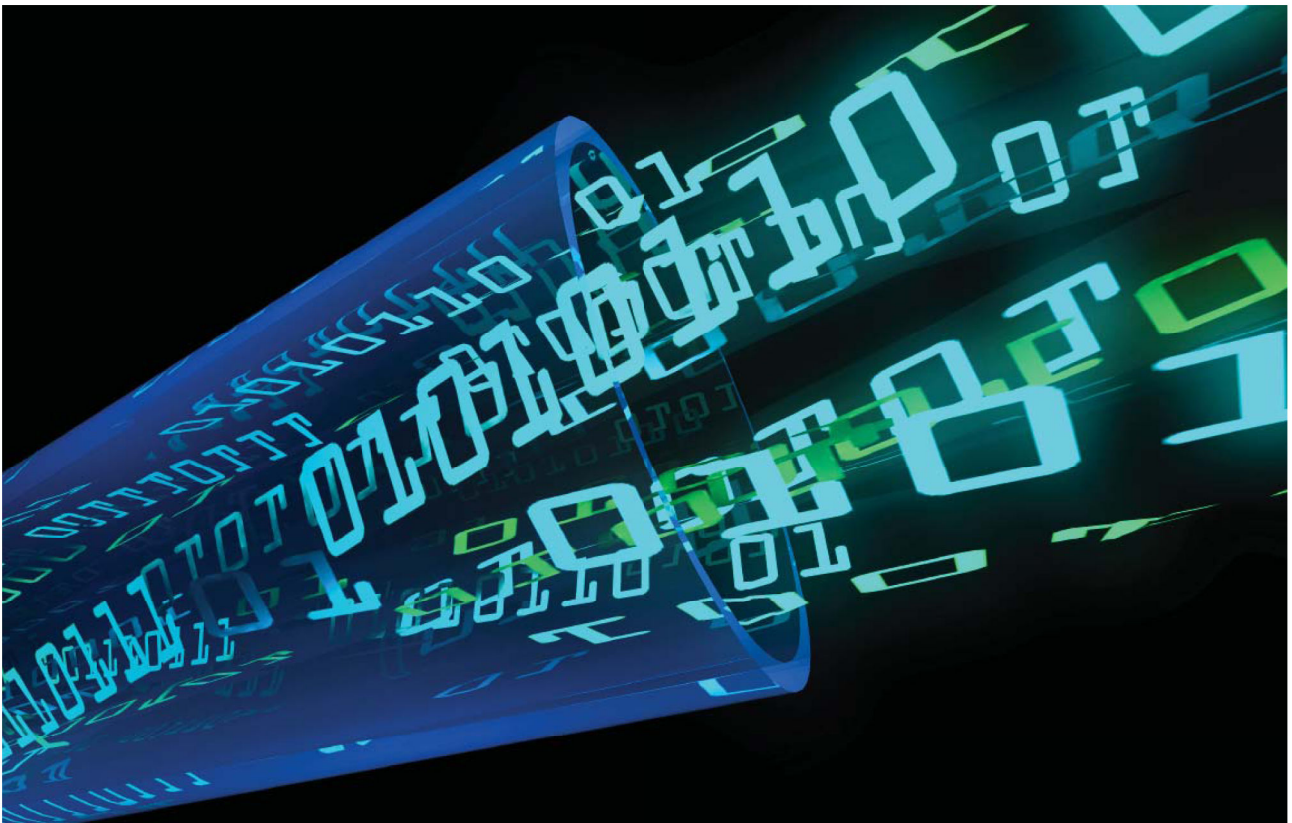
Some of these barriers are compounded by the county being highly populated by small businesses who alone do not have the resources, skills and knowledge to overcome challenges. Social enterprise share similar barriers.

Hereford City is the county's economic centre and as such has a potential to influence the prosperity of the area. A combined approach to regeneration means investment covering travel, housing, employment land development and job creation can make a significant difference to the county.

- Improve broadband speed and coverage in Herefordshire, along with mobile phone coverage
- Improve transport infrastructure, specifically Hereford relief road
- Improve the range and quality of employment land and premises
- Enable business efficiency through use of technology
- Create a receptive and progressive approach to planning requirements for industry
- Combined regeneration of Hereford City Centre

Key results:

- 100% access to Broadband in Herefordshire by 2015
- New jobs created



Kingspan Insulation Ltd Case Study

Established in 1981 Kingspan Insulation Ltd make premium and high performance building insulation products and insulated systems. The company is a Division of Kingspan Group plc, one of Europe's fastest growing building material manufacturers and has manufacturing, distribution and commercial operations throughout Europe, North America, Australasia and other locations across the globe. The business's global head office is based in Pembrige, Leominster and employs over 400 staff making it one of the largest employers in the area. The factory itself is the largest single manufacturing facility for rigid installation boards in the world.

Peter Morgan, Kingspan Insulation's Marketing Communications Manager attributes much of the success of the business to the expertise, knowledge and dedication of the people the company employs and the company's continual updating and improvement of its products and services ensuring that the company stays ahead of its competition.

Whilst the recession has presented challenges for Kingspan it has also presented the company with opportunities to discover new markets and new sectors resulting in the development of new products and services that reflect the changing needs of the market.



Section 3 - Business and Communities

This section in the strategy focuses on issues relating to the economy that are important to people and their lives – this not only means the type of work that is available, but the housing available, the communities people live in and linkage to the neighbouring counties. The key issues for each area should be considered next to the county wide priorities requiring their own actions and support.

Business Profile

Manufacturing

The proportion of employees in manufacturing within the county is higher than figures for both England and the West Midlands. Some 40% is based in rural areas outside Hereford and the market towns and it is an important element of the Herefordshire economy. Rubber, plastics and food manufacture are the largest constituents, along with the manufacture of fabricated metal products, many of them in niche areas requiring specialist knowledge and skills. Nationally there has been a steady increase in manufacturing output though foreign competition for production is a constant threat.

Food and Drink

There is growing national interest in local food and drink production. Campaigns such as the Flavours Awards and Herefordshire Food Festival have raised the profile and opportunity of local producers, with food and drink being used as a tourism feature of the county. There have also been some outstanding national awards to local producers which add to the perception of Herefordshire as a centre of food and drink excellence.

Tourism

Tourism to the county is worth £411m to the local economy. Over 4.7 million visitors come per year, mainly short stays to take advantage of the outstanding countryside, rich heritage and cultural offer. This supports 8,480 jobs. Visit Herefordshire is the agency in the county that promotes tourism including developing the county as a visitor destination, supporting the improvements to the visitor accommodation offer and managing people's stay when they are in the county.

Land Based

In overall employment terms, the numbers working in land based industries, accounts for a much greater proportion than regionally and nationally. Whilst in the past agriculture has suffered, recently both livestock and grain prices have improved. However, agriculture has a track record in diversifying for example the use of polytunnels for an increasing range of fruits, quantities and quality, which has enabled many farmers to stay in business.

Creative Industries

The local authority holds a data-base with over 500 creative businesses in the county. These are mainly sole traders or small companies making unique products. Designer crafts are particularly strong supported by an annual Contemporary Crafts Fair that has a national reputation and h.Art week that includes open studios that reflects the range and spread of arts based businesses in the county. Other creative sectors that have a strong profile in the county are creative media and festivals that take place throughout the year.

Defence and Security

The location of the Regiment in Herefordshire in itself has a major impact on the local economy using local firms and facilities. Add to this, the many specialist security companies set up by individuals wanting to stay in the area, and the over spill of firms in the county drawn by the Malvern defence cluster. Over 80 companies in defence and security already create an important business cluster and are capable of further development given the growing global significance of security. Continued overleaf...

Halo Leisure Case Study

Halo Leisure was set up as a Leisure Trust, which was formed as a social enterprise in 2002 to run the county's Leisure Centres. It currently runs 9 centres under a 25 year lease and has over 400 employees. Since 2002 Halo has increased annual turnover from £4.1 million, to just under £7 million. Currently Halo has approximately 1.7 million customer visits each year and a membership of approximately 9,000 people.

Halo's customers range from the very young to older people. As part of their social enterprise ethos they have developed a pricing structure which aims to ensure that their services are affordable and can be accessed by all.

In addition to their work in Herefordshire Halo have also set up a subsidiary trading company to provide consultancy and related products to the Leisure Trust and commercial sectors. The trading company's core product is asset management software which is used in 125 Leisure Centres across the UK.



Section 3 - Business and Communities

Environmental technologies

A potential strength of the county is growth in renewable energy which complements the rural, green and land based character of the county. The Marches Environmental Technologies Network (metnet) was set up with the express role of promoting the development of this fledgling economic sector, encouraging new companies to start up and existing companies to diversify, especially through networking and collaboration.

Health and Social Care

Herefordshire will see a rapid increase in the aging population that will need support from the health and social care sector. This means additional care in the home, with 33% of Herefordshire households having at least one person with limiting long term illness; but also recognising a different type of residential care as people live longer and want to be more active (life expectancy for men is 78.6 years and 83.4 years for women). There will be an expectation of more private sector care that people, with a potential of business growth to match the population changes. This sector has the opportunity to create additional jobs, with training in work to address challenges of recruitment and retention.

Social Enterprise

Herefordshire has a particularly diverse and independent third sector, with a wide range of voluntary organisations, community groups, social enterprises and housing associations contributing significantly to all aspects of life in Herefordshire. In 2008, 29% of the population volunteered (gave unpaid help) at least once a month. Social Enterprise also place a specific role in being able to balance an enterprising spirit whilst providing “social good” services. The sector has also taken an increasing role to addressing issues of employment, especially supporting the long term unemployed back into work.

Retail

For some time, retail in Herefordshire has been losing ground to competition outside the county. Currently, sales occupations are the largest sector in the county's unemployment figures (October 2010). To try and address this, Hereford Futures is promoting the development of the £80 million retail development which includes a new department store, supermarket and smaller shops which is fully funded by the private sector.

Many local businesses have been affected by internet shopping, but some have responded by developing a noticeable internet presence. At the same time various solely internet businesses have also been set up and are trading successfully. Both of these avenues have the opportunity to increase due to the increase in use of technologies.

Construction

Within the county there are a wide range of construction businesses, both manufacturing components (many in niche markets) and straight construction. Particularly strong in the county is the steel frame building sector. There would seem to be potential to be explored in the areas of group purchase of materials and collaboration, especially in complementary activities. Wooden frame buildings for domestic and industrial are also a feature of the county and complement the rural identity of the county. With investment in Hereford City and inbuilt infrastructure in the county there is a need to ensure local businesses have the opportunity to secure contracts, and having the right skills that can be developed through Constructions Skills Academy.

The Public Sector

Though the public sector is shrinking, the combined services of health, education, emergency services and local government are still a significant local employer. The nature of public service is adapting with the changes providing an opportunity to refocus resources as well as externalise the running of appropriate services to the private and voluntary sector.

D3 Active Case Study

D3 Active is an events agency based in Ledbury that specialise in the creation and delivery of adventure-based outdoor events. However, the company was significantly affected by the economic crisis and as a result had to reconsider its business model.

As a result D3 Active moved into new areas of activity and began running their own adventure races and expanded the corporate team building side of the business. As well as working with local businesses the company attracts high profile clients such as Red Bull, KPMG and O2.

Having moved to Herefordshire from Surrey the company makes the most of the natural assets of the surrounding countryside and their idyllic location in the grounds of the Eastnor Castle Estate.

“For our client base we are well positioned and also the geography offers us, in particular, a great place to operate.” Fiona Day, Director

Following several years of change D3 Active expect that the next few years will be a period of consolidation for the company as they focus on developing the fledgling areas of the business.



Section 3 - Business and Communities

Housing

The issues of housing are strongly linked to the economy of the county, specifically in people having the financial choices to live in Herefordshire.

The median price of a property in Herefordshire was £175,000. In comparison, the median property prices for England / Wales were £172,000. Herefordshire's house prices are generally higher than elsewhere largely due to the type of housing stock present in the county. This is compared to having a lower than average wage economy for the county.

The preferred measure for house price affordability is the ratio of lower quartile house prices to lower quartile earnings. For 2010, the ratio for Herefordshire was 9.3, that is, for those on lower quartile earnings, a house at the bottom end of the market would cost them 9.3 times their annual earnings. Though there has been investment in affordable housing, Herefordshire has one of the most challenging affordability ratio in West Midlands authorities and neighbouring counties.

Regeneration schemes focused on housing have proven to have wider community benefits, as well as creating better housing stock, they have resulted in an improved quality of the area, whilst raising aspirations and addressing perceptions of an area.

Key results:

- For the emphasis on affordable housing in the county to continue, enabling developers and social landlords to invest in the county
- To improve the availability and range of housing stock in the county, including decent housing and housing regeneration schemes
- For mixed live and work developments particularly in rural areas to be part of the Herefordshire offer
- Potential for regeneration of the Oval area in South Wye
- Support initiatives which link skills development and employment to housing development.

Cost of Living and Poverty

The Commission for Rural Communities (CRC) and the Rowntree Foundation have published research (2010) that shows that people in rural areas need to take home up to 24% more than those in urban areas in order to reach an acceptable living standard. For example, a single person living in a hamlet will need £18,600 a year to get by, compared with £14,400 for the same person living in an urban area.

The most commonly used measure for child poverty is the proportion of children living in families in receipt of out of work benefits or tax credits where their reported income is less than 60% of median income. Latest data is from 2008, shows that in Herefordshire 15% of children are living in poverty. Though there are a slightly higher proportion of children in poverty in urban areas than there are in rural areas, children and families face other challenges related to living in rural areas, such as access to services.

The impacts of a child living in poverty can have a life-time effect. Research shows that at 22 months a poor child's skills already trail behind those of better off toddlers; at age 5 a poor child, even if he or she is very bright, will have been overtaken at school by a less talented but more privileged classmate, and by 16 he or she is just half as likely to get five good GCSEs. In Herefordshire specifically in 2009/10 attainment at level 2 for those receiving free school meals was 33% below that of young people not receiving free meals. At the other end of their life, a child born today in the poorest neighbourhoods will still die, on average, 7 years before a child born in the richest.

Key points:

- Employment and wage level increases will have a positive effect on reducing poverty
- There is likely to be a range and number of barriers to people taking employment and training – including accessing child care, skills, ability to travel, and understanding of opportunities
- Opportunity to establish a co-ordinated approach to address poverty and financial exclusion which has an effect on health and well being.



Green Hands Case Study

Whilst undertaking a Nail Technician course at Hereford College of Tech Naomi Andersson set about developing the idea of starting her own natural nail care business. She quickly recognised the limitations of only offering a nail care service and identified a gap in the market for natural, organic nail products which led her to develop the on-line and wholesale side of the business. Now an award winning business Green Hands is an online retailer based in Leominster, selling natural and organic products for hands and feet.

Despite the success of Green Hands Naomi acknowledges the need to keep reviewing the direction of the business and to have a clear vision about how you would like the business to develop.

Section 3 - Business and Communities

Work and Health

The number of days lost through ill health has an effect on a business' output level, and can ultimately impact on the GVA of the county. Therefore, there is an emphasis on employers keeping their workforce well and motivated (with de-motivation having an effect on mental and physical well being).

In Herefordshire people tend to work longer into their older age (reflective of the agricultural nature of the county and populated with self employment). As the population grows older and the retirement age extends more people will be staying on in work enabling the county to make the most of knowledge and skills. However, some parts of Herefordshire have increasingly high proportions of people aged 60 and over living in house holds with low incomes.

National research shows there is a strong linkage between work and health. Unemployed people show worsening mental and physical health over time, suffer a loss of self esteem and debt caused by lack of earnings, whilst distress levels fall when re-entering the work force. Poverty has an impact on health, including housing conditions and general life chances. Nationally, child obesity is increasing and early indications show that obesity is linked to poverty, research suggests that the working age people classed as obese may be 15-20% less likely to be in employment than non-obese.

Key points:

- Increased employment levels will have a positive effect on people's health and well being
- Opportunity to encourage older people to stay in employment to increase their income and stay active and healthy
- Encourage workforce health through positive lifestyle choices
- Create opportunity for healthy living, e.g. cycle / walk to work; smoking cessation programme in the work place; fitness activity

Places and Geographies

Hereford City is the service and economic centre of the county, reflecting the higher population density (58,800 people). Hereford has the largest number of businesses, with a network of employment land sites including Rotherwas in the south of the City.

The market towns of Leominster, Ross on Wye, Ledbury, Bromyard, and Kington surround the city. Each of the market towns has their own distinct qualities reflective of their position in the county and the organic growth of their industries. Ledbury and Ross both benefit from access to motorway links, whilst Leominster and Ledbury have connection to the rail infrastructure. There are clusters of industry within all of the market towns providing valuable employment. Tourism opportunity is a strong feature of all the market towns, having their own unique selling point.

The rural economy is populated by small businesses, often sole traders or self employed working from home. This is higher than the national average, partly driven by necessity in terms of viability to travel to work, but the increasing opportunity to use technology to work from any location and still be able to compete in a global marketing place. The access to technologies also means that major companies can expand whilst located in the rural area.

Key points:

- Businesses in the rural areas support sustainability of local services and communities
- Promotion of the different attributes of the county's market towns, rural areas and Hereford City as a tourism destination and location for enterprise
- Employment land development as a key factor specifically in Hereford and the market towns
- Hereford Futures programme once completed having the potential of GVA contribution of around £32.2m a year
- Make the most of road and rail links, specifically in Leominster, Ross on Wye and Ledbury, with enhanced connectivity through the build of the Outer Relief Road



Caplor Energy Case Study

“Every business should be thinking about the triple bottom line and what impact their business has on the environment. Long term it makes economic as well as environmental sense.”

Caplor Energy Ltd designs, supplies and installs renewable energy systems in domestic and commercial properties in and around Herefordshire. The company was borne out of a unique combination of passion, economic crisis, good timing and entrepreneurial spirit. When the recession hit, it provided owner and Managing Director, Gareth Williams, to reassess the direction of his existing property development business and to start to investigate new areas of interest linked to his passion for renewable energy.

Gareth started by installing a 15kW wind turbine and a 9.7kW solar PV system on the family farm in Fownhope. Since then the company has gone from strength to strength winning numerous environmental awards and accolades.

Section 3 - Business and Communities

Linkage with Neighbours

Herefordshire has formed a local enterprise partnership (LEP) with Shropshire and Telford because of the synergies between the economies and common issues. The Marches LEP will use shared resources to create benefit for local businesses and raise the profile area.

As well as with Shropshire, Herefordshire has strong links to other neighbours. Ross-on-Wye in the south has links to Gloucestershire, areas in the west of the county have links to neighbouring Welsh county, Powys. Equally there are connections with Worcestershire, specifically between the towns of Ledbury and Malvern, Bromyard and Worcester.

In a recent survey of employers in Herefordshire, 11% traded mostly with neighbouring authorities, 8% traded mainly with parts of the West Midlands region outside of Herefordshire and nearly a third traded mainly throughout the UK. Some Herefordshire businesses also have links to areas outside the UK; in general the larger businesses have a greater tendency to either have customers or export goods or services outside of the UK.

Herefordshire is also likely to have industry specific links and supply chain links across the county. For example, agriculture has links with Powys, Shropshire and Worcestershire, whilst suppliers to the automobile sector are likely to have links with manufacturers in Oxford, Swindon or Birmingham.

Key points:

- Improvements to the road and rail network would support the transportation of goods
- Opportunity to develop links within the supply chain within the LEP area
- First phase deployment of universal access of broadband in the south of Herefordshire along with the Forest of Dean in Gloucestershire
- Exporting potential for companies in the county

Environmental Sustainability

Within Herefordshire, business is the highest emitters of CO₂ (on a per capita basis), followed by domestic use then transport emissions. However, all three sectors were higher than national levels on a per capita basis. Part of the high comparative rate is due to the requirement to travel combined with low population (because based on per capita).

There is a potential conflict in reducing emissions and economic growth, with new business ventures and customer demand requiring more energy. However, many businesses have realised that energy efficiency can mean lower running costs and have taken advantage of this to change practices.

With a heritage base on the land and a growing range of eco-companies, Herefordshire has the potential of creating a unique selling point based on sustainability principles.

Key points:

- Support for sustainable business practices that can create the added benefit of reducing over-heads
- Eco-companies and environmental technologies are part of the Herefordshire identity
- Development of local planning policies for environmental standards to be adapted to Herefordshire's circumstances and adopted for new employment sites and builds
- Encouragement of heritage-led development capitalising on the "heritage premium"
- Quality of life and its relationship to economic sustainability by attracting new businesses and entrepreneurs to relocate to the County for its high quality of environment.

Section 4 - Delivery

The strategy is the framework for future delivery, that influences and shape private sector development and public sector intervention. The aims of the strategy will be delivered through a range of mechanisms and schemes which will be reflected in an action plan. The delivery in terms of running schemes will be assigned to a range of organisations which are most appropriate as the lead, however, creating added benefit and exceeding the aims will be achieved through the coming together of organisations in pooling resources to achieve common goals.

The results table below outlines how success will be measured over time.

Result	How measured	Baseline	Target
Increase economic productivity (GVA per head of population) to be more aligned to national levels.	Year on year percentage change in GVA per head of population.	4.3% Herefordshire increase compared to 4.6% for England. GVA 25% gap between Herefordshire and England average.	For the annual growth rate in GVA per head for Herefordshire to be 0.5 % points above the national growth rate. In the longer term reduce the gap to 18% by 2025.
Increase wage levels year on year to reduce the gap between Herefordshire and the national average	Reduce gap between Herefordshire's to England's weekly median earnings (total workplace based).	Herefordshire's earnings were 25% lower than England.	Reduce the wage gap to 10% by 2025, with year on year reductions
The business survival rate at three years consistently better than the England average.	The percentage of new businesses registered for VAT or PAYE tax schemes, in a given year, that are still operating after 3 years.	2009 figure for Herefordshire was 70%, compared to 66% for England.	5% above the England figure year on year.
Consistently achieve above the national average for employment levels	Proportion of the working age population (aged 16-64) that are in employment (self-employed or employee).	76% for Herefordshire compared to 70.5% for England average.	At least 5% above England's rate each year, moving to 6% by 2015.
Increase the qualification level of people who are economically active in the county	Proportion of the economically active population aged 16-64 that are qualified to level 3	13.9% for Herefordshire 2009, compared to 16% for England.	Year on year increase reaching 16% by 2015.
Raise attainment level at 19 years to level 2 and 3.	Qualification attainment at 19 years	79% at level 2 and 53% at level 3 (1% above national average). 2009/10.	Above national average by 2% in 2015.
Raise the training participation level of all 17 and 18 year olds.	Percentage of 17 and 18 year olds in full time training, apprenticeships, and training whilst in work.	90% (1% above national average) for 2008/9.	2.5% above the national average by 2015.
Reduce the number of young people who are not in employment, education or training.	% of 16-18 year olds who are NEETs (not in employment, education or training).	6.8%	Reduce to 4.7% in 2015.
100% access to Broadband in Herefordshire by 2018	% access of 2Mbps broadband to premises - residential and business	62% of premises have access in Herefordshire.	100% access of 2Mbps by 2015 100% access to Superfast by 2018

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Appendix 2

Local Development Framework

1. On 17 February 2011 Cabinet resolved to require a report on progress with the Local Development Framework, including provision for consultation arrangements. This report proposes a revised preferred option for the Core Strategy and programme in the light of the work done so far, consultation comments received and forthcoming legislative changes.
2. The Unitary Development Plan was adopted in 2007 and guides development in the County. It is part of the Council's Policy Framework as set out in the Council's Constitution. Whilst it has a plan period ending in 2011, its policies have been formally "saved" and these will continue in effect until replaced by the Local Development Framework. The first element of the Local Development Framework is the Core Strategy which was the subject of an intensive programme of consultations throughout 2010. The preparatory work reflected the evidence base for, and the legal requirement to conform to the Regional Strategy which had reached an advanced stage following an Examination in Public and Inspector's Report in 2009. However the coalition government since 2010 has embarked on a substantial reform of the planning system notably in the Localism Bill, which will upon enactment make provision for the revocation of regional strategies and a new range of measures to encourage local communities, typically through parish councils, to take the initiative in development planning for their localities.
3. The last round of consultations on the Local Development Framework took place in the autumn of 2010. Consultation responses anticipated the changes already being promoted by the government and the (yet to be enacted) lack of compulsion to conform to the Regional Strategy, and ranged from individuals questioning the housing growth targets to government agencies, such as the Highways Agency and Natural England, querying other principles behind the plan. Effectively, in the absence of the regional strategy, reliance can no longer be placed on regional commitments to infrastructure and growth in the main centres of population of the County, especially Hereford itself.
4. In summary, what emerged from the consultations in 2010 was broad acceptance of the thematic policies in the draft Core Strategy, support for policies in the Market Towns and the Rural Areas, but concern was expressed about the growth proposals for Hereford, and in particular, the construction of a relief road for Hereford on a western alignment. This needs to be set in the context of the previous consultations which were largely supportive of the proposed strategy and of the proposal for a Hereford Relief road. It should also be noted that a significant element of the responses in the autumn 2010 consultation came for households along the corridor of the proposed western route. The previous consultations had not identified a preferred route but had confirmed support for a relief road irrespective of its routing.
5. Other key issues that emerged related to water quality and supply issues affecting the River Wye (which is a Special Area of Conservation) giving rise to objections from Natural England, and in respect of the deliverability of key

elements of infrastructure.

6. The Localism Bill promotes wide reforms of the planning system especially at the local level, making provisions for Neighbourhood Development Plans, Neighbourhood Development Orders and Community Right to Build Orders. Because the County is fully parished these new provisions would have to be taken up by either individual parish councils or groups of parish councils. Neighbourhood Development Plans done in this way could become part of the statutory development plan. This would be a very different way of preparing statutory development plans, and in the longer term will require consideration to be given to supporting parish councils (which, in this sense includes Town Councils and the City Council) in their endeavours to bring forward Neighbourhood Development Plans.
7. Council, on 17 November 2010, passed a motion in support of a community poll on the issue of a relief road for Hereford, and requesting Cabinet to consider the practicality of such an action. Counsel opinion has confirmed that this could be carried out as part of a further consultation on the Core Strategy.
8. Putting all of the above matters together this report now proposes a refined approach to the overall planning strategy for the county and a programme for consultation on a “Revised Preferred Option”.
9. The key considerations below set out in turn:
 - A. The appropriate quantum of housing and employment growth – and the principles of its distribution (including consideration of the Council’s Localities Agenda, Sustainable Community Strategy, and other related strategies and programmes).
 - B. Reviewing the plan period and consequences for the evidence base
 - C. A summary of new legal provisions for neighbourhood planning and their consequences
 - D. Proposed Revised Preferred Option
 - E. Programme for, and style of, further consultation, including a Community Poll
 - F. Potential impacts on the timetable for the Core Strategy.

Key Considerations

A Appropriate levels and distribution of growth

10. The Regional Strategy was underpinned by a substantial body of evidence including national household projections and the Strategic Housing Market Assessment. Key considerations are:
 - The Regional Strategy recommended by the Panel of Inspectors in 2009

proposed a total of 18,000 new homes for the County over the 20 year period 2006 to 2026.

- The national household projections are reviewed annually and published by central government. They take account of such issues as reducing household sizes, the ageing population and migration. They are produced independently of any regional structures. The most recent housing projections published earlier this year suggest an increase of around 15,000 new households in the county between 2006 and 2026.
 - The reduction in house building activity in the past three years (owing to the recession) is such that meeting the recommended regional target of 18,000 by 2026 is no longer realistic. This can be addressed by either reducing the overall target or by modifying the plan period (or both).
 - The outstanding need for affordable housing remains and, given that the principal means of achieving affordable housing is by seeking them as a proportion of all new housing, it is essential to maintain reasonable targets of housing overall in order to help to meet affordable housing needs within the county
 - The housing requirement figure needs to include a sensible allowance for anticipated continued in-migration, which cannot be stopped through planning policies. If allowance is not made for in-migration then there is a very real prospect that local families will not be able to compete in local housing markets, and the economy of the county will suffer as the number of people of working age declines. It is therefore essential, to meet local needs, that a range of housing options is kept open to meet both migration and local demands.
11. The Regional Strategy required a distribution of housing that focussed nearly half of the total on Hereford itself. The market towns were also to be the focus of some growth, subject to their own environmental constraints, but the rural areas were proposed to have a more restrictive regime than before. The overall target for the rural areas represented only around two thirds of historic growth rates. This led to a suggested policy of focussing development on Rural Service Centres with a potentially restrictive criteria based approach elsewhere. Whilst this accorded well with the Council's localities approach to service provision it would have made it difficult for those villages not meeting the criteria to experience growth which some parishes felt they needed to sustain services and facilities.
12. The government proposes to revoke Regional Strategies, but at the time of drafting this report the requirement for general conformity with the Regional Strategy remains. However the distribution of housing growth has been re-assessed and work has been undertaken to inform a locally-derived housing requirement. This Local Housing Requirements Study, prepared by GL Hearn, provides a technical assessment of housing demand in the county. The Study takes account of structural changes in population and households and considers the impact of housing market drivers, including demographic and economic trends. It provides a robust basis to inform decisions regarding the scale and distribution of housing in the county in the likely absence of regional targets. The Study recommends that it is reasonable to plan on at least maintaining the working population and supporting some economic growth over the period 2011-31, indicating that the housing target should be

in the range between a minimum of 14,400 dwellings (which would imply zero employment growth) and 18,000 (which would enable some employment growth).

13. In considering the distribution of that growth, it would be quite feasible to reduce the allocation to Hereford in favour of more growth in the rural areas. Changes in the housing distribution to the Market Towns would on the whole not be appropriate because housing (and employment land) growth in these locations is very much restrained by their environmental constraints. The consultations last year actually proposed reducing housing growth in the Market Towns (by comparison with the previous plan period) and it would not be appropriate to reduce future growth even further. The maintenance of active and viable market towns is critical to the Council's localities Agenda.

B Reviewing the Plan Period and Consequences for the Evidence Base

14. One of the requirements of national planning policy guidance is that Core Strategies should look forward at least 15 years. If the Core Strategy is not adopted until 2012 or 2013 then the plan period to 2026 will be less than the 15 years presently required by national guidance. It is therefore appropriate to roll forward the plan period to cover the period 2011 to 2031. That would have significant benefits for the planning and delivery of infrastructure and would reduce the confusion that has been caused by having a plan period that is partly retrospective. A twenty year total within a range of around 14,400 to 18,000 houses for the whole county would still be appropriate as explained above – but with a revised distribution and timeline/trajectory.
15. Various elements of the evidence base can be easily rolled forward without re-engaging consultants, but some additional expense will be incurred to update survey material. That can be the subject of further considerations as part of the normal management of the service. The most critical elements, of basic land use monitoring, can be covered by in-house costs in the ordinary operation of the service.

C New Legislation, especially Local Development Planning

16. The Localism Bill is still progressing through Parliament and thus is not yet on the statute books. However, given the degree of cross-party support for the main thrust of the Bill though the committee stages it is reasonable to anticipate the changes and new provisions outlined below.
17. National planning policy currently runs to over a thousand pages of PPGs, PPSs and other related material. It is due to be replaced with a National Planning Policy Framework which will be much more focussed and curtailed. The Government's intention is to delegate all practice guidance to such bodies as the professional and practice bodies, leaving Councils themselves to decide how best to go about land use planning.
18. As already noted the government proposes to revoke all Regional Strategies through provisions in the Localism Bill.
19. The government remains committed to the concept of the Local Development Framework being made up of a variety of documents which, collectively, will form the development plan. In Herefordshire, the principal documents are the Core Strategy, Hereford Area Plan, Market Towns and Rural Area Plan, and

the Minerals and Waste Plan. However, there will be much more local discretion as to supporting documents within the Framework. In particular, the three “Process” elements of the Local Development Framework, namely the Local Development Scheme, the Statement of Community Involvement and the Annual Monitoring Report will no longer be subject to Government approval and can simply be published on the Council’s own website upon approval by the Council.

20. The government is keen to introduce a new level of development planning at the neighbourhood level. There are three new types of planning document that are being introduced: the Neighbourhood Development Plan, the Neighbourhood Development Order, and the Community Right to Build Order. An early opportunity to explore some of the implications of the new provisions is being provided through the government Neighbourhood Planning Vanguard scheme, to which this Council has successfully bid for funding to support pilot projects in Leominster and Golden Valley. As this new strand of planning develops, there will be funding implications for the Council which will need to be considered further when their nature and scale is clearer.
21. The Core Strategy and the other principal plans will have to be flexible enough to deal with the new neighbourhood planning system. This will have to be kept under constant review as the new system unfolds in practice. It is perhaps fortunate, therefore, that the Local Development Scheme (which is the programme for plan preparation) will not have to go through the rigour of annual submission to the Secretary of State for approval and can be amended on the decision of this Council as circumstances require.

D Proposed Revised Strategy

22. Taking account of the various factors set out above, it is proposed that the revised strategy is based on the following principles:
 - The plan period is changed, to move the start date from 2006 to 2011, and to extend the finish date from 2026 to 2031.
 - Hereford City remains the principal focus for development in the County to enable expanded facilities for employment, education, cultural, leisure and retail facilities including an expanded City Centre, together with housing and other growth, but with a reduced level and a different pattern of development.
 - A more dispersed pattern of development is proposed on smaller brownfield and greenfield sites in and around the city. Reflecting consultation responses and landscape impacts, the Whitecross strategic housing site is to be deleted, and that at Holmer west is to be reduced in scale. The greater emphasis on smaller, non-strategic sites will be met through both brownfield and greenfield sites, to be identified through the Hereford Area Plan in due course. Elements of the deleted Whitecross strategic site could come forward at that time.
 - The annual average completion rate for Hereford will reduce from some 425 dwellings per annum (as previously consulted upon) to 325 dwellings per annum. This represents an achievable rate which is more in line with previous rates of development. For the full plan period, the provision to Hereford is proposed to reduce by 2,000 from the 8,500 previously consulted upon to a maximum of 6,500.

- Given this reduction of housing, a corresponding reduction in employment land is proposed for Hereford by deleting the proposed Holmer East site (5 hectares), which will also address land contamination concerns arising from previous land uses.
- The focus on Hereford is to continue to be accompanied by transport provisions which include both sustainable transport measures and a relief road on a western alignment. A western relief road is the most achievable, avoiding significant European and other environmental constraints on the east and affording a close association with strategic development proposals to the west. A minor amendment to the preferred route corridor is proposed at Grafton, linked to a consultation response and reflecting local landscape concerns.
- The Market Towns retain their pre-eminent role in the rural hinterland being the focus for services and facilities for themselves and surrounding areas. Proposed development rates in the Market Towns are to remain at similar rates to those consulted on in 2010. However, at Leominster the GL Hearn study considers that the delivery of the housing level proposed on the strategic housing site is unrealistic for the revised plan period, suggesting that delivery of 200 fewer dwellings is more likely on the site up to 2031 with the remainder developed in the next plan period. A revised annual building rate of 115 per annum is therefore proposed for Leominster. In addition, the extended plan period has resulted in a reconsideration of the need for additional employment land in the town. With current available employment land likely to be fully developed before the end of the plan period it is now proposed that the strategic proposals for Leominster incorporate 5ha of new employment land.
- At Ross-on-Wye the strategy is proposed to be amended by reducing the scale of development at Hildersley to 200 dwellings in order to ensure any impact of the Ministry of Defence firing range can be assessed and mitigated, following concerns from the local parish council regarding development at preferred options stage. The overall target for Ross would then be 45 per annum with the balance in housing numbers to be identified on non-strategic sites in more detailed Development Plan Documents.
- In the rural areas, the annual average completion rate will rise from 225 dwellings per annum to 265 dwellings per annum, equivalent to an extra allowance of 800 dwellings to assist with rural affordability. The Market Towns and Rural Areas Plan will provide more detail on the delivery of this housing. Neighbourhood Development Plans (and related provisions) which come forward will also help in the provision of rural housing.
- The overall impact of these changes to housing provision will be to reduce the overall County provision total by 1500, leading to a provision of up to 16,500 dwellings between 2011 and 2031, a requirement which is comfortably within the range suggested in the GL

Hearn Housing Requirements Study. This is a housing level which meets the current household projections for the County but would also enable employment growth over the plan period.

23. Further detail on the technical basis and justification for the Revised Preferred Option is set out in the attached revised strategy background paper.
24. Since the consultation in 2010, further work has been undertaken on the Hereford relief road. An alternative, partial eastern route omitting the A438 to A4103 Lugg Meadows link, suggested through consultation, has been subject to transport modelling. This exercise assessed the forecasted performance of the transport network by comparing the revised partial eastern route with the western route option identified in the 2010 Preferred Option consultation.
25. The impact of a partial eastern route in relation to the overall network performance was broadly similar to that of the western route, which supported the findings of the previous modelling reports. However, the impacts of the eastern route in reducing traffic flows in the city centre were offset by higher traffic volumes on main radial routes on the eastern parts of the city including the villages of Lugwardine and Bartestree. It should be noted that the engineering or environmental implications of any local highway improvements for a partial eastern route considered have not been assessed at this stage.
26. In assessing these findings, it is also important to consider that any partial route not providing an A49 to A49 link would prevent the longer term aim of de-trunking the existing A49 through Hereford. Until the A49 is de-trunked the Highways Agency would continue to manage this route and limit the extent of sustainable transport improvements that could be delivered on the route in the future i.e. bus priority measures. This would impact negatively on the council's ability to encourage car drivers to use alternative modes of transport, such as Park and Ride, when travelling within Hereford.
27. Further work has also been undertaken to screen the potential impacts of route corridor options on protected European sites around the city, pursuant to the Conservation of Habitats and Species Regulations 2010. This work shows there is much greater potential for the eastern route corridor options to have significant adverse effects on the integrity of the River Wye Special Area of Conservation (SAC) compared to the western route corridor options. Such western options are considered unlikely to result in significant adverse effects on the integrity of the SAC. Further assessment work will be needed as the scheme progresses and to take into account in-combination effects with other Core Strategy policies and proposals.
28. An Independent Review of Hereford Relief Road Technical Studies has been undertaken in June/July 2011 by Parsons Brinkerhoff Ltd. The focus of the review was the environmental issues which form the background to the various published technical studies on planning and transportation issues. The principal purpose was to confirm (or otherwise), the conclusion reached by Amey that the preferred route corridor for the relief road, an inner western route, was based on good practice and was sound. In addition the review looked at the validity of the 'East is Best' option which had been submitted as a consultation response. The review concluded that the Amey Study had correctly identified the high levels of risk associated with an Eastern Route (including the "East is Best" consultation response). The presence of the Special Area of Conservation and other biodiversity interests, and the processes that need to be followed where internationally designated interests

are affected, are such that any of the Eastern options are unlikely to be deliverable. The presence of a lower risk alternative (i.e. the Western options) would weigh heavily in any potential legal challenge. The review concluded that the Amey Study had followed proper process and drawn a logical and defensible conclusion.

29. In respect of the 'East is Best' submission, the review concluded that the likely environmental impacts that would result from the scheme had not been properly examined. A key issue is the potential environmental impacts that are likely to result from the "Missing link" between the A465 and A4103. The review also cites the likely opposition to the route from the Environment Agency and Natural England and risk of challenge under the Conservation Regulations 2010. This partial solution to the traffic issues is not, therefore, recommended.
30. The review also noted that whichever option is selected, significant further work and studies will be required to firstly confirm the extent of likely environmental impact and secondly to identify the level of success of mitigation measures that will be required to ameliorate the significance of some of the impacts. In particular the impact of both development and transportation measures on the Air Quality Management Area (in the City Centre) needed to be evaluated, and certain work was still outstanding in water quality issues.
31. Pulling this work together, it is recommended that the western inner corridor continues to feature within the Core Strategy as offering the best opportunity to support the necessary growth of Hereford to meet housing, employment and other needs. The western route avoids the valued environmental features to the east; is well related to proposed and potential development areas; and enables the longer term de-trunking of the A49 running through the City.
32. Land Use Consultants have produced a Sustainability Appraisal (SA) Note for the Revised Preferred Options. In respect of overall spatial strategy the proposed revised preferred option will have positive effects in relation to housing provision. In the rural areas positive effects are likely in relation to socio-economic issues, as focussing more development outside of the main urban centres should help to stimulate economic activity in rural areas and retain their viability and vitality. However, there are negative effects in relation to sustainable transport and climate change issues, as it is less likely that sustainable transport links will be as easily provided or used. In addition there are specific changes to the previous SA scores and a number of recommendations for particular policies and places. The report on the Sustainability Appraisal is a background paper to this report.
33. Further technical work is continuing on water quality and supply issues (especially arising from re-distribution of some of the growth to rural areas and at Hereford and Leominster). If the revised preferred option is accepted for further consultation, further traffic modelling will also be needed to assess the implications of the revised levels of development.
34. The requirement to demonstrate the deliverability of the Core Strategy remains. An economic viability study, concluded on the previous Preferred Option, indicates significant deliverability issues. Circumstances have changed since that work was undertaken and the modifications now proposed

in the Revised Preferred Option will assist in deliverability. At Examination, the Inspector will need to be assured that the Core Strategy can be delivered and work continues in this regard. A key aspect here is the package of infrastructure proposals to be included. In this regard, use needs to be made of the new provisions for developer contributions using the Community Infrastructure Levy (CIL). The CIL provisions, though introduced under the previous government, are being supported and promoted by the current administration. They offer a means of securing contributions towards strategic infrastructure requirements set out in the Local Development Framework, as opposed to the present system of payments made via section 106 planning obligations, which primarily address impacts associated with individual developments. From April 2014, the ability to pool developer contributions from s106 contributions will be subject to strict limits, with infrastructure required generally as a consequence of development to be funded through CIL. To ensure that the ability to secure regeneration and infrastructure funds is not compromised, it is recommended that work to prepare a charging schedule for the Levy be authorised.

35. Other related work must continue to progress the thematic policies in the Core Strategy (which have received broad support so far), to refresh the evidence base and to develop a programme of related documents including the CIL charging schedule as proposed above.

E Programme for consultation and Community Poll

36. It is proposed that a further round of consultation is undertaken on the Revised Preferred Option, based on the broad principles set out above. It is recommended that this take the form of a succinct leaflet style presentation rather than the 100 plus pages of the "Place Shaping Paper" consultation in 2010. The leaflet, together with the proposed community poll (see below), will form the basis for public engagement. Technical "Stakeholders" such as the Chamber of Commerce, utility companies, other interest groups and government departments will, as organisations, not receive voting slips and so it is intended to hold a seminar style event for them and invite them to respond to the leaflet as organisations. Full use would also be made of existing bodies such as the Market Towns Forum. It is proposed that the details of the programme are overseen by a steering group of Members comprising three Cabinet Members and the leaders of the minority groups. A programme of briefings for Ward Members will be arranged, preferably in suitable groupings of wards to be agreed with Members themselves. Herefordshire Matters will also be used to publicise the consultation.
37. During the consultation, a Community Poll will be undertaken on the proposal to construct a relief road to the west of Hereford, linked to the wider development proposals. The poll will include a voting slip and a factsheet setting out further information. The consultation leaflet, as discussed above, will also be distributed with the poll.
38. The Community Poll will be part of the overall consultation process on the LDF and will not, therefore, be "binding" in legal sense. It will, however, go towards the test of "Soundness" in demonstrating that Stakeholders have had the opportunity to be fully engaged in the process of developing the plan's proposals. It will be undertaken by means of a postal vote delivered to all people registered to vote on the full register of voters.
39. It is suggested that the consultation takes place over an eight week period

commencing in early September. The poll would take place over a shorter, three week period, to commence two weeks after the launch of the main consultation. This timing will enable the initial launch of the main consultation and advance notice therein of the forthcoming poll; a shorter poll period, so as to encourage and focus the return of voting slips; and a final period in which further consultation responses can be submitted.

F Timetable

40. The impacts on the timetable for the remaining stages of the Core Strategy is set out below

Previous Timetable

Activity	Date
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

Proposed Revised Timetable

Date	Item
September 2011	Core Strategy, Revised Preferred Option consultation and community poll
May 2012	Cabinet to consider Draft Core Strategy
July 2012	Council to approve Draft Core Strategy for submission to the Secretary of State
August-September 2012	Pre-submission publicity for Core Strategy
October 2012	Core Strategy submitted to Secretary of State
Winter 2012	Public Examination of Core Strategy
Spring 2013	Adoption of Core Strategy

41. The timetable for the preparation of other Local Development Framework documents also needs to be revised, through a review of the published Local Development Scheme. This will be undertaken following the close of the forthcoming consultation period and in the light of poll results, when the implications for future stages of work will be clearer.

Appendix 3

Existing Local Transport Plan

1. On the 4 March 2011 the Council approved that the existing Local Transport Plan 2 (2005/6 to 2010/11) should be adopted on an interim basis in response to delays in identifying a preferred development option for Hereford within the Local Development Framework Core Strategy. The critical linkage between the transport strategy and the strategic land use policy have are widely acknowledged within the main body of this report and are key to the planning and implementation of housing and economic growth in the County.
2. The existing Local Transport Plan (LTP2) remains fit for purpose and forms a sound basis for determining transport matters. Until the planned review of the existing strategy is completed no further action is required.

Progress to date in reviewing the existing Local Transport Plan

3. During 2010/11 a draft Local Transport Strategy was prepared and publicly consulted on during the autumn 2010. The consultation asked people's opinions on the four key strategy areas.
 - The Hereford Transport Strategy
 - The Market Towns and Rural Communities Strategy
 - The Road Safety Strategy
 - The Highway Management Strategy
4. Feedback from the consultation was generally positive with the majority of respondents agreeing with the proposals identified within the strategy. Of the comments received many felt the strategy was aspirational but questioned its deliverability. Feedback from this and other consultations will be taken forward in the ongoing review of the Local Transport Strategy.

Proposals for revised Local Transport Plan

5. Whilst LTP2 remains fit for purpose, and provides an ongoing, sound basis for determining transportation matters its relevance will reduce over time. Since the autumn 2010 consultation central government guidance on the role for local transportation has developed to reflect the priorities of economic growth, carbon reduction and localism. Capital funding for local transport has also reduced and this should be reflected within the revised Local Transport Plan. In addition, the Council has been successful in bidding for funds through the Local Sustainable Transport Fund programme and has secured some additional funds for the period 2011 to 2014 which will enable us to deliver measures to support the local economy including the upgrading of Broad Street and also to help improve rural access.

The revised LTP will consist of the following interlinked documents:

- Transportation Strategy (2011 to 2031) – this forms part of the Council's Policy Framework and is the element which needs to be agreed by full Council for adoption
- Transport Delivery Programme (2011/12 to 2014/15)
- Specific Transportation Policy Documents

Transportation Strategy (2011 to 2031)

6. The Transportation Strategy review will be informed by the themes and outcomes identified in the Joint Corporate Plan, the 9 Localities, Sustainable Communities Strategy, Economic Development Strategy and Local Development Framework. In addition, government published its new national road safety strategy, 'Strategic Framework for Road Safety' in May 2011 and this will also help inform revisions to the Strategy. It will also link with the Department for Transport's January 2011 White Paper 'Creating Growth, Cutting Carbon - Making Sustainable Local Transport Happen' and the local transport challenges identified, namely:

- Supporting growth
- Reducing carbon emissions
- The health impacts of transport
- Accessibility to public transport

Transport Delivery Programme (2012/13 to 2014/15)

7. Sitting underneath the Transportation Strategy will be a rolling delivery programme which identifies the specific programmes for delivering transport improvements including asset maintenance, major schemes and smaller integrated transport schemes which support public transport walking and cycling. This programme will be informed by the Local Sustainable Transport Funded programme called Destination Hereford to ensure coordination of activity with the mainstream LTP funded work.

Specific Transportation Policy Documents

8. This series of concise policy documents will inform delivery of the Transportation Strategy by providing more detailed policies for a range of transport issues (see list below). Many of these are existing policies, included within LTP2, which are being updated. A number of specific reviews are underway which will further inform these policies including the Bus Services Review, Community Transport Review and Hereford Parking Capacity Review. A more detailed programme for the finalisation of these policies will be reported to Cabinet when the Transportation Strategy is considered in May 2012.

- Car Parking Policy
- Community Transport Policy
- Cycling Policy
- Freight Policy

- Public Transport – Bus Policy
- Public Transport – Rail Policy
- Transport and Climate Change Policy
- Transport Development Control Policy
- Smarter Choices Policy
- Public Realm Policy

Timetable for adopting the revised Local Transport Plan Transportation Strategy

9. The strong linkages between the LDF and LTP were established through joint consultation and technical studies over the past 2 years and it is essential these links remain in developing both future land use and transportation strategies. The process of approving these documents should therefore be undertaken in tandem.

The proposed timetable for approving the revised LTP strategy is indicated below:

Date	Item
September 2011	Transportation Strategy consultation Transportation Strategy consulted on at the same time as the LDF Core Strategy – Revised Preferred Option Consultation and Relief Road Community Poll
May 2012	Cabinet consider Draft Transportation Strategy (alongside Draft Core Strategy)
July 2012	Council adopt Transportation Strategy (alongside approval of Draft Core Strategy)

MEETING:	CABINET
DATE:	28 JULY 2011
TITLE OF REPORT:	HEREFORDSHIRE SUBSIDISED BUS NETWORK REVIEW
PORTFOLIO AREA:	HIGHWAYS, TRANSPORTATION & WASTE

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To seek approval to achieve the required public transport route subsidy budget savings through award of contracts as set out in this report.

Key Decision

This is a key decision because it is likely to be significant in terms of its effects on communities living or working in an area comprising one or more wards in the county.

It was included in the Forward Plan.

Recommendation

THAT:

- (a) The outcome of the public consultation on the bus network review be noted;**
- (b) The recommendations for achieving the required savings for supported bus services set out at Table 1 are agreed; and**
- (c) the ongoing review of community transport services and proposals to commence a strategic review of all commissioned passenger transport services in the autumn be noted.**

Key Points Summary

- There is a pressure of £264K on the Council's route subsidy budget in 2011/12 following the withdrawal of the Rural Bus Subsidy Grant and overall reductions in funding for local government.

- Public consultation has been carried out to seek the priorities of bus users and local communities for subsidised bus services. The outcome of this consultation has informed the recommendations to achieve the required savings set out in this report.
- The pro-active approach taken to achieve the required savings through the current contracting round has been successful and has realised the required savings whilst minimising impacts on bus users.
- Savings have been achieved by private sector providers choosing to operate some services commercially and without the need for subsidy, reductions in service frequencies on more frequent urban services, reduction in evening and weekend services and contract efficiencies.
- Where, in a minority of cases, service reductions are likely to directly impact on specific communities and users, efforts have been taken to ensure that additional support will be provided by community transport providers.
- Priority has been given to services that help residents access employment, training, education, healthcare and other essential services; this approach is endorsed by the outcome of the consultation.
- A communications plan is in place to ensure that users and communities will be fully informed of any service changes in advance of the change over date of 23 October 2011.
- The ongoing review of community transport service will identify further opportunities to improve rural accessibility and integration with the bus network.
- A strategic review of all commissioned passenger transport services will commence in the autumn to consider longer term opportunities for increasing the efficiency and quality of supported transport provision in the County.

Alternative Options

- 1 This report sets out the sensible and measured approach adopted to secure the savings required to achieve a balanced budget for supported bus services. It is based on the options and priorities which have been confirmed through the public consultation exercise.
- 2 In addition, an alternative option available to the Council would have been to provide sufficient funding to cover the budget pressures impacting supported bus services. However, given the overall budget pressures facing the Council it is acknowledged that this might only have been achieved by further reductions in other services.

Reasons for Recommendations

3. To ensure that the Council continues to support financially sustainable bus services which meet the priorities of users and support the Council's wider corporate priorities.

Introduction and Background

Introduction

4. Herefordshire Council faces difficult challenges in the short and medium term as financial pressures increase on its overall funding position and specifically in respect of the provision of subsidised local bus services. Bus operators also face increasing financial pressures through

increasing operational costs such as rising fuel costs, decrease in income through reductions in concessionary travel re-imburement and the reduction in Bus Service Operators Grant (BSOG) due to come into effect in 2012.

5. In this context, and facing an immediate budget pressure in the current financial year, the Council has had to consider how best to achieve savings whilst protecting the most important bus services. It has approached this challenge in a sensible and measured way, allowing for extensive consultation and also exploring efficiencies through the contracting process to minimise the impacts of achieving the required savings.
6. It is worth noting that Herefordshire Council is not alone in facing this challenge and the need to make savings in relation to public transport provision is a common issue across most of the transport authorities in the Country. In undertaking this review, your officers have taken every effort to ensure that they could apply best practice to help achieve the required savings whilst minimising impacts on users.

The Budget Pressure and Benchmarking

7. The reduction in funding to local government and the loss of specific grants, including the Rural Bus Subsidy Grant, has placed considerable pressure on the available budget to support bus services. Whilst the Council has used reserves to help support public transport in 2011/12 the budget for route subsidies is £1.616M which is a reduction of £130K from the 2010/11 budget of £1.746M. In addition, there was a budget pressure of £134K as a result of contract price inflation in 2010/11 meaning that the overall pressure is around £264K. This means that there is a budget reduction of 7% but an overall savings requirement of 15% compared with 2010/11.
8. Other savings initiatives have already been implemented to reduce pressures on the Concessionary Fares budget. The 2011/12 budget for Concessionary Fares is £1,506K (a reduction of £292K from that available in 2010/11). We have already implemented changes to the scheme to remove free travel before 9.30 am and after 11pm on weekdays and have re-negotiated a reduced re-imburement to bus operators which should enable us to stay within budget in 2011/12.
9. As indicated above, the pressure around supported local bus services is not just affecting Herefordshire. The following summary clarifies the situation with our neighbouring English transport authorities:

Gloucestershire County Council

Gloucestershire has an overall public transport budget of £5m (excluding concessionary fares) from which they are required to make savings of £2M (40%).

Shropshire Council

Shropshire has a passenger transport budget of £3.62M. Full year savings of £387k had originally been targeted through service revisions however following public consultation, this figure has been reduced to £350k representing a 10.7% saving.

Worcestershire County Council

Worcestershire originally planned to save £2.5m from its subsidy budget out of a £4m overall bus service budget giving an overall 62.5% saving.

10. A minority of authorities have proposed to cut all funding for supported bus services. **Cambridgeshire County Council** announced its intention to cut all bus subsidy (£3M) earlier in 2011 but these proposals have been put on hold pending the outcome of a legal challenge. The challenge has been lodged under the terms of Section 63 of the Transport Act 1985,

which sets out a duty for local transport authorities to secure the provision of socially necessary passenger transport services. **Northamptonshire County Council's** original plans to withdraw all of its £3.1M subsidy for local bus services have now been replaced by plans to introduce a demand responsive network for rural areas of the county at a cost of £1.0m.

11. In comparison, the level of savings being pursued by Herefordshire Council is less than the neighbouring English authorities. In addition, it recognises the character of the county and shows support for our sparse, rural communities and the Joint Corporate Plan priorities.

The Contracting Round

12. There are 31 out of a total of 66 contracts due for renewal in September 2011 with a total value of £1.01M (representing 55% of the total value of subsidised services). The aim has been to achieve savings from this group of contracts, in the first instance, ensuring that the Council would avoid having to make penalty payments for premature withdrawal/significant change to ongoing contracted services.
13. The change over date has had to be put back to 23 October to allow for the results of the public consultation to be taken into account when determining any changes to services this year. This means that savings will need to be realised in what remains of the financial year – November to March. Clearly, this could require a deeper cut than would be necessary if the savings had been introduced at the start of the financial year. To help ease this pressure on the bus route subsidy budget a contribution will be made from other transportation budgets during the current financial year.

Bus Service Review Consultation

14. The Bus Service Review public consultation commenced 17 June and finished 15 July. It has enabled users and other stakeholders to indicate their priorities for the bus network and asked which types of service people consider are most important to retain. The consultation leaflets were widely distributed, through bus operators, public buildings and direct to stakeholders including local ward councillors and parish councils. The consultation could also be completed on-line using the Council's E-Consult facility. The consultation has been publicised both in local press and on BBC Hereford and Worcester.

Community Transport

15. There is potential for community transport to help provide access in those areas where conventional bus services are under pressure. A review of the community transport services in the County has commenced and a public consultation was undertaken in parallel with the Bus Service Review Consultation. The aim of the review is to investigate the potential for service improvement and to see if we can increase capacity, to provide a more consistent and responsive service throughout the County. We will also explore opportunities to integrate community transport with conventional bus services to maintain access, particularly for rural residents.
16. We will be discussing draft recommendations with community transport providers in October 2011 prior to setting out formal recommendations to take forward from April 2012. These recommendations will also be informed by the outcome of the bus service review to ensure that we maximise opportunities for community transport to support those communities and groups which may have been disadvantaged by service changes.
17. In advance of the findings of the Community Transport Review, discussions have been held directly with community transport providers to put in place additional support for communities which may be directly affected by changes to bus networks. This has been a positive process,

with community transport providers indicating their willingness to provide targeted support for these communities and details are set out in Table 1 below.

Key Considerations

Policy Overview

Local Transport Plan

18. The Council's public transport strategy is set out in the Local Transport Plan. Within the overall context of the Plan it is noted that public transport can help reduce congestion by providing more efficient mass transport for people in Hereford and the market towns during periods of peak traffic demand. It can also help manage the use of fossil fuels and contribute to the Council's objectives for carbon management.
19. The Plan also acknowledges the very important role that public transport plays in terms of social inclusion, enabling people to access services and activities which they might otherwise be unable to reach. The Plan clarifies that the Council should continue to support bus services which are the 'last remaining facility to a community whilst the cost of provision is less than the cost of conveying passengers by community transport'. This provision has been of particular relevance to this review and has been supported through public consultation.

Joint Corporate Plan

20. Public transport is important in terms of the Council's wider corporate vision for the local community. The provision of a sustainable transport network which enables residents to access key services is a feature of the Plan and helps support a number of the Plan's priorities and long term outcomes:
 - **5.6 Sustainable public transport provision** is a long term outcome under the priority to 'Create a Resilient Herefordshire'.
21. The bus service review, which is the subject of this report, is directly relevant to this priority. The review has also had regard to the following priorities and outcomes included within the Joint Corporate Plan:

Create a thriving economy:

- **1.1 The regeneration of Herefordshire with a particular focus on Hereford City**
- **1.2 The delivery and maintenance of key infrastructure including actions to reduce congestion**

Improve health care and social care

- **2.7 More people retaining their independence through greater choice and control**

Promote self reliant local communities

- **4.4 Ways of working that reflect the needs and priorities of people and place**

Create a resilient Herefordshire

- **5.2 Accessible services and countryside**

Consultation Findings

22. The response to the Bus Service Review Consultation has been overwhelming with well over 1200 individual responses. It is clear that bus services are extremely important to Herefordshire residents and also to representative groups including parish councils. It is also worth noting the very high level of interest shown by individual ward members. A spatial

review of the responses has been carried out, illustrating a geographically balanced response from across the County, which provides additional confidence in the robustness of the findings. The headline findings from the consultation are summarised below.

Prioritisation of bus services –

Top priorities (top first)

- Monday to Friday daytime
- Monday to Friday early morning
- Saturday daytime
- Market day

Lowest priorities (lowest first)

- Saturday evening
- Friday evening
- Sunday

Understanding the reasons for these priorities -

- Maintaining access to essential services (health and shopping etc)
- Maintaining access to education or employment
- Providing a lifeline for people

The use of Community Transport -

- 88% do not use it, 7% do
- 31% would use Community Transport if No Bus was available and 58% would not

Reasons for not using Community Transport -

- Not as convenient as public transport
- Prefer to travel by other means
- Do not know what community transport

23. The consultation has provided us with a number of very clear messages which have helped inform this review:
- a. People have prioritised those bus services which enable them to carry on their essential activities such as getting to work or education, accessing hospital and other health related services and being able to shop. These are the types of services which serve Hereford and the market towns Monday to Saturday.
 - b. In some locations the bus service is the only means people have of accessing key services (providing a 'lifeline') and people would like at least some service preserved to avoid isolation. These are typically market day services.
 - c. Whilst most respondents did not wish to see any service reduction, evening and Sunday services were not regarded as the highest priorities.
 - d. There is potential for community transport to do more and provide some mitigation where bus services are reduced but community transport needs to become more responsive to users' needs.

Contracting Round Process

24. The contracting round commenced in May 2011 with meetings with all bus operators to

discuss opportunities for contract efficiencies. The aim was to encourage operators to review their current contracts and consider how these could be delivered at lower cost. In summary, we asked operators to take into account the following opportunities:

- a. Aggregation of contracts – this would enable operators to propose the grouping of contracts to optimise vehicle usage and driver deployment, reducing overall costs of providing services;
- b. Efficiencies within contracts – operators were encouraged to propose service changes within contracts which might optimise vehicle usage and driver deployment, taking into account existing patronage levels and demand for services. Particular attention was drawn to contracts which have a high subsidy per passenger contribution to ensure that these might remain financially sustainable; and
- c. Operators running services without subsidy – a number of contracts operate with relatively low levels of subsidy and operators were encouraged to consider running these contracts commercially and without subsidy.

25. Contract tenders were issued in June and tender submissions were returned 1st July. The results of the contracting process are summarised below and have been very successful. It is pleasing to note that the efforts to improve efficiency of contracts and the provided services have been reflected in the tender submissions and should ensure that the required savings can be made whilst minimising impacts on bus users and communities.
26. In reviewing the tender submissions, your officers also needed to take into account the Council's subsidy per passenger policy which sets a ceiling in terms of the average subsidy per passenger costs at just over £4. The aim of this long standing policy is to ensure that the network remains financially sustainable whilst allowing for the support of socially inclusive services with lower levels of patronage.

Table 1: Summary of Service Recommendations

Services		Change to current service levels	Comment on Service Impact and Mitigation	Wards Affected
Hereford - Malvern (Evenings and Sundays)	476	Withdrawal of service between Ledbury, Colwall and Great Malvern on Sunday	An alternative train service is available between Ledbury and Malvern stopping at Colwall on Sundays.	Ledbury
Ledbury - Ross-on-Wye	45	Withdrawal of current Mondays to Saturdays off-peak service 45.	Partial replacement service by service 459 and other journeys between Much Marcle and Ledbury	Ledbury, Old Gore, Ross-on-Wye
Hereford - Garway/Monmouth	412	Withdrawal of service subsidy/passenger £10	Seeking to negotiate a reduced cost service at lower level of frequency. Also discussing potential for Community Transport provision.	Pontrilas, Hollington, St Martins & Hinton, Central
Hereford - Monmouth	416	No service reduction		Pontrilas, Hollington, St Martins & Hinton, Central
Coleford - Ross-on-Wye	35	No service reduction		Kerne Bridge, Ross-on-Wye
Hereford - Gloucester (Evenings)	32/38	No service reduction		Central, St Martins & Hinton, Hollington, Pontrilas, Ross-on-Wye East & West .Penyard
Ross-on-Wye - Gloucester	33	Possible reduction in service.	Seeking to negotiate a reduced cost whilst retaining same service level.	Ross-on-Wye, Penyard.
Shenmore – Hereford (Wednesday and Friday)	448	Withdrawal of service subsidy/passenger £4.49.	Seeking to negotiate a reduced cost service at lower level of frequency. Also discussing potential for Community Transport provision.	Golden Valley North, Stoney Street, Belmont
Hereford - Madley (Evenings)	449	Withdrawal of service subsidy/passenger £4.20.	Seeking to negotiate a reduced cost service at lower level of frequency.	Stoney Street, Belmont

Ross-on-Wye Town Service (Monday to Saturday)	36/36A	Saturday journeys withdrawn after 1450	No impact on weekdays. Very low patronage levels recorded on Saturday afternoons.	Ross-on-Wye, East and West
Ross-on-Wye - Howle Hill	55	No service reduction		
Leominster - Hereford	501/504	Withdrawal of the 0720 501 journey from Canon Pyon to Hereford	Alternative journey provided at 0749 by service 502	Wormsley Ridge, Burghill Holmer & Lyde, Three Elms
Leominster - Hereford	437/477	Withdrawal final journey of day (18:45 journey from Hereford and the 19:15 from Tillington)	Very low patronage levels recorded on this journey.	Burghill Holmer & Lyde, Three Elms
Holme Lacy - Hereford	453	Withdraw service to Woolhope, majority of service unaffected	Withdrawal of peak journeys to Woolhope due to low usage. Community Transport agreed to provide service replacement.	Backbury, Hollington, Old Gore
Bromyard - Hereford (Early)	418	Withdrawal of service subsidy/passenger £7.22.	Very low patronage levels recorded on this journey.	Bromyard, Hagley, Tupsley, Bringsty
Bromyard - Hereford (Monday to Saturday)	420	No service reduction	This service will be operated commercially with no need for subsidy.	Bromyard, Hagley, Tupsley, Bringsty
Hereford - Worcester (Sundays)	420	Withdrawal of service subsidy/passenger £5.65	Seeking to negotiate a reduced cost service at lower level of frequency which is likely to retain some service between Hereford and Bromyard.	Bromyard, Hagley, Tupsley, Bringsty
Railway Station - Rotherwas	78/78A	Withdrawal of off peak service	Peak hour service retained and operated commercially. Seeking to negotiate a reduced cost service for off peak journeys.	Central, St Martins & Hinton, Hollington
Hereford - Putson/Redhill	79/79A/80	Limited service reduction	This service will be operated commercially with no need for subsidy. Reduced frequency from half hourly to hourly for Saxon Gate and the Pastures.	Central, St Martins & Hinton
Hereford - Credenhill	71	Reduced frequency of service from half hourly to hourly	This maintains a good quality of service between Hereford and Credenhill	Central, St Nicholas, Credenhill
Leominster - Hereford (Various)	426	Withdrawal of Friday and Saturday evening journeys	Very low patronage levels recorded on these journeys.	Sutton Walls, Burghill, Aylestone

Bromyard – Ledbury (Saturdays)	672/673	Withdrawal of service subsidy/passenger £9.90.	Very low patronage levels recorded on these journeys.	Bromyard, Ledbury, Frome
Bromyard – Ledbury (Monday to Friday)	672/673	Withdrawal of service to Fromes Hill and Canon Frome	Very low patronage levels recorded on these journeys. Discussing potential for Community Transport provision.	Bromyard, Ledbury, Frome
Much Marcle – Ledbury (Tuesday and Saturday)	479	Withdrawal of service subsidy/passenger £5.06.	Seeking to negotiate a reduced cost at lower level of frequency which is likely to retain Tuesday service which experiences higher patronage levels.	Ledbury, Old Gore
Fromes Hill – Hereford (Wednesday)	472	Withdrawal of service subsidy/passenger £6.46.	Seeking to negotiate a reduced cost service to operate Fridays. This will retain a minimum service for this community given the withdrawal of the 672.	Frome, Backbury, Hagley
Hereford - Newton Farm (Evenings)	74/74A	Reduced frequency of service from half hourly to hourly	This will retain a reasonable evening service.	Central, Belmont
Hereford City (Evenings)	71/72/75	Withdrawal of 71. Reduced frequency of service for 72/75	Service 461 provides alternative buses to Credenhill to the withdrawn 71 service at a reduced frequency. Reduce frequency on 72/75.	Credenhill, St Nicholas, Three Elms, Aylestone
Hereford - Credenhill (Sundays)	71/79A	Withdrawal of final journey of day	Very low patronage levels recorded on this journey.	Credenhill, St Nicholas
Hereford City (Sundays)	72/75B/79	Reduced frequency	Very low patronage levels recorded on this journey.	Three Elms, Aylestone
Burford - Leominster	500	No service reduction		Upton, Leominster (N/S)
Bromyard - Leominster	482	No service reduction		Bromyard, Hampton Court, Leominster (N/S)
Much Marcle - Hereford (Saturdays)	456	No service reduction		Old Gore, Backbury, Hereford Central/Tupsley
Much Marcle - Hereford (Wednesdays)	478	No service reduction		Old Gore, Backbury, Central, Tupsley
Newent - Hereford (Wednesday)	457	No service reduction		Penyard, Old Gore, Hollington, Backbury, St Martins and Hinton, Central

Kington/Presteigne - Leominster	493-7	No service reduction	Leominster (N), Golden Cross with Weobley, Pembridge/Lyonshall/Titley, Kington Town Leominster (N/S)
Leominster Town Service	401-6	No service reduction	
Hereford - Leominster - Ludlow	492	No service reduction	Bircher, Leominster (N/S), Hampton Court, Wormsley Ridge, Sutton Walls, Burghill/Holmer/Lyde, Three Elms, Central
Goodrich - Hereford	411	No service reduction	Kerne Bridge, Llangarron, Pontrilas, Hollington, St Martins/Hinton, Central
Hereford City Early Mornings	72A/74/75B	No service reduction	Three Elms, St Nicholas, Belmont, Central, Tupsley, Aylestone
Leominster - Dilwyn - Hereford	502	No service reduction	Leominster (N), Golden Cross, Wormsley Ridge, Burghill/Holmer/Lyde, Three Elms, Central
Hereford - Credenhill/Hampton Park (ealy mornings)	71/74B	No service reduction	Credenhill, St Nicholas, Central, Aylestone, Tupsley
Kington Town Service	460/465	No service reduction	Kington Town,

27. The review of the bus services in Herefordshire has generated considerable interest from users and local communities. It has been carried out in the context of reduce funding for local government and specific financial pressures within the bus industry. In taking forward the recommendations set out in this report it will be essential to maintain clear and transparent communications to assure our communities and bus users that we have secured the best possible outcome for them and that we have minimised the impacts of the required savings. There are a number of elements to our communications plan going forward:
- a. Briefings for local ward members about the specific impacts in their areas.
 - b. Direct communication with parish councils regarding any changes within their parishes.
 - c. Communication of the outcome of the review through the local press. This will clarify the outcome of the review and its context with regard to reduction in local government funding and the similar process which other transport authorities have had to undergo.
 - d. Preparation and publicising revised timetables which will provide specific details of service changes for users. This will also incorporate updating all timetable cases at bus stops throughout the county where there will be service changes. Your officers will work directly with bus operators to ensure that these changes are widely understood by users in advance of the scheduled changeover date 23 October.

Strategic Review of Passenger Transport Services

28. During the process of the review it has been noted that, in the longer term, there is an opportunity to review the wider provision of passenger transport services commissioned by Herefordshire Public Services. This review would consider the greater economies of scale and potential efficiencies which might be realised by jointly commissioning home to school transport, bus services, community transport services and adult social care transport.
29. This will be a complex piece of work which will need to understand the different service requirements and standards which apply to different service users. However, there is a growing body of best practice established by other local authorities and excellent in house expertise which should assist with identifying the opportunities for increasing efficiency and maintaining high quality services.
30. It is proposed that this review would commence in the autumn, incorporating expertise from across the Hereford Public Services and that a further report be made to Cabinet at a later date, identifying recommendations to take forward.

Community Impact

Localities

31. A review of service changes within the 9 Localities has been completed. It demonstrates the limited extent of services affected in the rural localities and the fact that there will be no service changes in Mortimer, Kington and Weobley. It identifies the majority of services changes falling within the Hereford locality. This reflects the fact that most of the rural services originate or terminate in Hereford and more importantly that savings have been

achieved through service reduction on the more frequent off-peak, evening and Sunday services in Hereford which still enjoys a good overall level of service.

Equality Impact Assessment

32. An Equality Impact Assessment has been undertaken to ensure that our approach to achieving the required savings has not disadvantaged specific groups within the community. In summary, the Council has sought to minimise the overall impacts of the required savings on the communities in the county and within specific vulnerable groups. Whilst it is not possible to define specific services in respect of individual groups such as young people, the elderly and people with disabilities we do know that these groups are particularly dependent on bus services in general. This is due to their limited access to private transport (either financially or reduced individual mobility) and is more acute in rural locations which are more physically remote from services. With this in mind and having regard to the priorities established through the public consultation, this review has been guided by the need to prioritise bus services which maintain access to key services and also to maintain 'lifeline' services where there are no viable alternatives immediately available for essential journeys.

Financial Implications

33. The recommendations set out in the package included at Table 1 above will enable the required savings to be made whilst maintaining sustainable public transport provision throughout the County. The proposed changes have also been considered with regard to the Council's other statutory transport responsibilities in respect of Children's and Adult Social Care Services and this has confirmed that these changes would not result in additional costs within these areas of provision.

Legal Implications

34. The Council has a statutory requirement under Section 63 of the Transport Act 1985, to secure the provision of socially necessary passenger transport services. The planned process by which we are proposing to achieve the required savings demonstrates the Council's ongoing commitment to fulfilling its duties under this Act. Some transport authorities have proposed to remove all financial support for subsidised local bus services and in the case of Cambridgeshire County Council a judicial review has been instigated to challenge this position with regard to requirements under the Transport Act.

Risk Management

35. The major risk associated with the Bus Service Review is the potential for reduction or withdrawal of bus services and the resultant impact on bus users and communities. This in turn could have a significant impact on the reputation of the Council. These risks has been reduced by the limited reduction in budget provided to support local bus services and the sensible and measured approach the Council has adopted in undertaking the review, as detailed in this report. The extensive public consultation has enabled users and communities to set out their priorities for bus services and has demonstrated the overall importance of a bus network. The Review has ensured that the Council is able to continue with a bus network which supports essential journeys to key services, helping to sustain the county's economy and reducing the impact of car based travel whilst also providing a 'lifeline' for some of our more remote rural communities.

Consultees

36. The Bus Service Review has been subject to extensive public consultation including:
- a. Ward Members
 - b. Parish Councils
 - c. Bus users
 - d. Known representative groups
 - e. Bus operators
 - f. Community transport users and providers.

Appendices

None

Background Papers

Herefordshire Bus Service Public Consultation Report

Summary of Service Impacts in the Context of the 9 Localities

Equality Impact Assessment

MEETING:	CABINET
DATE:	28 JULY 2011
TITLE OF REPORT:	UPDATE ON THE SHARED SERVICES PROGRAMME
PORTFOLIO AREA:	CORPORATE SERVICES AND EDUCATION

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To update Cabinet on the progress of the Shared Services Programme.

Key Decision

This is not a Key Decision

Recommendation(s)

THAT the Cabinet:

- a) **Notes progress to date;**
- b) **Delegates the necessary authority to the Chief Executive of Herefordshire Council, who are the sole owners and shareholder in The Shared Services Partnership Ltd, to make a gift of shares in The Shared Services Partnership to NHS Herefordshire and Wye Valley NHS Trust**
- c) **Delegates the necessary authority to the Chief Executive of Herefordshire Council to exercise the voting rights in respect of Council's shareholding in The Shared Services Partnership Limited.**

Key Points Summary

- This report outlines progress made on Shared Services and the key steps required to implement the project.
- Seeks the necessary approval for to issue a gift of shares to NHS Herefordshire (NHSH) and Wye Valley NHS Trust (WVT) to enable their full participation in the shared services joint venture company (TSSP Ltd) as approved at Cabinet on 21st October 2010.
- Delegates the necessary authority to allow the Chief Executive of Herefordshire Council to

Further information on the subject of this report is available from Dean Taylor, Deputy Chief Executive on Tel: (01432) 260037

exercise the Council's shareholding in The Shared Services Partnership Limited.

Reasons for Recommendations

To ensure that Cabinet is briefed, and to agree the way forward to enable the projected benefits and costs savings to be delivered.

Introduction and Background

- 1 Herefordshire Council and its NHS partners already lead the UK in their unique and pioneering approach to partnership working. Great progress has been made in integrating services to the public and, in parallel, work is progressing to integrate and share the corporate and support services on which the partners' public services depend.
- 2 The Shared Services programme has the commitment of the Council, the Primary Care Trust and the Wye Valley NHS Trust and will:
 - Enable the three partners to work in true partnership, and be able to focus on their priorities, such as achieving a better quality of life, and improved health and wellbeing.
 - Revitalise local public services to help them become more efficient, joined up, customer focused and responsive.
 - Pool resources - such as human resources, information technology, finance, purchasing, estates management, transport and customer services - across organisations
 - Strengthen investment in new ways of working, so that employees are supported by modern systems, training and development, as we redesign our services more around the individual needs of local people
 - Boost employee skill levels, achieve best practice, increase capacity and flexibility, and improve communication and collaboration between organisations and service areas.
- 3 On 21st October 2010, Cabinet received a progress report on Shared Services Programme and agreed to adopt a 'multi-source' approach to corporate and support services and to set up a Joint Venture Company. The following recommendations were approved:
 - (a) Agree to enter into formal shared service arrangements with its partners, NHSH and WVT adopting a 'multi-source' approach; enabling different fit for purpose models to be used to deliver Shared Services for each service or group of services;
 - (b) Delegate the negotiation and agreement of the Heads of Terms for the Shared Service arrangement and for the establishment of the Joint Venture Company to the Chief Executive (with appropriate liaison with the Chief Executive of WVT);
 - (c) Instruct the Chief Executive to undertake a full consultation with employees within the scope of the Shared Services programme, in accordance with policy and procedure for implementing these changes;
 - (d) Instruct the Chief Executive to report progress of the implementation at three monthly intervals, linked to key milestones with risk management reports;
 - (e) Agree to establish a 'Shadow Board' consisting of representatives from the three

partners in order to provide strategic governance during the implementation phase.

Key Considerations

Current Progress

ESTABLISHMENT OF THE JVCO – THE SHARED SERVICES PARTNERSHIP LIMITED (THE PARTNERSHIP)

- 4 Following an appraisal of the strategic options, Cabinet agreed at its meeting on 21st October 2010 to participate in the establishment of a 'joint venture company' which would deliver corporate and support services to the three partners. The services initially in scope of the Partnership include: HR, Payroll, Finance, ICT and Revenues and Benefits. Procurement is expected to be transferred to the Partnership in October 2011.
- 5 The procedure for establishing the joint venture company which was recommended by the partners' legal advisors, Mills and Reeve, was that the Council should establish the company and then revise the company's Articles of Association to allow shared ownership via a gift of shares to its NHS partners.
- 6 In accordance with that advice, Herefordshire Council established the company under the working title of "The Shared Services Partnership Ltd" (The Partnership). A trading name for the company that meets the aspirations of the partners and provides an appropriate branding is to be agreed.
- 7 So that the ownership, management and operations of the company could be placed on a sound legal footing, four principal legal agreements have been developed:
 - Articles of Association: including provisions for the appointment of directors, arrangements for the board and matters reserved to the shareholders.
 - Shared Services Agreement: the contract for services between The Partnership and its three principal customers: Herefordshire Council, NESH and WVT.
 - Financial Agreement: an annually reviewable statement of the principles by which fair and reasonable costs and savings will be apportioned to the three principal customers.
 - Umbrella Agreement: a commitment on the part of the three principal customers to co-operate to make a success of The Partnership.
- 8 Following confirmation of the NHS partners' intention to proceed, interim agreements have been reached, pending the resolution of some key issues, including pension arrangements for NHS staff. These consisted of letters of intent and the tri-partite umbrella agreement. The purpose of the letter of intent is to confirm the partners' intention to participate in a contractual arrangement with The Partnership and to take its services. The umbrella agreement confirms the commitment of the partners to work with each other and their specific commitment to participating in The Partnership once the pension issues have been resolved.
- 9 This enabled the necessary contractual arrangements to be put in place, together with formal acceptance into the LGPS scheme for Council staff and the TUPE transfer of over 300 Council staff into The Partnership on the 1st April 2011.
- 10 At The Partnership Board of Directors meeting held on 4th May it was agreed to recommend to The Partnership's Shareholder (ie the Council) the adoption of the revised Articles of Association and the appointment of the partners' nominated shadow board members to the Board of

Directors.

- 11 These Director arrangements are an interim measure until joint ownership is established via the gift of shares. This issue is currently dependent on the resolution of the pension provision the NHS and WVT staff.
- 12 A final review of the Shared Service Agreements has now been completed by the partners' Legal Agreement Group (a sub-group of the partners' Shared Services Board) with some minor amendments being applied. These can then be signed following agreement of financial agreement between the partners.
- 13 The Shared Service Agreement between The Partnership and its principal customers is largely identical to that for the other partners, although the term of the agreement for HNSH is two years (given the uncertainty over the future of PCTs), whereas it is five years for the other partners. Both NHS partners have indicated their formal intention to accept a gift of shares in the company.
- 14 The gifting of shares in The Partnership by the Council to its NHS partners will take place once all agreements have been signed and arrangements confirmed for the transfer of the NHS and WVT staff to The Partnership - 110 staff and 34 staff respectively.
- 15 The number of shares to be gifted will be calculated on the basis of the principal customers' anticipated contribution to the company's revenues. This will be subject to review every three years and the number of shares will be adjusted accordingly. On the basis of current estimated company turnover by partner, the allocation of shares would be approximately as follows:

Herefordshire Council – 65%

NHS Herefordshire (PCT) – 15%

Wye Valley NHS Trust – 20%

THE PARTNERSHIP PENSIONS ARRANGEMENTS UPDATE

- 16 The Council successfully applied for “admitted body” status to allow Council staff who have been TUPE transferred to The Partnership to continue membership of their current Local Government Pension Scheme (LGPS).
- 17 The Partnership, as the admitted body, and Herefordshire Council, as the letting authority, have worked with Worcestershire County Council, as the Local Government Pension Scheme (LGPS) administering authority, to finalise the signed and sealed Admission Agreement that ensures that council staff retained their LGPS membership following their TUPE transfer to The Partnership on 1st April 2011.
- 18 The Partnership is also seeking “direction body” status to allow staff currently employed by the NHS to continue membership of their current NHS Pension Scheme. The NHS Pensions Agency has received our formal application and has indicated that the Department of Health (DOH) in Leeds is expected to decide on the application by 31st July 2011.
- 19 Pending the outcome from the DOH we are also exploring the contingency of the staff of NHS and WVT being able to join the LGPS. Comparability calculations are being undertaken between the NHS and LG pension schemes prior to formal application to the Government Actuary's Department.

20 Staff side representatives have been reassured that no TUPE transfers will occur until satisfactory pension arrangements are in place for NHS staff.

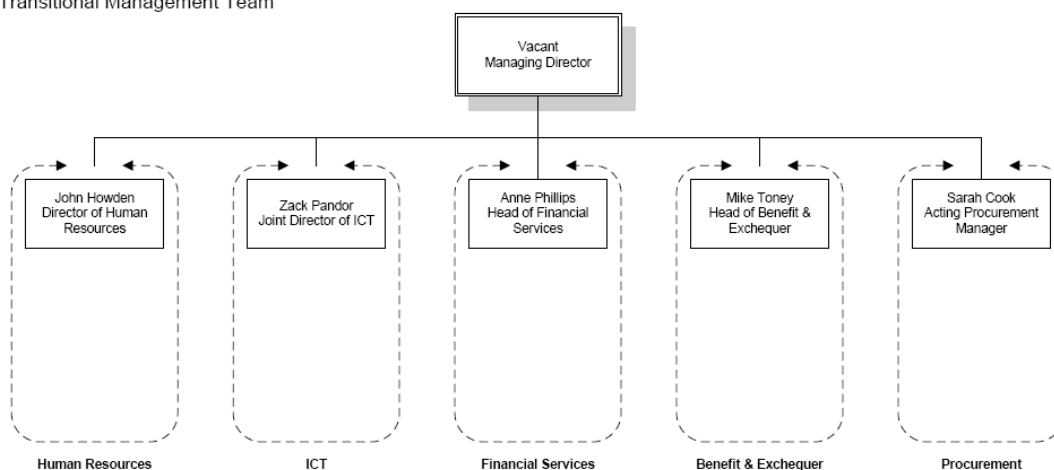
TSSP TRANSITIONAL MANAGEMENT ARRANGEMENTS

21 A transitional management team has established. This has the most senior officer from each of the services on the team.

22 The structure of The Partnership Transitional Management Team is shown below:

The Shared Services Partnership
(transitional management arrangements)
Transitional Management Team

Last reviewed 14th July 2011
Shared Services Team
v1.1



23 The process to appoint a permanent Managing Director is now underway and an appointment is due imminently.

24 The company's first business plan is now in development, involving all staff in The Partnership.

THE PARTNERSHIP TARGET OPERATING MODEL (TOM)

25 The first version of The Partnership's 'Target Operating Model' was approved in February. A revised Target Operating Model is being developed and a number of principles have been agreed in consultation with the partners' Shared Services Board. These principles include the need to achieve the savings set out in the first version of the TOM and also to engage more staff 'frequent' users.

26 Work is also underway to develop an outcomes-focussed Service Level Agreement. An outcomes-based approach to delivering support services is innovative and will help to ensure that The Partnership is focused on achieving the partners' strategic objectives.

SHARED SERVICES SUPPORT TEAM

27 The Shared Services project team is winding down from June onwards. A programme handover has been developed and work to implement this has begun with The Partnership's Transitional Management Team and the partners' Shared Services Board.

UPDATE ON WAVE 2 SHARED SERVICES

28 Cabinet agreed in October 2010 to adopt a "multi-sourcing" approach for the in-scope shared

services.

- 29 Options appraisals have now been completed for Audit and Legal Services’:
- 30 **Audit services:** The partners agreed to outsource their audit services through a joint procurement exercise and KPMG have been appointed as Strategic Partner and this exercise has resulted in substantial savings.
- 31 **Legal services:** A ‘Lead Provider/Commissioner’ model has been agreed with Herefordshire Council as the lead service and implementation is currently underway.
- 32 Work is underway to complete option appraisals for the other ‘Wave 2’ services listed below:
- 33 **Transport, Asset Management and Property:** A separate project has been established to examine the potential for benefits to be delivered by working with the Council’s existing Strategic Partner and undertake a market analysis against which any proposals would be tested for value for money.
- 34 **Emergency Planning:** This service transferred into Legal and Democratic services on April 1st and is now under review by the Assistant Director (Law and Governance).
- 35 **Communications:** This service is under review.
- 36 The timing of the options appraisal for services will be finalised shortly, including other services such as Customer Services and Transformation.

FUTURE REPORTING ARRANGEMENTS ON SHARED SERVICES

- 37 The transitional aspects of implementing the Shared Services models will be reported upon by the support team until this is complete. However, the operational and performance reporting aspects of The Shared Services Partnership Limited will be managed by the company’s Board of Directors and through the partners’ commissioning functions.

Community Impact

- 38 The implementation of Shared Services will deliver improved quality and more efficient and effective back office support to front line services across the three partner organisations; will release savings to deal with future financial constraints and/or for reinvestment in front line services; and will protect jobs and investment in the County in future. In particular, the preferred options provide an opportunity for the partners to provide those services to other public services providers in Herefordshire in line with the ‘localities’ agenda, maintaining and building on the strong sense of place that is characteristic of the county.

Financial Implications

Shared Services Benefits Realisation

- 39 This section reports progress on the six month review of shared services benefits identified in the Investment Appraisal Business Model (IABM) approved by NHS Boards and the Council’s Cabinet in October 2010.
- 40 In 2009, the original PA Consultants’ business case concluded that savings of between £4.1m to £5.3m could be achieved across the three partner organisations, based upon a strategic partner outsourcing option.

- 41 Following this external consultant's report, a detailed review and assessment was carried out by Directors across all three partners and a revised Investment Appraisal Business Model (IABM) produced and agreed with a net return of £1.7m in 2011-12 rising to £4.3m in 2016/17. This amounts to savings of £33.3m over 10 years.
- 42 The IABM developed above was again the subject of external review by Capita to ensure the assumptions made in the financial business case were consistent between the organisations, realistic and achievable.
- 43 Capita's findings confirmed there was a robust indication of the levels of savings achievable from the introduction of shared services. The Council's share of future savings was expected in October 2010 to be in excess of 70%, which would be in the region of £3.01m per annum.
- 44 The table below summarises the original overall financial position for the three partner organisations as reported to Cabinet in October 2010:

Original Shared Services costs and benefits across all three Partners at October 2010

	2010/11	2011/12	2012/13	2013/14	2014/15	2016/2017 Onwards
	£'000	£'000	£'000	£'000	£'000	£'000
Costs	-1057	-1795	-1316	-736	-718	-309
Savings / Benefits	1015	3510	4315	4569	4569	4569
Net Savings	-42	1715	2999	3833	3851	4260

NB – Negative figures represent costs and positive figures represent savings

- 45 The governance of the shared services project is vested in the Shared Services Board (SSB), chaired by the Deputy Chief Executive with Director-level representation from all three partner organisations. In May 2011, the SSB set up a review of shared services benefits to evaluate progress.
- 46 The six month benefits review has focused, in particular, on a number of new challenges to the delivery of shared services savings and increased system implementation costs. Furthermore, the refinement of management structures to reflect the balance between 'retained functions' and those functions transferred to The Partnership and the phased implementation of the Agresso finance system, have a potential to impact upon IABM benefits. However, the parameters set for the review stressed that the short to medium term financial plans of Herefordshire Public Services require that the agreed shared services savings targets must be met by individual Directorates.
- 47 Since October 2010 and following the review of benefits, it has been possible to identify

savings and costs by individual partner organisation and the table below shows the current assessment of Herefordshire Council's share of the shared services benefits which now rise to £3.4m by 2016/17 compared to £3.01m estimated in October 2010.

Revised Shared Services costs and benefits for Herefordshire Council at May 2011

	2010/11	2011/12	2012/13	2013/14	2014/15	2016/2017 Onwards
	£'000	£'000	£'000	£'000	£'000	£'000
Costs	-833	-1606	-969	-940	-642	-376
Savings / Benefits	639	2438	3201	3768	3768	3768
Net Savings	-194	832	2232	2828	3126	3392

NB – Negative figures represent costs and positive figures represent savings

48 The results so far of the shared services savings review show substantial savings have already been achieved by Herefordshire Council. In some areas, savings targets have been exceeded; some areas remain on track to achieve their initial savings; whilst some areas will require intervention to ensure that the overall financial business case is secured and projected savings realised not only for the Council but for all three partners.

Legal Implications

49 The options are fully set out in this report and the report provides the information needed to enable the Cabinet to take the decisions as recommended. The Cabinet must give consideration to the options and to the background information in reaching its decision.

50 There are no other legal implications and the Cabinet are lawfully entitled to reach the decisions as recommended.

Risk Management

51 A full risk analysis has been undertaken and is subject to weekly review. Current risks and mitigations include:

- a. *High Demands* - Interdependencies and demands on staff are under estimated and impact on programme delivery
- b. *Loss of experience and knowledge* - Loss of key staff involved in programme causes delays and additional costs

- c. *Programme Governance* - Complexity of governance arrangements between the partners and The Partnership creates additional bureaucracy and delays to decision making
- d. *Recruitment* - Delay in appointing MD to The Partnership causes lack of continuity and direction.

Conclusion

- 52 The first part of the implementation of Shared support services has been completed and benefits are starting to accrue in line with projections and the benefits realisation plans are being updated to reflect progress with this and other change programmes.
- 53 Other services are also progressing to implementation albeit under different models.

Consultees

- 54 Consultations have been undertaken and will continue to take place during the Shared Service Review with Members, Directors, and Heads of Service, Service Managers, staff, Unions, non-executive directors and partners. A comprehensive communications strategy has been developed to support this on-going work.
- 55 Overview & Scrutiny views were sought when the plans for shared services were agreed in October 2010.
- 56 All Political Groups received a presentation on the Shared Services programme.

Appendices

- 57 None

Background Papers

- 21st October 2010 – Item 4 - “Shared Services – Update on Progress and Recommended Next Steps” (Cabinet Report)
- 19th November 2010 – Full Council meeting

MEETING:	CABINET
DATE:	28 JULY 2011
TITLE OF REPORT:	INTEGRATED CORPORATE PERFORMANCE REPORT – QUARTER 1 2011-12
PORTFOLIO AREA:	CORPORATE SERVICES AND EDUCATION

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To provide Cabinet with an overview of performance against the Joint Corporate Plan 2011-14 for the first three months of 2011-12.

Key Decision

This is not a Key Decision.

Recommendations

THAT Cabinet considers performance to the end of June 2011 and the measures being taken to address areas of under-performance.

Key Points Summary

- A large number of performance measures within the Joint Corporate Plan (JCP) are either reported annually, or quarterly with an inherent time lag in availability of data, meaning in-year judgements can only be made on a selection of indicators. Of those where data is available, over half are currently on track to achieve target.
- The majority of projects are currently being delivered to schedule.
- The overall revenue budget position for 2011-12 for the council shows a projected £2.67m overspend. This is approximately 1.8% of the council's £146.3m million revenue budget (excluding Dedicated Schools Grant funding). This is covered in detail in the budget report elsewhere on your agenda.

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 2011-14, 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 six themes (34 outcomes) in the Joint Corporate Plan 2011-14. Progress is measured through the management and monitoring of selected performance indicators and projects. The appendices to this report include:

Appendix 1 a key to what the symbols used in Appendices 2b and 2c represent and a list of the themes and outcomes, with lead directors;

Appendix 2a reporting frequency of measures in the JCP;

Appendix 2b exception report for those indicators and projects that are ahead of target; and

Appendix 2c exception report for those indicators and projects that are behind target.





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

Key Considerations

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

A – Performance against indicators

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 only reported annually. These are only reported at the appropriate time in the year. At that time Cabinet can assure themselves that appropriate in year actions are being taken to maintain good performance or improve it where necessary. Appendix 2a lists all of the indicators in the JCP alongside their reporting frequency and an indication of the time-lag in data availability, illustrating when data will be available for future performance reports.
7. The Council uses a range of data to assess the quality of services provided and aid decision making. The Council is committed to ensuring that our performance data is both reliable and accurate. Each quarter the Council monitors performance against a range of indicators for each of the themes in the Joint Corporate Plan; this is summarised in the table on the next page and full details are shown in Appendices 2b and 2c for those indicators that are significantly under or over achieving.

	No. of indicators monitored this quarter				
		More than 10% ahead of target	Achieved or exceeding target by less than 10%	Up to 5% behind target	More than 5% behind target
Create a thriving economy	0	-	-	-	-
Improve health and social care	0	-	-	-	-
Raise standards for children and young people	5	0	2 40%	0	3 60%
Promote self reliant local communities	6	1 16.7%	2 33.3%	0	3 50%
Create a resilient Herefordshire	6	2 33.3%	2 33.3%	1 16.7%	1 16.7%
Commission the right services	1	1 100%	0	0	0
Total	18	4 22.2%	6 33.3%	1 5.6%	7 38.9%

	% of indicators improving compared to last year
Create a thriving economy	-
Improve health and social care	-
Raise standards for children and young people	-
Promote self reliant local communities	1 / 3 33.3%
Create a resilient Herefordshire	1 / 5 20%
Commission the right services	1 / 1 100%
Total	3 / 9 33.3%

As mentioned in paragraph 6 above, the majority of indicators in the JCP are not able to be reported on so soon after the end of the first quarter. More data will be available for the next

3

performance report, where it should be possible to analyse performance data alongside budgetary, employee and customer information to provide a more meaningful analysis of performance.

Directorate summary reports on performance

8. The following directorate reports provide a more in-depth overview of performance than the review of indicators and projects in appendices 2b and 2c alone. The directorate reports reflect on performance against the JCP, but also on other performance issues that may have an impact on delivery of the JCP.

9. Places and Communities

What has gone well?

High levels of performance have been maintained for some of the performance measures in the Places and Communities Directorate; for example:

- The number of planning applications processed within a given timescale has fluctuated throughout the quarter; however the year to date outturn is currently blue against the improved targets set for 2011/12.

Examples of projects/schemes currently progressing well are:

- Supporting Employment in the County - an application for the establishment of a Construction Skills Academy has been submitted to the national sector board and indicative outputs are now being agreed that will secure a definitive number of apprentice places during the lifetime of the academy.
- The Broadband Project continues to progress well, the process of procuring a private delivery partner has commenced and a Project Team have been appointed.
- The delivery of the Yazor Brook Flood Alleviation Scheme remains on programme and within budget for completion by the end of March 2012.
- Rotherwas Industrial Estate in Hereford has been selected as the preferred location for the Marches Local Enterprise Partnership bid for an Enterprise Zone.

What has not gone so well?

- Delivery of affordable homes is currently below target with challenges associated with funding availability and general housing market downturn affecting delivery against overall target. However, it is early in the financial year and the position may improve subject to announcement of HCA funding allocations following the recent bidding round.
- The number of households in temporary accommodation has increased within the last 6 months but remains better than target (blue). This reflects increased presentation of homeless households which is repeated nationally.
- The project in relation to the construction/delivery of the link road from Edgar Street to the bottom of Aylestone Hill has been delayed and alternative capital funding options are being explored.
- Work has been continuing throughout the year in respect of the proposed waste treatment plant in Worcestershire. The planning application has now been called in by the Secretary of State; this will delay the project by at least 6 months.

What has been done to rectify these problems?

We review all areas of performance on a regular basis and concerns are raised with assistant directors and service managers to ensure that remedial actions are put in place to ensure we can deliver against agreed or revised targets in agreement with HPSLT, and Cabinet Members.

Initiatives are being developed to reduce the number of households presenting themselves as requiring assistance for homelessness. Homelessness prevention activities continue to increase for the team. In addition to this, work is continuing to monitor and reduce the numbers placed in bed and breakfast accommodation; which had seen a slight increase as part of the overall trend. The service is focussing particularly on increasing the use of the private rented sector in line with best practice guidance with increasing success.

As a directorate we continue to review our action plans and targets for the forthcoming period through performance sessions at DMT.

10. Peoples Services

Adult Social Care

What has gone well?

- Adult Social Care Transformation – Although our performance is still below national expectations, re: NI130 (% of adults and older people receiving self-directed support who are supported to live independently), work with Impower to develop the customer journey alongside the implementation of a new Resource Allocation System has transformed the approach.
- Nearly 600k of savings has been delivered on the ASC Cost Improvement Plan in May and June.

What has not gone so well and how are issues being addressed?

- Performance across both stroke indicators is improving; however, it still remains short of the national thresholds. New local expectations have been agreed through the unplanned care work stream.
- Although the numbers accessing dentistry over a 2 year period has increased achieving the vital signs trajectories remains challenging.
- Chlamydia Screening (Staying healthy work stream) – A review of sexual health services which included the delivery of Chlamydia screening as part of the core business within the Contraception and Sexual Health Clinic has been completed and a draft service specification for provider services and GP practices, has been developed this is currently under consultation. It is expected that implementation will be from April 2012.

Children & Young People

What has gone well?

- Unannounced Inspection in June which showed that there are no longer any priority action actions and one area of strength with the multi agency groups.
- Adoption Inspection which rated the service as good.

What has not gone so well and how are issues being addressed?

- Implementation of the Women, Children and Families Commissioning Programme - slippage on delivering new service specifications for community based health services. Due to be delivered by July 2011, timescale slipped to August 2011.

- Implementation of phase 2 of Locality MAG development - slippage on opening of all multi agency offices due to issues with building contractors (Leominster and Bromyard specifically) and outstanding furniture order.
- Supporting the development of school and setting leadership at all levels in Herefordshire - slippage on formally launching Herefordshire Learning Community (to September 2011) and commissioning of CPD for primary and secondary senior leaders.
- Percentage of initial assessments completed in 10 working days (target is 75%, performance is 50.4%). This shows some progress.
- Reduction in the percentage of contacts not resulting in a social care service (target 30% reduction; performance is 20%). Work is being undertaken with the agencies in order to ensure effective filtering takes place. It is anticipated that once a multi-agency desk is available, screening will be more effective.

Public Health

What has gone well?

- Primary Care based `Intervention and Brief Advice` training - all primary care sites / GP Surgeries have been provided with a three hour comprehensive continuing professional education session covering the - rationale behind & practice of - conducting a brief intervention around alcohol for their practice population, whether new or existing patients. Over 30 Nurse Practitioners, Practice Nurses & Health Care Assistants have received the education & training which concluded for this round on 29th. June. This is part of the national approach to make `every contact count` by enhancing the public health skills of the health & social care workforce.
- Accident & Emergency Dept – Alcohol Related Data Collection Scheme - during this period this scheme has been established as a provider of high quality information which has allowed ever closer collaboration between public health agencies (health improvement, licensing & trading standards etc) & police, GIS mapping- council colleagues, to clarify potential problem areas in terms of selling & consuming alcohol. Action has been taken to rapidly deal with emerging irresponsible / illegal sales issues to tackle problems earlier with resulting reduction in potential harm.
- Positive feedback on the Crucial Crew event.
- Big Chill licence granted; this will attract large numbers of visitors to the county and should attract positive media attention.

What has not gone so well and how are issues being addressed?

- Smoking Quitter numbers continue to be disappointing i.e. not in line with expectations.
- MMR uptake is low. A multi-prong strategy is being developed to identify and immunise children in particular MMR vaccine.
- HPV immunisation uptake is below the target. An action plan has been developed including running mop-up clinics across the county to increase HPV uptake rate.

11. **Corporate Services**

What has gone well?

A number of important property projects have been progressed, including:

- The livestock market has been completed and will be officially opened in early August. First livestock sale held on 22nd June.

- Work on the Hereford Leisure Pool is progressing on time and this major piece of work ensures the pool is improved.
- Annual accounts presented on time to the Audit & Governance Committee and have been signed off by the Chief Finance Officer.
- Asset transfer of Ross Sports Centre was completed on 30th June to a local management group.
- The Agresso system was delivered on time to the council and is now in operation with further modules to follow.
- The third phase of the Organisational Design (OD3) commenced on 19 July 2011. This project is on track to reduce management costs by 25%, and, together with the corporate support reviews and other initiatives to reduce the pay bill will deliver significant savings during 2011/12

As part of our commitment to employee engagement and development:

- Launch of Aspire ILM level 5 – complete Leadership Pathway is now in place offering formal and informal opportunities at all levels in HPS.
- Change Champions programme is gaining momentum in support of the Rising to the Challenge Programme.

What has not gone so well?

- There is a growing requirement for maintenance of our properties and this is placing budgets under pressure.
- Business continuity issues in Design and Maintenance Section.
- Growing demands for Health & Safety advice and support.

What has been done to rectify these problems?

- A process is underway to identify a suitable strategic partner for property services. This will enable business continuity and maintenance support to be addressed by drawing on resources in a larger organisation.
- Health and Safety resources are being addressed.
- The Directorate has a new integrated monthly performance report which enables us to focus on the key issues at an early stage.

B – Delivery of projects

12. At this stage of the year some of the projects are still due to start. However, of the large numbers that have the majority are on plan, although eight are currently behind schedule. These are listed in Appendix 2c and, where applicable, also referred to in the directorate commentaries in paragraphs 9-11 above.

C – Finance

13. As at 31st May 2011 the overall revenue budget position for 2011/12 shows a projected £2.67m overspend. This is approximately 1.8% of the council's £146.3m million revenue budget (excluding Dedicated Schools Grant funding). The most significant overspend relates to commissioning of adult services, which relates to the inherent overspend within adult social care base budget plus increasing service pressures.

A detailed report on financial outturn appears elsewhere on Cabinet's agenda for today.

D – Customers

14. Service Delivery

This area measures the effectiveness of existing service delivery channels and progress against the modernisation of how the services are delivered

In relation to the website indicators good progress can be evidenced. There is a strong, well defined action plan to measure how effective the website is in delivering services. The annual Better Connected audit is key and although this is an annually measured indicator, progress against the supporting action plan will be a good proxy. The Digital Channels project is fundamental to success in this area too. There are changes to the measure this year, which may disadvantage overall performance, but at this point, it is hoped that this will be reconciled.

Regarding the contact centre, the ongoing high levels of performance seen in the previous year have been sustained and have resulted in much stricter performance targets for 2011/2012. The headline figures for abandon rate and percentage of calls answered in 15 seconds were both on target.

Service Quality

There have been some mixed results in this area. It should be noted that the measures used demonstrate performance for the whole organisation where there is Customer Service coverage (and therefore performance is not just attributable to Customer Service Centres or the contact centre). Ownership of the indicators in this area is required by both front and back office services and the quarterly SLA review meetings are a key element in managing improvements to this subset.

Service Failure

The headline indicator in this section is 'Avoidable Contact' where significant improvements are being seen month on month (and towards the latter part of the last financial year). Further improvements to this indicator require fundamental improvements to whole-system processes and the Customer Organisation Project team are key to this.

Regarding complaints - the measures have changed to demonstrate the effectiveness of complaint management, rather than overall numbers received. To date, performance against these indicators is on track.

E – Employees

15. The relocation of a number of staff to The Shared Services Partnership has led to a recalculation of the sickness absence figure, which is currently better than target. There are no further issues to report at this stage.

F – Risks

16. Key performance risks are described in section **A** above. Further improvements have been made to risk management processes. The first meeting of the new Resilience Group takes place on 28 July.

Community Impact

17. 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

18. None.

Legal Implications

19. None.

Risk Management

20. 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








21. None.

Appendices

- Appendix 1** a key to what the symbols used in Appendices 2a and 2b represent and a list of the themes and outcomes with lead directors.
- Appendix 2a** reporting frequency of measures in the JCP
- Appendix 2b** exception report for those measures and projects that are ahead of target; and
- Appendix 2c** exception report for those measures and projects that are behind target.

Background Papers

22. None.

Measures	Symbols	Projects
More than 10% ahead of target		Ahead of Plan
Achieved or exceeded target by less than 10%		On schedule
Up to 5% behind target		N/A
More than 5% behind target		Behind Plan
Better than the same period last year		N/A
Same performance as last year		N/A
Worse than the same period last year		N/A

List of Joint Corporate Plan themes and outcomes

Theme and Outcome	Lead Director
Theme 1 Create a thriving economy	
HPS 1.1 The regeneration of Herefordshire with a particular focus on Hereford City	Places and Communities
HPS 1.2 The delivery and maintenance of key infrastructure including actions to reduce congestion	Places and Communities
HPS 1.3 Growing businesses, jobs & wage levels.	Places and Communities
HPS 1.4 The development of employment skills, including access to higher education	Places and Communities
HPS 1.5 A reduction in health inequalities for the working age population	People's Services
HPS 1.6 Improved access to superfast broadband and wider use of technologies	Places and Communities
Theme 2 Improve health care and social care	
HPS 2.1 Improved intervention and support for older people and keeping them safe	People's Services
HPS 2.2 A robust & healthy provider market	People's Services
HPS 2.3 Financial balance across Herefordshire's health & social care economy	People's Services
HPS 2.4 The development of a new local commissioning infrastructure	DCX and Corporate Services
HPS 2.5 Good quality corporate and clinical governance standards are embedded in all services provided	TBC
HPS 2.6 A reduction in health inequalities for frail, elderly people	People's Services
HPS 2.7 More people retaining their independence through greater choice and control	People's Services
Theme 3 Raise standards for children and young people	
HPS 3.1 Sustainable educational provision throughout Herefordshire	People's Services
HPS 3.2 Improved intervention and support for children & young people and keeping them safe	People's Services
HPS 3.3 Improved performance by early years and primary school pupils including vulnerable groups relative to their peers	People's Services
HPS 3.4 Reduced child poverty	People's Services
HPS 3.5 Families & communities that are able to support all children & young people effectively	People's Services
HPS 3.6 A reduction in health inequalities for children & young people	People's Services
Theme 4 Promote self reliant local communities	
HPS 4.1 Vibrant cultural opportunities	Places and Communities
HPS 4.2 Safe places where people feel secure	Places and Communities
HPS 4.3 Enhanced local democracy and community engagement.	Places and Communities

Theme and Outcome	Lead Director
HPS 4.4 Ways of working that reflect the needs and priorities of people & place	Places and Communities
HPS 4.5 A balanced housing market to meet resident's needs	Places and Communities
Theme 5 Create a resilient Herefordshire	
HPS 5.1 The preservation and enhancement of our environment.	Places and Communities
HPS 5.2 Accessible services and countryside	Places and Communities
HPS 5.3 A strong regional and national reputation	DCX and Corporate Services
HPS 5.4 The protection of people's health & wellbeing	People's Services
HPS 5.5 Increased equality of opportunity	DCX and Corporate Services
HPS 5.6 Sustainable public transport provision	Places and Communities
Theme 6 Commission the right services	
HPS 6.1 High quality assessments of need	NHS Resources and Delivery
HPS 6.2 Streamlined, working practices	DCX and Corporate Services
HPS 6.3 High levels of customer and citizen satisfaction	DCX and Corporate Services
HPS 6.4 A high quality workforce	DCX and Corporate Services

Reporting frequency and availability of data of performance indicators in the Joint Corporate Plan 2011-14

	Reporting Frequency	Data availability
Theme 1: Create a thriving economy		
<i>1.1 The regeneration of Herefordshire with a particular focus on Hereford City</i>		
Visitor Spend in the County	Municipal Year	End of April 2012
Hereford City Shop Vacancy rate	Quarterly	10 day lag
<i>1.2 The delivery and maintenance of key countywide infrastructure</i>		
The percentage of non-frequent (fewer than 6 per hour) services running on time (departing less than 1 minute earlier or 6 minutes later than scheduled).	Municipal Year	End of April 2012
The average journey time per mile on major routes in the authority, during the morning peak.	Calendar Year	End of January 2012
Cycle use	Municipal Year	End of May 2012
<i>1.3 Growing businesses, jobs & wage levels countywide</i>		
Gross Value Added	Calendar Year	2 year lag
Median gross weekly pay of full-time employees.	Calendar Year	End of May 2012
The percentage of the working age population (16-59 for females and 16-64 for males) who are claiming out of work benefits (unemployed people on Jobseekers Allowance, Lone Parents on Income Support, Incapacity Benefits customers, and others on income related benefits).	Quarterly	6-8 month lag
<i>1.4 Development of employment skills, including access to higher education across Herefordshire</i>		
Number of learners participating in Community Learning	Four monthly	
Community Learning Achievement Rate	Annual (September)	End of October 2011
The percentage of the working age population (16-59 for females and 16-64 for males) who do at least one hour's paid work per week. Also included are people working unpaid in family businesses and people on government supported employment training schemes.	Calendar Year	July 2012
<i>1.5 A reduction in health inequalities for the working age population of Herefordshire</i>		
Number of smokers that quit for a period of 4 weeks or more within:		
<ul style="list-style-type: none"> ▪ Amey ▪ Herefordshire Public Services ▪ The Private Sector 	Monthly	under review
The proportion of the population aged 40-74 to be offered an NHS Health Check	Quarterly	6-8 week lag

Appendix 2a

NHS Health Checks to be offered to individuals living in the most deprived fifth of areas in Herefordshire	Quarterly	6-8 week lag
The number of NHS staff trained to deliver brief intervention through CQUIN programme	Quarterly	6-8 week lag
The number of smokers receiving brief intervention by NHS staff through CQUIN programme(local baseline to be set by July 2011)	Quarterly	6-8 week lag
Number of 4 week quitters supported by primary care including community pharmacies and dental practices	Quarterly	6-8 week lag
Smoking related admissions	Quarterly	6-8 week lag
Alcohol related admissions	Quarterly	6-8 week lag
1.6 Improved access to superfast broadband and wider use of technologies		
Percentage of homes and business premises having the opportunity to connect to next generation broadband	Municipal Year	End of April 2012
Number of public services accessed via a range of wider technologies	Municipal Year	End of April 2012
Theme 2: Improve health care and social care*		
2.1 Improved intervention and support for older people and keeping them safe		
The number of older people discharged from hospital to rehabilitation or intermediate care, who are living at home 91 days after discharge	Monthly	under review
Emergency bed days associated with multiple (two or more in a year) acute hospital admissions for over 75s	Monthly	15 day lag in provisional data; 2 month lag in audited data
Admissions to residential care homes, per 1,000 population	Municipal Year	End of April
Average length of stay for older people	Monthly	15 day lag in provisional data; 2 month lag in audited data
2.2 A robust & healthy provider market		
New outpatient referrals in 2011/12	Monthly	15 day lag in provisional data; 2 month lag in audited

* Data sources are still being identified and quality tested; reporting is due to commence end of July

Appendix 2a

Outpatient new to follow ups	Monthly	15 day lag in provisional data; 2 month lag in audited data
Number of consultant to consultant referrals	Monthly	15 day lag in provisional data; 2 month lag in audited data
Proportion of people who have had a stroke who spend at least 90% of their time in acute hospital on a stroke unit	Monthly	6-8 week lag
Proportion of people at high risk of Stroke and experience a TIA who are assessed and treated within 24 hours	Monthly	6-8 week lag
The percentage of emergency admissions to any hospital in England occurring within 28 days of the last, previous discharge from hospital	Monthly	6-8 week lag
A&E attendances	Monthly	6-8 week lag
2.3 Financial balance across Herefordshire's health & social care economy		
Same Activity for less (cost): right care	Quarterly	Under review
Same Activity for less (cost): planned care	Quarterly	Under review
Same Activity for less (cost): mental health and learning disabilities	Quarterly	Under review
Same Activity for less (cost): care pathways approach	Quarterly	Under review
Same demand for less (service charge): urgent care	Quarterly	Under review
Same demand for less (service charge): maternity and new born	Quarterly	Under review
Same demand for less (service charge): low priority treatments	Quarterly	Under review
Same demand for less (service charge): medicines use and procurement	Quarterly	Under review
Same demand for less (service charge): whole system re-ablement review	Quarterly	Under review
Same demand for less (service charge): other QIPP schemes	Quarterly	Under review
Same demand for less (service charge): mental health procurement	Quarterly	Under review
Reduced demand: healthy individual projects	Quarterly	Under review
Management costs	Quarterly	Under review
2.4 The development of a new local commissioning infrastructure		

Number of services re-commissioned and market tested in accordance with the Plan	Monthly	To be confirmed
Savings achieved for each new re-commissioned service	Monthly	To be confirmed
Lower costs from co-working with key suppliers on initiatives to lower or remove costs	Monthly	To be confirmed
% of commissioning budget managed by the GPC	Monthly	To be confirmed
2.5 Good quality corporate & clinical governance standards are embedded in all services provided		
Comply with Healthcare Acquired Infection targets - C. diff	Monthly	4 week lag
Comply with Healthcare Acquired Infection targets - MRSA	Monthly	4 week lag
Single sex accommodation breaches	Monthly	4 week lag
Delayed transfers of care	Monthly	4 week lag
2.6 Reduction in health inequalities for frail, elderly people		
Rate of admissions for falls in population age 75 plus	Under review	Under review
The number of older people receiving a home assessment and advice and support to reduce their risk of a fall at home	Under review	Under review
The number of older people regularly exercising to maintain muscle strength	Under review	Under review
The number of older people receiving a medicines review to reduce their risk of a fall	Under review	Under review
2.7 More people retaining their independence through greater choice and control		
The number of people with long-term conditions supported to be independent and in control of their condition	Monthly	Under review
The number of emergency readmissions as a percentage of all readmissions that are an emergency that occur within 30 days of any previous discharge	Monthly	15 day lag in provisional data; 2 month lag in audited data
The proportion of adults in contact with secondary mental health services in employment	Bi-annual	To be confirmed
The proportion of people with mental illness and or disability in employment	Bi-annual	To be confirmed
The proportion of people using adult social care services who have control over their daily life	Monthly	12 day lag
Theme 3: Raise standards for children and young people		
3.1 Sustainable education provision throughout Herefordshire		
Number of schools in an Ofsted category	Monthly	10 day lag
Percentage of PRU pupils having 25 hours of provision available	Monthly	10 day lag
Reduction in cost of out of county education placements	Annual (March)	10 day lag

3.2 Improved intervention and support for children & young people and keeping them safe		
Percentage of initial assessments completed in 10 working days	Monthly	10 day lag
Reduction in the number of contacts and referrals not resulting in social care services	Monthly	10 day lag
Reduction of high cost agency placements by 3	Monthly	10 day lag
3.3 Improved performance by early years and primary school pupils including vulnerable adults		
The percentage of children (aged 5) assessed against the Early Years Foundation Stage Profile who achieve at least 78 points across all 13 scales, and achieve at least 6 points in each of the scales in Personal, Social and Emotional Development and Communication, Language and Literacy.	Annual (September)	10 day lag
The percentage of pupils achieving level 4 or above in both English and Maths at Key Stage 2 (aged 11).	Annual (September)	10 day lag
The percentage difference between the median Foundation Stage Profile score of all children (aged 5), and the mean score of the lowest-scoring 20% of children.	Annual (September)	10 day lag
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).	Annual (December)	10 day lag
The percentage point gap between pupils who are identified as having Special Educational Needs achieving level 4 or above in both English and Maths at Key Stage 2 (aged 11), and pupils who have not been identified as having Special Educational Needs.	Annual (December)	10 day lag
3.4 Reduced child poverty		
The percentage point gap between pupils eligible for free schools meals (FSM) achieving at least Level 4 in English and Maths at Key Stage 2 (aged 11) and pupils ineligible for FSM achieving the same outcome	Annual (December)	10 day lag
The percentage of 16-18 year olds whose situation is known that are not in education, employment or training.	Annual (December)	10 day lag
Percentage of 16-18 year olds whose participation activity is not known	Annual (December)	10 day lag
3.5 Families & communities that are able to support all children & young people effectively		
Percentage of CAFs that are not subsequently re-referred to Children's Social Care	Quarterly	10 day lag
Percentage of people reporting that things have improved for them/their child	Annual (March)	10 day lag
Percentage of professionals reporting that the Multi-Agency Groups (MAGs) have made a positive difference to their work with children and young people and their families	Annual (March)	10 day lag
Percentage of children and young people supported through CAF and MAGs	Quarterly	10 day lag
3.6 A reduction in health inequalities for children & young people		

Increase the uptake of Healthy Start vitamins	Quarterly	10 day lag
The percentage of children in reception year (age 5) who are obese, as shown by the National Child Measurement Programme. Children are defined as obese if their body mass index exceeds reference levels for their age and sex.	Municipal Year	10 day lag
The percentage of children in year 6 (age 10-11) who are obese, as shown by the National Child Measurement Programme. Children are defined as obese if their body mass index exceeds reference levels for their age and sex.	Municipal Year	10 day lag
The change in the rate of under-18 conceptions per 1000 girls aged 15-17 as compared with the 1998 baseline rate (expressed as a percentage of the 1998 rate).	Annual (March)	10 day lag
The percentage of population aged 15-24 accepting a chlamydia test	Municipal Year	10 day lag
Reduce alcohol related admissions age under 18 years	Quarterly	10 day lag
Theme 4: Promote self reliant local communities		
4.1 Vibrant cultural opportunities		
Visitor Spend in the County	Municipal Year	April 2012
Total number of library visits	Municipal Year	April 2012
Number of people using Halo Leisure Facilities: swims	Monthly	1 month time-lag
Number of people using Halo Leisure Facilities: gym visits	Monthly	1 month time
Number of people using Halo Leisure Facilities: total visits	Monthly	1 month time
4.2 Safe places where people feel secure		
No of recorded crimes in the County	Monthly	10 day lag
Percentage increase in the number of people who feel safe in their local area	Quarterly	4 month time-lag
Repeat incidents of domestic abuse cases reviewed at MARAC	Quarterly	1 month time-lag
4.3 Enhanced local democracy and community engagement		
Reduce vacancies at Parish Council elections May 2011	2011	June 2011
Number or residents participating in local democratic processes	Annual	April 2012
Number of Communities producing new or updating Parish Plans	Quarterly	10 day lag
4.4 Ways of working that reflect the needs and priorities of people & place		
Number of locality based partnerships established	Annual	October
Number of additional Parish and Town Councils implementing Participatory Budgeting	6 monthly	10 day lag
Total Place Asset Reviews	Municipal Year	April 2012
4.5 A balanced housing market to meet residents needs		

The number of affordable homes delivered. This includes social rented housing and intermediate housing, which is housing at prices or rents above those of social-rent but below market prices or rents.	Quarterly	10 day lag
The number of households living in temporary accommodation provided by the council under the homelessness legislation.	Monthly	10 day lag
Average number of weeks taken to process Disabled Facilities Grant (DFG) applications	Quarterly	10 day lag
Theme 5: Create a resilient Herefordshire		
<i>5.1 The preservation and enhancement of our environment</i>		
The percentage of household waste arisings which have been sent for reuse, recycling, composting or anaerobic digestion.	Monthly	1 month time-lag
The percentage of municipal waste arisings which have been landfilled.	Monthly	1 month time-lag
The number of kilograms of residual household waste collected per household. Residual waste is defined as the total kilograms of household waste less any arisings sent for reuse, recycling, composting or anaerobic digestion.	Monthly	1 month time-lag
The year on year change in the number of fly-tipping incidents dealt with; and the year on year change in enforcement actions taken against fly tippers.	Quarterly	10 day lag
Annual Carbon Emissions (Council)	Municipal Year	4 month time lag
Annual Carbon Emissions (PCT)	Municipal Year	To be confirmed
Number of Schools taking part in Schools Energy Challenge	Monthly	10 day lag
County Carbon emissions	Annual (December)	2 year time-lag
<i>5.2 Accessible services and countryside</i>		
Number of services, where it can be demonstrated that they have been designed / redesigned to reflect local need	Municipal Year	May 2012
User satisfaction - Queenswood Country Park	Municipal Year	Mid-April 2012
<i>5.3 A strong regional and national reputation</i>		
Organisation reputation (Council)	Municipal Year	April 2012
Organisation reputation (PCT)	Municipal Year	April 2012
Number of complaints escalated to ombudsman (Council)	Monthly	10 day lag
Number of complaints escalated to ombudsman (PCT)	Monthly	10 day lag
National Capabilities Survey 2012	To be confirmed	To be confirmed
Achieve BS2599 Self Assessment during 2011	To be confirmed	To be confirmed

5.4 The protection of people's health & wellbeing		
Number of people killed or seriously injured (KSI) in road traffic collisions.	Monthly	6 week time-lag
Achieve compliance with Cabinet Office 'Expectations and Indicators of Good Practice Set for Category 1 and 2 Responders'	To be confirmed	To be confirmed
Achieve and maintain BS 25999 - Business Continuity Management	To be confirmed	To be confirmed
Achieve compliance under HSG65 - Successful Health and Safety Management	To be confirmed	To be confirmed
Health and Well Being Board - Vision agreed by Shadow Health and Wellbeing Board by November 2011	November 2011	December 2011
Health and Well Being Board - New JSNA methodology agreed by Shadow Health and Wellbeing Board by November 2012	November 2012	December 2012
Health and Well Being Board - Initial Health and Wellbeing Strategy agreed by Shadow Health and Wellbeing Board by March 2012	March 2012	April 2012
5.5 Increased equality of opportunity		
Equality objective developed, base line data collected	Municipal Year	April 2012
HEHRC Training programme, sessions delivered	Municipal Year	April 2012
Partner organisations to sign up to charter	Municipal Year	April 2012
5.6 Sustainable public transport provision		
The total number of bus and light rail passenger journeys originating in the local authority area in the year	Municipal Year	6 month time-lag
Traffic Volumes	Municipal Year	May 2012
The percentage of non-frequent (fewer than 6 per hour) services running on time (departing less than 1 minute earlier or 6 minutes later than scheduled)	Municipal Year	April 2012
Theme 6: Commission the right services		
6.1 High quality assessments of need		
Updated JSNA	October 2011	November 2011
Process for an Integrated Assessment of Herefordshire's needs	November 2011	December 2011
6.2 Streamlined, working practices		
Delivery of the Accommodation Programme: contractor appointed	December 2011	January 2012
Delivery of the Accommodation Programme: annual savings	Municipal Year	April 2012
Shared Services savings achieved	Municipal Year	April 2012
Commercial Strategy savings achieved	Municipal Year	April 2012

Appendix 2a

Implementation of Agresso: HR, finance, creditors, debtors, fixed assets, PCB and procurement self service	April 2011	May 2011
Implementation of Agresso: council payroll	July 2011	August 2011
Implementation of Agresso: finance and procurement self service in ICO and PCT	October 2011	November 2011
6.3 High levels of customer and citizen satisfaction		
Overall satisfaction of the public with the service provided:	Bi-monthly	10 day lag
Satisfaction with complaint handling	Monthly	10 day lag
Reduction in avoidable contact	Monthly	10 day lag
SOCITM annual Better Connected survey	Municipal Year	April 2012
6.4 A high quality workforce		
Improved feedback from employee surveys: improved employee empowerment	Municipal Year	April 2012
Improved feedback from employee surveys: improved senior management support to succeed	Municipal Year	April 2012
Improved feedback from employee surveys: improved staff engagement in NHS	Municipal Year	April 2012
Number of ideas from the "Why? ideas" scheme that are implemented	Municipal Year	April 2012
Average Sickness absence: council	Monthly	1 month time-lag
Average Sickness absence: PCT	Monthly	1 month time-lag
Staff appraisals	Municipal Year	April 2012

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)
Promote self reliant local communities							
Average number of weeks taken to process Disabled Facilities Grant (DFG) applications	Smaller is better	Monthly	★	-	30/06/2011	24.8	32
Create a resilient Herefordshire							
Number of complaints escalated to ombudsman (PCT)	Smaller is better	Monthly	★	-	31/05/2011	0	5
Number of people killed or seriously injured (KSI) in road traffic collisions	Smaller is better	Monthly	★	↓	31/05/2011	32	42
Commission the right services							
Reduction in avoidable contact	Smaller is better	Monthly	★	↑	30/06/2011	19.72	24

Projects – Exceptions (Green – ahead of schedule)			
Project	Responsible Officer	Latest rating	Due Date
<i>Commission the right services</i>			
Customer Organisation Project (CRM / Self Service)	Programme Manager (Customer Organisation)	★	31/03/2012
Comments:			
Date of comment			

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)
Raise standards for children and young people						
Number of schools in an Ofsted category	Monthly	▲	-	31/05/2011	1	0
Remedial Actions • One primary school remains in an Ofsted category - special measures - but is making good progress towards meeting its targets and is anticipated to be removed from the category at its next inspection.						
Source Date 31/05/2011						
Percentage of initial assessments completed in 10 working days	Monthly	▲	-	31/05/2011	47.2	75
Remedial Actions • Performance is improving from a low base. Staffing in the team is now at full establishment but work is ongoing to improve the way in which it works and management capacity to sign off electronic assessments. A new model of working will go live on 25 July 2011.						
Source Date 31/05/2011						
Percentage reduction in the number of contacts and referrals not resulting in social care services	Monthly	▲	-	31/05/2011	20	30
Remedial Actions • Many of the contacts received are actually notifications of information and requests for information and as such, would not be referrals for social care services. Work is underway with the police to reduce the number of contacts that are information only, including the co-location of the Family Protection Unit with the Family Assessment and Safeguarding Team from September 2011 and the appointment of a Detective Sergeant post to join the front line social care desk.						
Source Date 31/05/2011						
Promote self reliant local communities						
Percentage of vacancies at parish council elections	Annual	▲	-	30/06/2011	3	5
Remedial Actions • The Communities First work stream of Rising To The Challenge recently received a report on a pilot project in Herefordshire,						

Key Performance Indicators – Exceptions (Red and Amber - behind target)						
Outcome & Measure	Frequency of reporting	Performance (Year to Date)	Do T since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
<p>where the National Association of Local Councils agreed to provide funding for elections in 3 parishes, not previously contested. Whilst this was successful, it is clear that with funding pressures, this is unlikely to be a solution which can be rolled out countywide in 2015. However, the Workstream Board felt that work should start now to look at other ways of increasing contested elections and decreasing the vacancies at Parish Council elections by empowering and engaging communities whilst enhancing the role of local democracy. A tasking group will therefore be set up to begin work now for the 2015 elections, to identify all opportunities to raise the awareness of local people on local democracy and civic participation.</p> <p>Examples of current work include the Democracy First project, aimed at improving engagement between parish councils and their communities, as well as the Charter Review of 'working relationships in local Government in Herefordshire', which is currently out for comment with both Members and Parish Councils. These will be brought within scope of the Tasking Group and report back through Communities First Workstream.</p>						
Number of Communities producing new or updating Parish Plans	Quarterly	▲	-	30/06/2011	3	6
Remedial Actions • Proposal that target is revised as Community Led Planning are working to a target of 30 new or updated plans within the period May 2010 to May/June 2013 based on LEADER funding obtained for the project and would like the commitment in the JCP to reflect this. Also propose that targets are profiled to reflect that each parish plan can take 18 months to 2 years to produce and thus most will complete in the final 12 months of the project. There are 28 plans in the pipeline (in addition to the 6 delivered since May 2010) and more joining on a regular basis. When the LEADER-funded project was started in 2010 there were only 10 plans in development, but as a result of our activity (plus other influences) the number of plans under development has tripled.						
The number of affordable homes delivered. This includes social rented housing and intermediate housing, which is housing at prices or rents above those of social-rent but below market prices or rents.	Quarterly	▲	▲	30/06/2011	22	30
Remedial Actions • Delivery is currently below target with concerns about meeting overall target following a quarterly review. We are now reviewing all sites for potential delivery this year, considering land in the SHLAA and delivering under UDP policies, as well as supporting						

Key Performance Indicators – Exceptions (Red and Amber - behind target)						
Outcome & Measure	Frequency of reporting	Performance (Year to Date)	Do T since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
schemes through the HCA funding for equity shares direct with developers.						
Create a resilient Herefordshire						
The number of kilograms of residual household waste collected per household. Residual waste is defined as the total kilograms of household waste less any arisings sent for reuse, recycling, composting or anaerobic digestion.	Monthly			30/06/2011	162.51	150
Remedial Actions • This is an estimate based on the expected outcome for the year. Herefordshire Council continues to promote recycling and composting throughout the County in order to reduce residual waste. Specifically, 292 compost bins were distributed during April and May with composting events taking place in two locations, as well as during Recycling Week, which ran from 20 th -25 th June. Promotion of recycling took place at Leominster, Hereford and Ross-on-Wye and in the local media (Hereford Times).						
Source Date 30/06/2011						
The year on year change in the number of fly-tipping incidents dealt with; and the year on year change in enforcement actions taken against fly tippers.	Monthly			30/06/2011	2	1
Remedial Actions • Projected grade shown as 2 - effective. Whilst the number of reported fly-tips is decreasing, the number of actions is reducing. This is largely the consequence of staffing issues within the team that has resulted in judgements being made on the value of investigating every report (for example a site visit to a report of tyres is unlikely to result in evidence), and a drop in the number of duty of care inspections being carried out.						
Source Date 30/06/2011						

Projects – Exceptions (Red – behind schedule)			
Project	Responsible Officer	Latest rating	Due Date
Create a thriving economy			
Construction/Delivery of Link Road	Director of Places and Communities	▲	31/12/2014
Remedial Actions • Project delayed due to withdrawal of AWM funding. Work continues to identify alternative funding sources.			
Date of comment 31/05/2011			
Improve health care and social care			
Improving access to NHS Dentistry & Oral Health of Children	Associate Director of Integrated Commissioning	▲	Not set
<p>Remedial Actions • Herefordshire's 24 month dental access is currently performing at 11% below trajectory for the month of May 2011. In general, dental access across the county is improving, and the figures are increasing steadily. The trajectories significantly increased from October 2010 due to the additional activity awarded through the Dental Access Programme. In reality, the increase in access was of a much slower pace due to the high dental need of patients on the central waiting list, and some courses of treatment will not yet have been completed, therefore access will not be recorded until the claim form is submitted at the end of treatment.</p> <p>Dental Access was discussed at the SHA Dental Leads meeting on 23rd June, and this seems to be a common issue across the region, and not unique to Herefordshire.</p> <p>We continue working closely with dental providers to ensure that they are creating opportunities to provide access for new patients. The central dental waiting list closed on 31st March 201. Our largest provider in the Leominster area has recently become one of the D0H pilot sites for the new dental contract. This is a good opportunity for Herefordshire to be at the forefront of these new developments. Patients are provided with a comprehensive oral health assessment, and performance is monitored through DQOF. It does however mean that access will be somewhat slower than normal in this area, due to the amount of time required for each patient appointment. This provider will still continue to accept new</p>			

Projects – Exceptions (Red – behind schedule)			
Project	Responsible Officer	Latest rating	Due Date
patients as and when capacity allows. End of year contract review meetings are already underway with all dental providers. Practices have been under increased pressure over the past year with the requirements of CQC registration and the improvement work required to decontamination rooms for HTM-0105. Contractors are very appreciative of the support that the PCT provides them with on a continued basis, and the funding available through the capital grant scheme helps to cover some of these additional costs.			
Date of comment 30/06/2011			
Raise standards for children and young people			
Supporting the development of setting leadership at all levels	Head of Improvement	▲	30/09/2011
Remedial Actions • Herefordshire Leadership Community structures and terms of reference have been agreed and a conference to formally launch the Community is to be held in September 2011. A primary and secondary network for senior leaders has been established. However, further work is underway to plan and commission CPD for this group of staff, to be delivered in the academic year 2011-2012.			
Date of comment 30/06/2011			
Strengthening of CAF/assessment of need	Head of Locality Services	▲	01/03/2014
Remedial Actions • There has been a delay in timescales in agreeing the number of CAFs to be completed in each locality area, according to the vulnerability matrix. This was due to be completed by the end of June 2011 but will now be signed off at the CAF Steering Group in July 2011.			
Date of comment 30/06/2011			
Implementation of the Women, Children and Families commissioning programme	Assistant Director People's Services Commissioning	▲	01/04/2012

Projects – Exceptions (Red – behind schedule)			
Project	Responsible Officer	Latest rating	Due Date
Remedial Actions • Draft specifications in place for maternity services and health visitors. Other paediatric services being worked through via our integrated approach. These are due to be completed in August 2011. Capacity and response from some service areas has led to delays. Work programme and resource allocation being reviewed at Women, Children and Families Commissioning Group.			
Date of comment 30/06/2011			
Promote self reliant local communities			
Address housing conditions and their impact on health	Private Sector Housing Manager	▲	31/03/2012
Remedial Actions • Working effectively with landlords, but no reporting yet to Herefordshire Partnership. Limited progress on the steering group and development of meaningful health impact processes.			
Date of comment 30/06/2011			
Create a resilient Herefordshire			
Commission Waste to Energy Plant	Waste Services Manager	▲	31/03/2012
Remedial Actions • Project is subject to delay due to call in by secretary of state - this will mean a delay of at least 6 months.			
Date of comment 30/06/2011			
Produce King George V and Queenswood Country Park Management Plans	Parks, Countryside and Leisure Services Manager	▲	31/03/2012
Remedial Actions • Ecological assessment yet to be carried out			
Date of comment 30/06/2011			

MEETING:	CABINET
DATE:	28 JULY 2011
TITLE OF REPORT:	BUDGET MONITORING REPORT 2011/12
PORTFOLIO AREA:	CORPORATE SERVICES AND EDUCATION

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

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

Key Decision

This is not a Key Decision.

Recommendation(s)

THAT:

- (a) **Cabinet note the report and the forecast deficit position of £2.67 million; and**
- (b) **Cabinet note the Chief Executive's requirement that Directors deliver recovery plans to ensure a balanced revenue budget.**

Key Points Summary

- As at 31st May 2011 the overall revenue budget position for 2011/12 shows a projected £2.67m overspend. This is approximately 1.8% of the council's £146.3m revenue budget (excluding Dedicated Schools Grant funding).

Considerations

1. Appendix A includes the detailed revenue budget monitoring report. The key area of concern continues to be the People's Services Directorate, with a projected £3m overspend.
2. The major area of overspend within People's Services is commissioning of adult

services, where there is an underlying overspend position and continuing demographic pressures. A recovery plan is in place aimed at balancing the budget over a 2 year period.

3. The council's overall financial performance has a direct bearing on the level of reserves balance at year end, as any overspend on the revenue account would be funded from this source.
4. The overall revenue position is mitigated by savings on borrowing, partly due to slippage in the capital programme and timing of borrowing in the year.
5. Appendix B includes the position on the capital programme for 2011/12, which is a forecast out-turn spend of £53.9m.
6. Appendix C sets out the treasury management position, which currently shows a projected under-spend of £450k.

Community Impact

7. Not applicable.

Financial Implications

8. These are contained in the report.

Risk Management

9. 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

10. 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 2011-12 projected outturn based on the financial position as at 31st May 2011.

£'000	Budget	Projected (over) or under spend
Director of People's Services	73,945	(3,046)
Director for Places and Communities	34,729	0
Deputy Chief Executive and Director of Corporate Services	23,225	0
Directorate Position	131,899	(3,046)
Borrowing and investments	16,608	450
Revenue contribution to capital	95	0
WMS Profit Share	(624)	0
Centrally Held Budgets	1,645	0
Government grants	(2,810)	(70)
Transfer to/from Reserves	(500)	
Total	146,313	(2,666)

2. As of the end of May 2011 the overall revenue budget position for 2011/12 shows a projected £2.67m overspend. This is approximately 1.8% of the council's £146m 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, and ongoing monitoring by HPSLT of those recovery actions and their success takes place.
3. The most significant overspend relates to commissioning of adult services, which relates to the inherent overspend within adult social care base budget plus increasing service pressures.
4. In addition to the revenue overview, a capital monitoring summary is provided at Appendix B. The forecast outturn spend is £53.9m.
5. Appendix C provides a Treasury Management update and explains an expected underspend of £450k on borrowing costs and interest received. This is in partly due to slippage on the capital programme and timing of borrowing within the current year.

Revenue Reserves Position

6. The general reserve balance as at 31st March 2011 was £6.4m. The council has a policy of maintaining a minimum of £4.5m of general reserves as a contingency against unforeseen emergencies and events.
7. At 1st April 2011 the council held £17.9 million of earmarked reserves, which are detailed in the table below

Earmarked Reserves

	31 Mar 2011
	£000
Balances held by schools under a scheme of delegation	6,002
Grange Court	41
Commuted sums	36
Industrial Estates - maintenance	400
Schools Balance of Risk	175
ICT	595
Members ICT	40
Planning	24
College Hill Community Centre	180
Waste Disposal	2,907
Wye Valley AONB	99
Invest to Save	305
Contingent liabilities	300
Edgar Street Grid	482
Whitecross school PFI	331
LPSA 2 reward grant	210
Schools Rates Reserve	217
Economic Development	168
Insurance reserve	296
Pool car reserve	10
Unused Grants cfwd	5,076
	17,894

DIRECTOR FOR PEOPLE'S SERVICES

£'000	Annual Budget	Under / (Over) spend
Services Commissioning – Adults	48,043	(2,571)
- Childrens*		
Public Health	2,108	0
Children's and Young People Provider Services*	23,794	(475)
Total	73,945	(3,046)

8. * The allocation of the Children and Young People's Directorate budget between Provider Services and Commissioning has not yet been finalised, therefore the full budget is shown against provider services. This will be updated when budgets are confirmed.

Services Commissioning - Adults

9. Adult Services has a well developed process for monitoring budgets and developing recovery plans. This forms the basis of ongoing actions to balance the budget. The current projection is that a potential £2,571k overspend could occur by year end. The service area is dealing with continuing demand for services largely driven by demographic pressures and a series of change programmes have been developed to address the underlying overspend.

Recovery Plan

10. The Director of People's Services is consulting the Chief Finance Officer about the recovery plan and discussions are underway about the phasing of this over more than one year.
11. This has resulted in a review of the cost improvement plan increasing the recurrent savings to £3,565k for 2011/12. At the end of May 2011 a total of £600k had been delivered.
12. The schemes within the recovery plan are underway although some will only be realised as a part year effect due to the ability to: review cases, implement more effective processes and procedures for care planning and further the work in effective contract monitoring. The charging policy is due to be implemented in October 2011 with work underway to improve financial assessments and collection which will start to make savings over the coming months.
13. The recovery measures are monitored on a monthly basis by the Cost Improvement Programme (CIP) Board and also through the Benefits Board. The CIP has three main themes; Managing Demand, Diverting Demand and Reducing Demand which, includes 16 schemes for delivery.
14. The recovery plan is constantly under revision and adaptation in order to bring forward new schemes upon presentation of sound business cases in order to achieve the target of budget balance by April 2013.

Public Health

15. This service expects to meet budget for 2011/12, achieving the expected savings of £297k for the year.
16. The introduction of the Income Strategy will provide further opportunity to make savings in the year by increasing non statutory charges and a review of Regulatory Services will incorporate a business review of many of the areas within this service drawing out further sustainable savings in the future.

Children's Services

17. Children's Services is currently predicting an overspend of £475k. However there is a clear expectation that a balanced budget will be delivered by the end of the financial year. The overspend relates principally to Safeguarding costs where costs for agency and residential placements are predicted to be £415k over budget, with the remaining £60k relating to the anticipated non delivery of the targeted 30% reduction in court costs due to the high numbers of court proceedings.
18. There are other significant savings targets to be delivered as part of the Children's Services and, although there are some areas of risk, there are opportunities to use grant funding to mitigate these pressures. This has been factored in to the overall forecast outturn.
19. There are a number of activities currently underway in order to deliver the budget savings. An update on the current status is provided below.

Current Actions to Manage Budget Pressures

20. Children's Services has just completed the consultation on further post reductions required to produce a balanced budget following the significant funding cuts in both local authority and grant budgets. The implementation of the changes will be completed by mid September and is on track to deliver the planned savings included within the budget of £670k, plus Early Intervention Grant (EIG) savings of £570k.
21. Children's Services has received a number of applications for voluntary redundancy and reduced hours within the service areas affected by the restructure and therefore the number of staff at risk is significantly lower than previously anticipated.
22. A number of work streams have been introduced to mitigate and reduce the high cost spend areas within Children's Services, notably the costs of placements for looked after children (LAC) and those requiring complex needs solutions (CNS).
23. The Complex Needs team have reviewed all cases and identified a number of changes which will reduce expenditure on current cases and at the current time looks to deliver the planned savings of £169k. In delivering these savings some children and young people have been identified and reclassified as social care cases only and therefore the costs are passed back to the LAC / Safeguarding team for funding.
24. This has resulted in an increased cost for LAC supportive lodgings of £260k which is included in the £475k overspend. The remainder of the LAC placements overspend relates to higher opening numbers of agency placements than budgeted.
25. The Children's Services commissioning team is currently working with the central procurement team to develop additional framework agreements with neighbouring authorities in order to deliver savings on placement costs for both LAC and CNS. When the framework agreements have been finalised and implemented it will be possible to calculate the impact and savings to be delivered in year.
26. A spend to save business case has been accepted to enable the recruitment of additional staff (for one year) in order to increase the number of in house foster carers in Herefordshire. In house foster care costs significantly less than agency foster care and this activity should start to deliver benefits later this year, but the main benefit is expected to be in 2012/13 and beyond. These activities will also help Herefordshire to address the ageing profile and decline in foster carers, which is a nationwide issue.
27. The edge of care programme is now underway and working closely with the LAC panel which considers all cases of children and young people who have been identified as needing to be

looked after. Currently 5 children are being put through an intensive family support intervention programme which works with both the young person and the family to address the issues causing the breakdown. In many cases the intervention can resolve the issues and remove the need for a child to be looked after, and even if not successful can delay the need for high cost placements. The estimated placement cost for these 5 children, if in care for a full year, would be £182k, the estimated annual cost of intervention is £33k giving a potential annual cost mitigation / cost saving of £149k.

28. There continue to be ongoing difficulties in recruiting social workers and the Safeguarding staff budget remains under pressure due to the high numbers of cases and issues relating to case loads per social worker. Reliance on agency social workers has been considerably reduced compared to 2010/11 and some members of agency staff have been converted to permanent staff at a lower cost.
29. The directorate has an ongoing scholarship programme for developing new social workers which has proved successful in terms of both the quality and retention of social workers. A business case has been prepared to expand the scheme to enable 6 students per year (currently 3) to be trained. If accepted this may also provide opportunities for staff at risk of redundancy in the current re-organisation.

Provider and Commissioned Services

30. This report has been prepared for Children's Services based upon the old Children and Young People's Directorate (CYPD) budget as work has not yet been completed on finalising the split into provider and commissioned services. Future reports will be produced on the new structure once arrangements have been finalised.

Potential Change to Academies Funding

31. Michael Gove, Secretary of State for Education, has announced a review of the methodology for cutting Local Authority funds to provide the funds for Academies.
32. The current situation is that for the 2011/12 and 2012/13 local government funding settlement funded academies by a top slice, based on the funding for local authority central education functions. As you may be aware, Herefordshire receives lower than average funding due to its relatively low levels deprivation and therefore the top slice was only 0.45% of the total £145m for 2011/12 and £265m for 2012/13 – which ensured that the top slice was c£650k for 2011/12, and an additional c£500k for 2012/13.
33. However, such a top slice is inherently unfair, as those Local Authorities with no academies still have their funding allocation cut. Unsurprisingly, these authorities sued the DfE, and it is certain that they would have won the case, causing the DfE to announce the review.
34. It is not possible to second guess the outcomes of this review, but either a scenario based on numbers of currently open Academies, or one based on number of current Academy applications would have a significantly adverse impact on the LA funding for Herefordshire. It is hoped that it is too late to change the methodology for the current financial year, but the impact could be up to between £0.5- £2.0m for 2012/13. This figure cannot be confirmed until the outcome of the review is complete and new methodology is confirmed.

DIRECTOR FOR PLACES AND COMMUNITIES

£'000	Annual Budget	Under / (Over) Spend
Economic, Environment and Cultural Services	7,126	0
Homes and Community Services	1,213	0
Place Based Commissioning	25,924	0
Director and Management	466	0
Total	34,729	0

Overview

35. The Directorate is expected to meet budget for the year. Whilst there are a number of risks to be managed within the year, annual savings of £2.1m are still expected to be made.

Economic, Environment & Cultural Services

36. In 2011/12 these services are expected to make £865k savings in 2011/12. The remodelling of the Tourism service has realised annual savings of £200k.
37. The budget for Libraries also reflects £200k savings expected from the transfer of frontline staff to Customer Services and the remodelling of provision of mobile libraries.
38. There are also savings of a further 5% reduction in management fees to support Halo and the Courtyard; this represents year 2 of the 3 year commissioning agreements reducing the management fees by 20% by 2012/13.

Homes & Communities

39. In 2011/12 savings of £761k are expected to be made in Homes & Communities. These include £180k expected from the review of car parking charges and staff savings identified, in line with Organisational Design, of £375k.
40. April and May 2011 has seen an increase in accommodation costs for clients placed in Bed & Breakfast, at the end of May 2011 there were 20 clients in Bed & Breakfast compared with just 2 at the end of May 2010. Whilst there are a variety of reasons for clients needing B & B accommodation, the position is being closely monitored and it is expected that the budget pressure if this position continues throughout the year can be met from grant income relating to previous years.

Place Based Commissioning

41. This service is expected to make £474k savings in 2011/12. These include £153k in concessionary Travel costs by removal of discretionary elements of this provision.
42. The service budget includes £9.6m, related to Highways, which is managed through the MAC arrangement with Amey Herefordshire and drives out the annual £1m saving agreed in September 2009.
43. The cost to Herefordshire of the joint Waste Disposal contract for 2011/12 is expected to be £9.2 m if tonnage levels remain the same as in 2010/11. Whilst the annual budget is £8.7m, there is a

Waste Reserve of £2.9m to meet future budget pressures.

44. The decision by Worcester County Council to grant planning permission for the new Envirecover Energy from Waste plant at Hartlebury has been called in for review by the Communities Secretary of State this will have an impact on the current year costs.
45. There is currently a review of the provision of public transport in light of the reduction in government funding. The results of this will be known shortly with the intention that contracts with providers can be renegotiated from 1st September 2011 to manage costs within budget.

Director and Management

46. This budget includes a savings target of £100k in relation to increased income through the introduction of the Charging Strategy.

DEPUTY CHIEF EXECUTIVE AND DIRECTOR OF CORPORATE SERVICES

£'000	Annual Budget	Under / (Over) Spend
Customer Services and Communications	2,802	0
People, Policy and Partnership	7,429	0
Law, Governance and Resilience	3,040	0
Chief Finance Officer and Commercial Directors	9,334 620	0
Total	23,225	0

Overview

47. The Corporate directorate has combined Deputy Chief Executive, Central Services and Resources. The savings target for the combined Directorate in 2011/12 is £1.5m.
48. The Budget includes the elements contracted to The Shared Services Partnership and the provider of Internal Audit.

Customer Services and Communications

49. The Customer Organisation project will introduce a new CRM system and look at our business processes for delivering front line services; this project will deliver savings targets in 2011/12.

People, Policy and Partnership

50. Corporate Transformation and the Ict Strategy have been brought together in this service, which will ensure project budgets are reviewed from an overall perspective and that there is no duplication of benefits.
51. Herefordshire Partnership, Human Resources and Policy Team are projected to spend within budget, achieving there efficiency savings targets.

Law, Governance and Resilience

52. Local Land Charges income continues to put pressure on the budget. However, there is a one off grant this year which will reduce the issue to £30k overspend. To reduce this overspend a review of how the current service is provided will be completed.
53. Locums in Legal Services remain until the service is restructured, which would cause a £80k budget pressure full year. However vacancy savings in other areas of Governance will cover this overspend until the restructure is implemented.

Chief Finance Officer and Commercial

54. Finance and Revenue & Benefits have all achieved the savings targets and will deliver a balanced budget. The plans for Property savings are being developed and expect to deliver in 2011/12.

Capital Forecast

1. The capital forecast for 2011/12 totals £53.9m, a summary by directorate and funding source is provided in Table A below.

Table A – Funding of 2011/12 Capital Forecast

Directorate	2010/11 Forecast £'000	Prudential Borrowing £'000	Grant £'000	Capital Receipts Reserves £'000
People's Services	21,753	1,015	20,524	214
Places & Communities	27,829	3,492	20,905	3,432
Corporate Services	3,943	3,463	328	152
Contingency	383	383	-	-
Total	53,908	8,353	41,757	3,798

2. The changes from the original budget set in January represent amendments following the closedown of the 2010/11 accounts and any cashflow forecasting adjustments required following updates to capital scheme profiling.

3. **Table B - Schemes with a forecast exceeding £500k in 2011/12**

Scheme	Spend per agresso to end May £'000	2011/12 Forecast £'000	Comments
People's Services			
Hereford Wyebidge Academy	705	5,852	Scheme within budget and on schedule to complete in July
Devolved Capital Programme (Schools)	224	3,755	Devolved allocation and carry forward of capital funding to schools
Condition property works	435	2,696	Annual programme of works at various sites committed on a highest need first basis
Targeted Capital Fund (SEN)	248	2,417	Block funding allocation towards SEN provision at Hampton Dene, Barrs Court and Blackmartons
Basic Need - Schools	-	2,154	This funding is being allocated to schools through a bidding process, approved schemes will be notified in September
Primary Grant	66	1,731	To provide an all through primary school provision in Leominster
Places & Communities			
Local Transport Plan	2,609	10,348	Annual programme of works to highways, footways and bridges
Ledbury Library	65	2,487	This is the original funding allocation, scheme brief yet to be confirmed

Grange Court	106	2,213	Refurbishment works commenced
Disabled Facilities Grant	132	1,727	There is a large demand for these grants, applications go through an approval process
Rural Enterprise Grant	172	1,667	Various grant funded schemes
Credenhill Flood Alleviation Scheme	148	1,617	Grant funded flood alleviation works in association with Hereford Futures
Livestock Market	2,027	1,352	New market now open (spend to date to be adjusted by opening creditors, see note 4)
Broadband Pilot	-	1,000	Herefordshire's Pilot scheme awarded by central government
Putson Community Building	-	837	S106 funded new build
Affordable Housing Grants	33	766	Various grants awarded to approved schemes
Rotherwas Futures	177	528	Work progressing on the northern access road
Connect 2	77	509	Non-motorised connection between the city centre and Rotherwas in planning.
Corporate Services			
Hereford Leisure Pool	221	1,412	Improvement works nearing completion
Corporate accommodation	188	1,100	This budget will deliver a new headquarters, building work is expected to start in 2012/13
Herefordshire's ICT efficiencies	62	638	Improved ICT provision to generate efficiencies
Sub Total	7,695	46,806	
Schemes with a budget <£500k in 2011/12	145	7,102	
Total	7,840	53,908	

4. Please note, due to the implementation of the new computer system Agresso spend to date appears unusually high due to opening balances not being reversed until June (period 3), opening capital creditors totalled £4.4m so spend to end May should read £3.4m.

Prudential Borrowing

5. A summary of the forecast Prudential Borrowing (PB) position is set out below.

	£'000
2011/12 Original Prudential Borrowing Forecast	10,920
Less: Slippage into future years	(2,567)
Use of Prudential Borrowing in 2011/12	8,353

6. The slippage of funds into future years relates to the net change between schemes slipping into 2011/12 and then into 2012/13, the main scheme change relates to corporate accommodation where the new build and car park provision is expected to start in 2012/13 however this may be brought forward.

Capital Receipts Reserve

7. The opening capital receipts reserve balance was £6.8m as at 1st April 2011. During 2011-12 £3.8m is expected to fund the capital forecast and receipts are expected from the sale of Hillrise. The remaining capital receipts reserve balance is earmarked to fund corporate accommodation, any remaining compensation claims relating to the Rotherwas development and an element of infrastructure works required as part of Hereford Futures.

This report ensures the council is embracing best practice in accordance with CIPFA's recommendations, by keeping members informed of Treasury Management activity.

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. In April Consumer Price Inflation rose from 4.0% to 4.5% and remained at 4.5% in May. Gas and electricity hikes could push inflation close to 5% in 2011.
- The UK economy growing but only modestly. The outlook for exports remains positive but domestic retail sales are contracting due to a fall in disposable income, weak house price growth and a lack of consumer confidence.
- The higher inflation projection and weaker outlook for growth increases the dilemma for the Bank of England regarding any movement in Base Rate
- Unemployment is just under 2.5 million and will increase as the public sector shrinks but private sector employment grows at only a modest pace.

2. The Council's Investments

2.1 As at 31 May 2011 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%	5.00	
Royal Bank of Scotland	N/A	N/A	1.10%	2.50	
Santander	N/A	N/A	0.80%	5.00	12.50
Instant access Money Market Funds:					
Prime Rate	N/A	N/A	0.73%	5.00	
Ignis	N/A	N/A	0.74%	5.00	
Standard Life	N/A	N/A	0.65%	0.77	10.77
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	
Bank of Scotland	335 days	28/12/11	1.82%	1.00	
Bank of Scotland	364 days	26/01/12	1.95%	1.00	
Bank of Scotland	364 days	13/02/12	2.05%	1.00	
Newcastle City Council	364 days	15/03/12	1.55%	1.00	
Bank of Scotland	364 days	05/04/12	2.05%	1.00	
Bank of Scotland	364 days	02/05/12	2.05%	1.00	11.00
Other fixed term deposits:					
Nationwide	215 days	05/12/11	1.09%	1.00	
Nationwide	245 days	01/01/12	1.14%	1.00	
Barclays	275 days	27/01/12	1.32%	1.00	

Nationwide	278 days	06/02/12	1.19%	1.00	
Newcastle City Council	339 days	27/02/12	1.48%	2.00	
Barclays	306 days	27/02/12	1.41%	1.00	
Barclays	328 days	20/03/12	1.47%	1.00	
Lloyds TSB	449 days	27/07/12	2.65%	0.50	8.50
Total					42.77
The term deposits shaded grey are those placed in the last two months					

- 2.2 At the time of writing, the council has completed its rolling programme of one year £1 million deposits. Subject to funds being available, each month the council will renew the maturing deposit after careful consideration of the opportunities available.
- 2.3 Following a fall in the short-term interest rates being charged by the Public Works Loan Board, the rate being paid by other local authorities has also fallen. Currently the council could only obtain 1.10% for a one year deposit with another Local Authority so deposits placed earlier in the year with Newcastle City Council have proved beneficial.
- 2.4 The political and economic crisis in Greece has led Arlingclose to revise its recommended maximum maturity limits (both foreign and UK institutions) from two years to one year. Arlingclose has investigated the implications of a Greek default and although the implications are serious they do not believe that it would lead to widespread contagion. Research into bank exposure to Greek debt identifies that, after the Greek banks, the largest exposure rests with the French banks followed by German banks. UK banks are exposed to a total of just over £2 billion of Greek debt. To put this in perspective UK banks have recently and collectively made provisions of £5.45 billion for the mis-selling of payment protection insurance.
- 2.5 Because of the uncertainty in Europe, the council will continue restricting its investments to the largest of the UK institutions.
- 2.6 On 5th May 2011 Lloyds/Bank of Scotland Group launched a new term deposit offering 2.65% for the period to 27th July 2012. The council invested £500,000, which was the remaining amount within the counterparty limit. This is the only term deposit that the council has made for a period exceeding one year.
- 2.7 To date there has been no change in the bank base rate and Arlingclose has provided the following forecast of the bank base rate (forecast provided in June 2011):

Bank Rate	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13
Upside risk	+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	0.50	0.75	1.00	1.25	1.50	1.75	2.00	2.25	2.50	2.75
Downside risk		-0.25	-0.25	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

The forecast has changed since the February report with rates staying lower for longer. Arlingclose have put back the first increase in the Bank Base Rate from the third quarter in 2011 to the last quarter of the year.

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

Month	Average Invested £m	Average rate of interest earned	Amount of interest earned
April 2011	40.6	1.08%	£36,046
May 2011	47.4	1.15%	£46,099
Total			£82,145

2.9 With no change in the Base Rate on the horizon, the 2011/12 budget was set in January 2011 at the same level as in the previous year (£249,070). This budget is attainable and should result in a surplus for the year.

3. The Council's Borrowing

3.1 All short-term borrowing taken out towards the end of 2010/11 has now been repaid, the last loan being repaid on 4th May 2011.

3.2 The long-term borrowing budget was set in January 2011 at a time when PWLB rates were steadily increasing and there was concern over the interest rates that would need to be paid on future borrowing. Arlingclose's forecast was for the 20 year PWLB rate to reach 6% in the third quarter of 2011. In order to set a prudent budget, and give the council flexibility with regard to maturity periods, the budget was set using an interest rate of 5.75%. The borrowing budget can be analysed as follows:

	Budget	Forecast	Surplus
	£m	£m	£m
Minimum Revenue Provision	9.87	9.69	0.18
Interest on existing loans (January 2011 position)	5.43	5.43	-
Borrowing of £5m to be taken out before the end of 2010/11 (Budget 4.00%; Actual 3.71%)	0.20	0.18	0.02
Borrowing requirement for 2011/12 (£7m in budget; Forecast per capital programme £8m)	0.40	0.35	0.05
Borrowing of £10m to externalise internal borrowing used to support the capital programme in 2008/09 and 2009/10	0.58	0.43	0.15
Provision for refinancing of LOBO loans at a higher rate	0.12	0.07	0.05
Total	16.60	16.15	0.45

3.3 In fact PWLB interest rates reached a peak in mid-February and then there followed a month or two when rates were more volatile. Since mid-April rates have actually fallen back and today stand at around their November 2010 levels.

3.4 When interest rates were increasing rapidly it was a possibility that the council would borrow sooner rather than later. However the slowdown in the upward trend, then subsequent reversal, has meant that the council has yet to take out any new borrowing in 2011/12. The surplus shown above reflects this postponement and the resultant savings in interest charges. The surplus shown above does not at present incorporate savings due to lower interest rates which will be recognised as and when loans are taken out.

MEETING:	CABINET
DATE:	28 JULY 2011
TITLE OF REPORT:	BUDGET PLANNING/PARTICIPATORY PROCESS 2012/13
PORTFOLIO AREA:	CORPORATE STRATEGY AND FINANCE

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To seek agreement for the forthcoming budget planning process that includes greater public participation, in partnership with NHS partners.

Key Decision

This is not a Key Decision.

Recommendations

THAT Cabinet:

- (a) Note the overall timetable for budget setting;**
- (b) Endorse the proposed approach for budget planning;**
- (c) Authorise the Leader to determine the detailed programme of budget participation, following appropriate consultation health partners; and**
- (d) Instruct the Chief Officer Finance & Commercial Services, following completion of recommendation (c) above, to arrange publication of the consultation arrangements.**

Key Points Summary

- Last year over 30 meetings and events were held to support the budget process with the emphasis on information giving and explaining the impact of Comprehensive Spending Review 2010.
- The intention is to build on the process used last year but with a greater emphasis on policy within the principles and priorities that Cabinet agree. A feature for the forthcoming process will be greater public consultation and engagement, in partnership with NHS partners.

Further information on the subject of this report is available from
David Powell, Chief Officer – Finance and Commercial Services on 01432 383519

- The summer will see engagement with parishes via the Herefordshire Association of Local Councils (HALC). An event was held on 14th June at which the Leader gave the keynote speech and discussions have taken place with HALC. The Council will use a form of participatory budgeting to help inform the 2012/13 budget and HALC have offered to help deliver the process.
- The engagement with parishes will need to cover responsibility for services leading up to their precept setting.
- There will need to be a strong link with NHS Herefordshire and GPs, and other key partners in Herefordshire, to demonstrate place based budgeting.
- The Policy and Budget Review process should cover five broad areas:
 1. Policy Issues
 2. Budget Forecast and Risks
 3. Strategy
 4. Communications including consultation
 5. Timetable

Alternative Options

- 1 There are no Alternative Options as consultation is a statutory requirement.

Reasons for Recommendations

2. There is a need to engage with residents to explain the challenge facing the council.
3. It is important that the council meets its obligations as set out in sections 4.3.2.1 to 4.3.2.5 of the constitution.

Key Considerations

4. All local authorities face a challenging set of circumstances given reducing levels of public funding. The likely level of funding reduction coupled with the impact of the recession on the demand for council services, means that greater engagement with residents is required to explain the challenges facing the council when setting the 2012/13 budget.
5. The constitution requires a programme to consult on the budget and its key priorities. Consultation methods need to be adopted to ensure consultees are informed, engaged and given ample opportunity to give their views.
6. There is a requirement to help residents understand why difficult decisions will be needed, and explore how communities can help support future service delivery in their areas. In order to achieve this dedicated budget pages will be available on the council's website and other on-line mechanisms will also be considered. These can be updated as required and would include information on the budget setting timetable thus ensuring the timetable is also publicised.
7. The appropriate use of Herefordshire Matters will be a key part of the process given its wide distribution across the county. Information about the budget and engagement process can also be published in the local press.

8. Regular budget bulletins will be made to employees who will be able to respond online or feedback to trade unions.
9. Public meetings remain a suitable means of engagement. Meetings should be held in locations that allow the maximum number of people to attend and cover each of the nine localities.
10. Other groups and bodies will need to be engaged and consulted including the business community, voluntary and community sector, schools, parish and town councils, and health and other partners.
11. Overview and Scrutiny Committee will be asked to build in consideration of the budget proposals as part of their work programme
12. Briefings for political groupings and councillors will be held.

Policy Issues

13. The approach will see alignment between the budget process and the Joint Corporate Plan. A four year delivery plan will be required and work has commenced to address issues faced by service areas. These will then be considered by the Leadership Team and the Chief Officer – Finance and Commercial Services.

Budget Forecast and Risks

14. The well developed medium term financial planning process will be updated. It will be extended from three years to four years.
15. As in previous years it will include unavoidable budget pressures and this will be informed by the current budget assurance process being led by the Chief Officer – Finance and Commercial Services. It is important that an overall HPS view is included that covers Council and NHS budget links and dependencies.
16. The current local government resource review will change the distribution of central government funding but the extent of the change and its impact on Herefordshire is not yet known. However, the setting of business rates will return to local government and becomes a matter for councils to decide for the first time since 1994. This brings with it a risk given Herefordshire is a net “gainer” under the current national system.

Strategy

17. The four year delivery plan will set the overall framework and lead to an assessment of appropriate levels of reserves as well as assumptions about the level of income.
18. The strategy will need to cover the role of savings delivery in the Rising to the Challenge (RTTC) programme and the NHS’s Quality, Innovation, Productivity and Prevention (QIPP) programme.
19. Various options for balancing the budget will need to include confirmation of the 2012/13 savings already committed as part of last year’s process.

Communications including Consultation

20. HALC has indicated it is willing to engage in and support a more wide ranging approach to the budget. This can be termed participatory budgeting but it will need to be adapted to support

an approach able to deliver a balanced budget.

21. A variety of mechanisms will be used supported by a communication paper that pulls together different elements. These will include Herefordshire, Voice, Focus Groups, online mechanisms and using the localities as units for engagement. As stated above, the intention is that consultation is undertaken jointly with NHS partners.

Timetable for Delivery

22. The following confirms the key dates leading to Council Tax Setting on 2nd March 2012.

14 th June 2011	Participatory Budget event with HALC
7 th July 2011	Budget Planning process to Leader's briefing
28 th July 2011	Budget Planning process to Cabinet to include principles
19 th January 2012	Budget and Medium Term Financial Strategy (MTFS) to Cabinet
3 rd February	Budget and MTFS to Council
16 th February 2012	Feedback Council's comments to Cabinet
2 nd March 2012	Council Tax setting at Council

23. The above does not include the Overview and Scrutiny contribution which will be determined in consultation with the Overview & Scrutiny Committee as part of the development of their work plan.
24. In addition detailed timelines for development of each aspect will cover consultation (formal and informal) and engagement with Cabinet members and Non Executive Directors.

Community Impact

25. Effective community engagement will increase the level of understanding about the challenges and choices facing the council.

Financial Implications

26. Wider engagement will have a financial impact but this will be managed within existing budget envelope.

Legal Implications

27. Local authorities must decide every year how much they are going to raise from council tax. They base their decision on a budget that sets out estimates of what they plan to spend on services. Because they decide on the council tax before the year begins and can't increase it during the year, they have to consider risks and uncertainties that might force them to spend more on their services than they planned. Allowance is made for these risks by:

- making prudent allowance in the estimates for services; and
- ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

28. Local government legislation requires an authority's chief finance officer to make a report to the authority when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so members will have authoritative advice available to them when they make their decisions.

Risk Management

29. The Council's decision to engage in a wider process than in previous years will require effective planning to ensure delivery

Consultees

30. The report outlines the broad groups to be consulted.

Appendices

31. None

Background Papers

- None identified.

MEETING:	CABINET
DATE:	28 JULY 2011
TITLE OF REPORT:	REVIEW OF THE FORWARD PLAN
PORTFOLIO AREA:	CORPORATE STRATEGY AND FINANCE

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To review the Forward Plan and consider whether any matters should be referred to the Overview and Scrutiny Committee.

Key Decision

This is not a Key Decision.

Recommendation(s)

THAT: Cabinet reviews the Forward Plan and gives a view as to whether any matters should be referred to the Overview and Scrutiny Committee.

Alternative Options

- 1 None. The Constitution requires that Cabinet reviews the Forward Plan.

Reasons for Recommendations

- 2 To comply with the requirement in the Constitution that Cabinet reviews the Forward Plan and consideration is given to whether any matters should be referred to the Overview and Scrutiny Committee.

Introduction and Background

- 3 Regulations require the Leader of the Council to produce a rolling Forward Plan containing details of all the matters likely to be the subject of key decisions in the relevant authority for a period of 4 months. The Forward Plan is to be updated on a monthly basis and a new Forward Plan is required to be produced at least 14 days prior to the Plan coming into effect.
- 4 The provision at section 3.3.5.1 of the Constitution, in accordance with Regulations, defines a Key Decision as *a decision*:-

Further information on the subject of this report is available from
Tim Brown, Democratic Services, on (01432) 260239

- a taken by the Cabinet or an individual Cabinet Member,
- b in connection with the discharge of a Cabinet Function and which is determined as such by the Leader and is likely:
 - i to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or
 - ii to be significant in terms of its effects on communities living or working in an area comprising one or more wards in the County.

5 Sections 3.3.5.2 and 3.3.5.3 of the Constitution explain factors to be taken into account in determining whether something is a key decision.

6 Paragraph 4.4.12.2 of the Constitution (as amended in the light of Council's decisions on 27 May and 15 July following the adoption of a new scrutiny model) states that *"The Forward Plan must be reviewed regularly at meetings of the Cabinet and the Chairman of the Overview and Scrutiny Committee will be asked to indicate those matters that in his/her view should be referred to the Overview and Scrutiny Committee. The Leader will determine which matters should be referred taking into account the views of the Chairman of the Overview and Scrutiny Committee. Referred matters will be subject to a report to the Overview and Scrutiny Committee prior to the decision being taken at Cabinet. The views of the Scrutiny Committee will be reported to the Cabinet before the decision is taken."*

7 It is intended that quarterly reports will be made to Cabinet on the Forward Plan in accordance with this provision. A copy of the current published Forward Plan is appended.

8 Cabinet is reminded that on 11 July 2011, in considering the call-in of the Cabinet Member decision on the Herefordshire Music Service, the Overview and Scrutiny Committee resolved that Cabinet be asked to review the Forward Plan process, particularly in respect of the consultation arrangements.

9 Whilst the constitutional requirement is specifically in relation to Key Decisions contained in the Forward Plan, given the Executive's wish to maximise the value that Overview & Scrutiny can add to policy development, and in the interests of good governance, a broader Cabinet work programme is being developed and will be used to inform future quarterly reports to Cabinet on this issue.

Community Impact

10 The Forward Pan sets out key decisions which are significant having regard to the relevant budget or are significant in terms of their effect on communities.

Financial Implications

11 The cost of the scrutiny of any issues arising from the Forward Plan will have to be met from within existing budgets.

Legal Implications

12 The Council is required to produce a Forward Plan by the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 (as amended). The Constitution requires Cabinet to consider the Forward Plan.

Risk Management

13 There is a reputational risk if the content of the Forward Plan is unsatisfactory.

Consultees

14 None on this report.

Appendices

15 Current Forward Plan – 1 August – 30 November 2011.

Background Papers

- None

HEREFORDSHIRE COUNCIL FORWARD PLAN

1 AUGUST 2011 - 30 NOVEMBER 2011

This Forward Plan gives notice of all those matters about which the Executive of Herefordshire Council proposes to take key decisions during the period 1 August 2011 - 30 November 2011.

Decisions by the Executive are decisions which are to be taken by the Cabinet* as a whole, or decisions which are to be taken by individual Cabinet Members. Key decisions are defined as decisions which are likely:-

- a) to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or
- b) to be significant in terms of its effects on communities living or working in an area comprising one or more wards in the County.

Details of key decisions, which can be anticipated at this stage are set out in the Schedule. The Forward Plan covers a period of four months but is updated monthly on a rolling basis. Details of other key decisions will be included in the monthly updates of the Forward Plan as the need for them is identified.

The Schedule identifies, in relation to each item, details of whom it is proposed to consult; how representations can be made; and the documents, which have been submitted to the decision maker for consideration. Other documents may be submitted and, at least five clear days before the decision in question is taken, a report will be submitted to the decision maker, which identifies the options and the consultations undertaken. Copies of any such reports or documents, which do not contain exempt or confidential information, can be inspected or obtained by contacting:

Telephone: (office hours **(01432) 260249**)/e-mail: **scole@herefordshire.gov.uk**.

Please contact us if you require further guidance.

*** Cabinet Members**

Leader – JG Jarvis

Deputy Leader – PD Price

AJM Blackshaw

PM Morgan

RJ Phillips

DB Wilcox

Corporate Strategy and Finance

Corporate Services and Education

Highways and Transportation

Health and Wellbeing

Enterprise and Culture

Environment, Housing and Planning

Herefordshire Council, Brockington, 35 Hafod Road, HEREFORD HR1 1SH

Publication Date – 14 July 2011

(Re-published 20 July 2011)

HEREFORDSHIRE COUNCIL FORWARD PLAN

1 AUGUST 2011 - 30 NOVEMBER 2011

Item No.	I023975
Title:	BUS SERVICE REVIEW
This is a Key Decision because:	It is likely to be significant in terms of its effects on communities living or working in an area comprising one or more wards in the County.
Purpose:	To agree changes to bus services which are required as a result of budget reduction for public transport route subsidies. The report will be informed by a technical review of options and consultation feedback on the priorities of bus users and other interested groups.
Decision Maker:	Cabinet
Date of Decision:	28 July 2011
Proposed Consultation:	Public consultation on priorities for retaining bus services will be conducted to inform the review and the cabinet member report.
Representations regarding consultation should be made in writing to:	Steve Burgess 01432 260968
Representations regarding consultation should be made before:	15 July 2011
Relevant Documents:	None.

Item No.	I023979
Title:	YOUTH REVIEW
This is a Key Decision because:	It is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.
Purpose:	The report will summarise stage 1 of a 3 stage project to rationalise and transform the delivery of youth work across the Council. The report will identify the delivery arrangement options that are available to the Council for future commissioning of youth work delivery. The models identified will ensure budget savings and will be in accordance with the vision of the Council as a commissioning organisation. Cabinet will be asked to identify a preferred option for further development prior to wider consultation
Decision Maker:	Cabinet
Date of Decision:	20 October 2011
Proposed Consultation:	Council Staff involved in youth provision, Representatives of 3 rd Sector providers, young people. Wider consultation is planned for the 2 nd stage of the project
Representations regarding consultation should be made in writing to:	Tim Fewell, Head of 11-19 Integrated Services 01432 269404
Representations regarding consultation should be made before:	1 September 2011
Relevant Documents:	None.

Item No.	I024199
Title:	WASTE CONTRACT ISSUES
This is a Key Decision because:	It is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or it is likely to be significant in terms of its effects on communities living or working in an area comprising one or more wards in the County.
Purpose:	To discuss the proposals being made by Mercia Waste Management for the treatment of residual waste.
Decision Maker:	Cabinet
Date of Decision:	20 October 2011
Proposed Consultation:	Not applicable.
Representations regarding consultation should be made in writing to:	Not applicable.
Representations regarding consultation should be made before:	Not applicable.
Relevant Documents:	None.

POLICY FRAMEWORK

PLAN/STRATEGY	DATE OF CABINET	DATE OF COUNCIL	CONTACT
Sustainable Communities Strategy	15 September 2011	18 November 2011	Deputy Chief Executive & Director of Corporate Services