

# AGENDA

## Cabinet

Date: **Thursday 15 December 2011**

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Time: **2.00 pm**

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

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

For any further information please contact:

**Sally Cole, Committee Manager Executive**

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If you would like help to understand this document, or would like it in another format or language, please call Sally Cole, Committee Manager Executive on (01432) 260249 or e-mail [scole@herefordshire.gov.uk](mailto:scole@herefordshire.gov.uk) in advance of the meeting.

# Agenda for the Meeting of the Cabinet

## Membership

Chairman                      Councillor JG Jarvis

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

## GUIDANCE ON DECLARING PERSONAL AND PREJUDICIAL INTERESTS AT MEETINGS

### What is a personal interest?

You have a personal interest in a matter if that matter affects the well-being or financial position of you, your relatives or people with whom you have a close personal association more than it would affect the majority of other people in the ward(s) to which the matter relates.

A personal interest can affect you, your relatives or people with whom you have a close personal association positively or negatively. If you or they would stand to lose by the decision, you should also declare it.

You also have a personal interest in a matter if it relates to any interests, which you must register.

### What do I need to do if I have a personal interest?

You must declare it when you get to the item on the agenda headed "Declarations of Interest" or as soon as it becomes apparent to you. You may still speak and vote unless it is a prejudicial interest.

If a matter affects a body to which you have been appointed by the authority, or a body exercising functions of a public nature, you only need declare the interest if you are going to speak on the matter.

### What is a prejudicial interest?

You have a prejudicial interest in a matter if;

- a) a member of the public, who knows the relevant facts, would reasonably think your personal interest is so significant that it is likely to prejudice your judgment of the public interest; and
- b) the matter affects your financial interests or relates to a licensing or regulatory matter; and
- c) the interest does not fall within one of the exempt categories at paragraph 10(2)(c) of the Code of Conduct.

### What do I need to do if I have a prejudicial interest?

If you have a prejudicial interest you must withdraw from the meeting. However, under paragraph 12(2) of the Code of Conduct, if members of the public are allowed to make representations, give evidence or answer questions about that matter, you may also make representations as if you were a member of the public. However, you must withdraw from the meeting once you have made your representations and before any debate starts.

## AGENDA

Pages

### HEREFORDSHIRE COUNCIL - NOTICE UNDER REGULATION 15 OF THE LOCAL AUTHORITIES (EXECUTIVE ARRANGEMENTS ((ACCESS TO INFORMATION) REGULATIONS 2000 (AS AMENDED)

Notice is hereby given that the following report contains a key decision. When the decision has been made, Members of the relevant Scrutiny Committee will be sent a copy of the decision notice and given the opportunity to call-in the decision.

Item No	Title	Portfolio Responsibility	Scrutiny Committee	Included in the Forward Plan Yes/No
8	The Youth Service Review	Health and Wellbeing	Overview and Scrutiny	Yes

**1. DECLARATIONS OF INTEREST**

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

**2. APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

**3. MINUTES**

To approve and sign the minutes of the meeting held on 20 October 2011.

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**4. BUDGET MONITORING REPORT 2011/12**

To report the forecast financial position for both revenue and capital to 31 October 2011, and provide an update on directorates' financial recovery plans.

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**5. BUDGET UPDATE 2012/13**

To provide an updated budget position and indicate the current "gap" as well as confirming the approach being taken to produce a balanced budget.

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**6. INTEGRATED CORPORATE PERFORMANCE REPORT - TO END OCTOBER 2011**

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

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**7. MANAGEMENT OPTIONS FOR CULTURAL SERVICES**

To outline the short-list of options for the future management and delivery of a range of cultural services.

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**8. THE YOUTH SERVICE REVIEW**

A review of the Herefordshire Youth Service was commissioned following the budget setting process undertaken in February 2011.

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**9. REVIEW OF THE FORWARD PLAN**

To review the Forward Plan and consider whether any matters should be

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referred to the Overview and Scrutiny Committee.

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- Have access to a list specifying those powers on which the Council have delegated decision making to their officers identifying the officers concerned by title.
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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 20 October 2011 at 2.00 pm**

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

**Councillors:** AJM Blackshaw, PD Price and DB Wilcox

**In attendance:** Councillors RB Hamilton, TM James, AW Johnson, GJ Powell, P Sinclair-Knipe and A Seldon

**Note from the Chairman**

At the commencement of the Cabinet meeting the Leader of the Council made the following comments:

Old Market Development: The Leader confirmed to Cabinet that following the granting of full planning permission for the Old Market development, the developers Stanhope confirmed that Debenhams had signed for a three storey department store. This will be joined by a digital multi-screen Odeon cinema, a Waitrose food store and a range of other shops and restaurants. It was added that work on site could start in a matter of months.

Urgent Cabinet Items: The Leader drew Cabinet’s attention to two urgent reports which Cabinet needed to consider, Budget Monitoring report and Review of Parliamentary Constituencies.

**123. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors: PM Morgan, Cabinet Member Health and Wellbeing and RJ Phillips, Cabinet Member Enterprise and Culture.

**124. DECLARATIONS OF INTEREST**

Declarations of interest were made by:

Councillor	Agenda Item	Declaration
DB Wilcox	Item 4 Youth Justice Plan	Personal – Youth Magistrate
DB Wilcox	Item 5 New Charter 2011	Personal – Parish Councillor for Hereford City Council and Mrs Wilcox is the Chief Executive of the Herefordshire Association of Local Councils
RB Hamilton	Item 5 New Charter 2011	Personal – Parish Councillor for Bridstow Parish Council

**125. MINUTES**

**RESOLVED: That the Minutes of the meeting held on 15 September 2011 be approved as a correct record and signed by the Chairman subject to amendment of Item 122 – Local Development Framework Revised Preferred Option: Consultation and Community Poll, bullet point nine.**

- **A report, jointly commissioned by the Highways Agency and Herefordshire Council, identified that with increased development the City would become gridlocked without a relief road.**

## **126. YOUTH JUSTICE PLAN**

The Cabinet Member Corporate Strategy and Finance advised Cabinet that the Youth Justice Plan was prepared on an annual basis on behalf of Herefordshire and Worcestershire Councils and was prepared inline with guidance from the Youth Justice Board for England and Wales. The Cabinet Member added that the Overview and Scrutiny Committee had recently looked at the Youth Justice Plan and had made the following recommendation.

That: Cabinet be advised that the link between the Youth offending Service and the Probation Service needed to be strengthened to ensure that there was shared data about those who were reoffending after age 17; and that links to the review of the Youth Service needed to be borne in mind in relation to preventative work.

In discussion the following points were made:

- The Vice-Chairman of Overview and Scrutiny stated that the Committee had looked at the average age of a young person, which was 15-16 years old, and noted that any data relating to a young person was only held for those two years, which was felt to be insufficient and needed to be retained beyond the age of 16.
- The Director for People's Services advised that national performance data was used by the Youth Offending Service and the Probation Service, but there was currently no system to track any changes. New performance measures would rectify this, which would be collated by the West Mercia Police with the involvement of Chief Probation Officers.
- The Chief Executive reminded Cabinet that the Youth Justice Plan was one of a number of documents within the Council's policy framework which was required to be approved by Council. The list of budget and policy framework items had been reviewed and inline with government requirements and in future the Youth Justice Plan would no longer be required to be approved by Council.
- Cabinet was pleased that the performance figures for Herefordshire and Worcestershire had been separated in the report and the figures were more relevant as they focused more on the welfare of the young person.
- It was stated that it was felt there was a lack of youth services in rural areas for young people.

**RESOLVED: That the Youth Justice Plan as prepared be endorsed and that it be recommended within the Policy Framework that the plan be approved by Council at its meeting on 18 November 2011.**

## **127. NEW CHARTER 2011**



Prior to the commencement of the discussion, the Chairman reminded Members of the need to make a declaration if they were a Parish Councillor. Cabinet Support Member Councillor GJ Powell presented the report on the New Charter to Cabinet and the following points were made in discussion:

- The Existing Charter outlines how parishes work together and has been in place since 2002.
- Time to refresh the charter and a working group had been set up to do this in line with the localism agenda.
- The Charter had been drawn up with the assistance of Herefordshire Association of Local Councils (HALC), the Market Towns Forum and Herefordshire Council. All Parish Councils had been consulted on the Charter to ensure that no Parish Council was disadvantaged by not being a member of HALC.
- The new charter is an important document on how to move forward working together, working in partnership to provide better services for the areas served.
- Cabinet's attention was drawn to the issue of Parish Council 'quality status' which is a quality standard that a number of parish councils had achieved, but had let elapse. It was asked that this was taken into consideration when drawing up the new charter.
- Cabinet did not think the Charter could be enforced, rather it was a matter of encouraging all Councils, to abide by the Charter.
- It was noted that should Herefordshire Council decide to devolve some services to local town or parish councils, there would need to be a process for performance monitoring and that clustering of services by parish councils might need to be considered.

**RESOLVED: That the New Charter 2011 be approved.**

## **128. HEREFORDSHIRE PUBLIC SERVICES PARTNERSHIP GOVERNANCE**

The Deputy Chief Executive presented the report and reminded Cabinet that a steering group for Herefordshire Public Services (HPS) was first established in 2007. The following points were made in discussion:

- This is a partnership between Herefordshire Council and NHS Herefordshire with the HPS steering group providing the main forum for the governance of the partnership.
- It is appropriate to review the next phase of the partnership in light of the national changes to health commissioning and health and well being and following on from the local elections.
- The steering group has been effective in monitoring the key partnership activities. Partnership governance now needs to provide a clear direction for the partnership and be the prime forum for debating key issues around integration and the benefits of the partnership.
- It is proposed that a new HPS Board is set up to oversee a new three way partnership between Herefordshire Council, NHS Herefordshire and Herefordshire Health-Care Commissioners, which would focus on the needs of Herefordshire and provide value for money.
- The work plan will focus on future priorities. Local and national changes has enabled the Clinical Commissioning Group for Herefordshire to be one of the first in the country.
- In response to a question Cabinet was advised that the Clinical Commissioning Group had been in operation since April 2011, and that it had made good progress in discharging its responsibilities

- It was added that both local MPs were involved and fully supportive of the proposals for Herefordshire.
- It was agreed that Herefordshire was in a unique position and that any concerns related to possible changes the government might propose.

**RESOLVED: That Cabinet agreed the establishment of a Herefordshire Public Services Board to oversee the partnership between Herefordshire Council, Herefordshire Health-Care Commissioners and NHS Herefordshire, in accordance with the Terms of Reference and Constitution set out at Appendix A to the report.**

## **129. INTEGRATED CORPORATE PERFORMANCE REPORT**

The Cabinet Member Corporate Services and Education presented the report and reminded Cabinet that this was the second of the quarterly reports to Cabinet based on the new Joint Corporate Plan. The Assistant Director People, Policy and Partnerships took Cabinet through the report and the following points were made in discussion:

- Corporate Services had an estimated gross savings of £1.5 m.
- Sickness absence was below target.
- The Council had received an unqualified opinion on both the statement of accounts for 2010/11 and the Council's arrangements for securing value for money by the statutory deadline of 30 September 2011.
- Improvements in the People's Services directorate were noted.
- Cabinet discussed in detail the areas of under performance at Appendix 2b to the report.
- Members noted the considerable work that had been done to recruit social work staff, however there was concern at the number of agency staff still employed and the high cost this was to the authority. In response to a question Cabinet was advised that there was a degree of support required for the newly qualified social workers. It was added that this was a national issue and work was being done regionally to resolve it. Careful tracking was carried out to ensure the establishment level of social workers was correct, but this could not take into account fluctuations within the service. There was also a need to distinguish what was social work and work that could be done through other service areas.
- In referring to page 57 of the report concern was raised on the delivery of affordable housing and whether all options had been considered. The director for Places and Communities advised Cabinet that a broad range of issues had been examined and the authority was working closely with the housing associations though all new ideas would be fully considered.
- In response to a question it was confirmed that there was a requirement to relocate the services provided at Garrick House to Franklin House in order for the development of the market site. It was noted that since the move there had been double the number of local residents using the services provided.
- In referring to recommendation (b) of the report the director for People's Services stated there had been a rationalisation and simplification of the Joint Corporate Plan, as there had previously been a mixed picture of targets. Targets had now been revised which would provide a clearer idea for the future.

### **RESOLVEDs**

#### **THAT:**

- a) performance to the end of August 2011 and the measures being taken to address areas of under performance be noted; and**
- b) proposed amendments to the Joint Corporate Plan 2011/14 in relation to Theme 2, 'Improve health and social care' be noted.**

### **130. LOCALITY ASSET REVIEW AND ACCOMMODATION PROGRAMME**

The Cabinet Member Corporate Services and Education introduced the Locality Asset Review and Accommodation Programme report and asked Cabinet to note the report and endorse the proposed master plan and work programme within each locality to include the accommodation solution for Herefordshire Public Services back office staff in Hereford as part of the Hereford City locality.

Cabinet discussed the following points:

- Nine localities based on the locality structure had already been agreed. Part of this includes the Plough Lane project, which came before Cabinet in 2009.
- This report confirms the working arrangements within that framework outlined at paragraph 14, which provides a summary of the nine projects.
- The report provides a detailed review of the issues relating to the use of the Plough Lane site, which was taken earlier this year and confirms there is now no requirement to extend the Plough Lane site due to the changing nature of the organisation.
- Funding for the project has been reviewed and the savings to be made are significant, with capital available for the project.
- Concern was raised that the projected funding had changed significantly from 2009, but was not considered as a key decision and had not been included on the Council's forward plan.
- Cabinet was advised that the view was taken that this was not a key decision as the decision is as a result of a previous report agreed by Cabinet. However, it did not detract from it being an important decision.
- Cabinet was advised that all Members would be receiving the Council's document on the rolling programme of issues to be put before cabinet or other committees of the Council, to ensure that Members were kept abreast of the HPS planning process as a whole.
- Concern was raised regarding some localities and the consultation with key partners, particularly Parish Councils.
- Cabinet was reminded this was a project based around disposal and was constantly reviewed as it was integral to the organisation. There was a requirement to have flexibility built in as the emerging needs of the organisation changed.
- Cabinet discussed the use of the Shire Hall and the importance of retaining the Crown Court which used the building. Cabinet went on to discuss the financial implications and the savings that would be made.
- In response to a question Members were informed that Rotherwas had been considered as a central site for back office use, however, on analysis Plough Lane proved to be the better option.

#### **RESOLVED**

##### **THAT:**

- a) **the progress made in developing the framework of the locality asset review be noted;**
- b) **within the proposed framework any individual decisions should take into account the results of consultation and the impact of equalities and other issues;**
- c) **The proposal to deliver a refurbished Plough Lane facility rather than extend the site be agreed; and**

- d) **The options for partner organisations to be co-located at the Plough Lane site continue to be explored.**

**131. ESTABLISHING THE EVIDENCE BASE FOR COMMISSIONING**

Dr Alison Talbot-Smith presented the report which outlined the Joint Strategic Needs Assessment (JSNA) and the State of Herefordshire report for 2011 and provided an overview of the work being undertaken across Herefordshire Public Services to develop an overall Integrated Needs Assessment. It was noted that there was a JSNA website which contained more detailed analysis relating to the findings of the report along with a summary document on the key points and recommendations. Cabinet was advised of the greater engagement and involvement of stakeholders across the third sector with events and workshops being held in October. This information will be fed into the development of the JSNA in 2012 and into the integrated needs assessment process.

**RESOLVED**

**THAT:**

- a) **the 2011 JSNA key points and recommendations document be noted;**
- b) **the 2011 State of Herefordshire key findings report be noted; and**
- c) **the plans to develop an Integrated Needs Assessment (INA) be noted.**

**132. DIRECTOR OF PUBLIC HEALTH ANNUAL REPORT 2011**

Dr Alison Merry presented the Director of Public Health Annual Report 2011 on behalf of Dr Sarah Aitken and referred Cabinet to the Executive Summary report and to the full analysis that was on the website. Cabinet was referred to the key point summary of the report and the issue of social gradient in health in Herefordshire, and identified the actions to be taken to reduce the social gradient. Cabinet was informed that the Health and Wellbeing Board would be looking at the work carried out and would develop a strategy to take Herefordshire forward.

**RESOLVED**

**THAT:**

- a) **the Director of Public Health Annual report 2011 Executive Summary, attached as Appendix 1 to the report be noted;**
- b) **the implementation of the report's recommendations and the proposed approach and actions highlighted in the report to inform service development and commissioning during the next planning cycle and in the medium term be supported; and**
- c) **the dissemination of the report and help to cascade the key messages be supported.**

**133. BUDGET MONITORING REPORT 2011/12**

The Cabinet Member Corporate Services and Education presented the report and advised Cabinet that currently the forecast was for a budget deficit as outlined at page three of the report, which indicated a £2.57m overspend with the Adult Social Care budget being the budget of concern and which was under revision on a regular basis.

The Leader emphasised a plan was in place to get the budget in Adult Social Care back on track and all other directorates were reviewing their budgets. In response to questions raised on the demographics of the county and the budgeting preparedness for young people moving from children services to adult social services. Cabinet was advised that work was underway in the cost improvement plan to ensure that the data gathered was more robust. It was added that negotiations had been held with providers and the fair funding calculation had just been introduced. This calculation sets a consistent benchmark and has been successfully used by other authorities providing a significant reduction in costs. It was noted that one of the concerns for Herefordshire was the lack of services to assist people requiring help to continue living in their own home.

**RESOLVED**

**THAT:**

- a) **Cabinet noted the report and the forecast deficit position of £2.75 million; and**
- b) **Cabinet noted the Chief Executive's requirement that Directors deliver recovery plans to ensure a balanced revenue budget.**

**134. REVIEW OF PARLIAMENTARY CONSTITUENCIES**

The Leader of the Council presented the report on the Review of Parliamentary Constituencies and stated there was a concern that the boundaries of the county as a whole could be being ignored and believed that the Council should put forward its concerns before the end of the submission of representations period, which was the 5 December 2011. It was proposed that the Cabinet Members for Enterprise and Culture and Environment, Housing and Planning along with the Leader of the Council and political group leaders form a working group to discuss the issues.

**RESOLVED**

**THAT:**

- a) **the Leader of the Council, the Cabinet Members for Enterprise and Culture and Environment, Housing and Planning and political group leaders form a working group to discuss parliamentary boundary issues; and**
- b) **Cabinet formulates a view on the proposed new constituencies for Herefordshire and makes a recommendation to Council on 18 November 2011.**

The meeting ended at 4.10 pm

**CHAIRMAN**



<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>15 DECEMBER 2011</b>
<b>TITLE OF REPORT:</b>	<b>BUDGET MONITORING REPORT 2011/12</b>
<b>PORTFOLIO AREA:</b>	<b>CORPORATE SERVICES AND EDUCATION</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To report the forecast financial position for both revenue and capital to 31st October 2011, and provide an update on directorates' financial recovery plans.

### **Recommendations**

**THAT Cabinet:**

- (a) **Note the report and the forecast deficit position;**
- (b) **Note the Chief Executive's requirement that Directors deliver recovery plans to ensure a balanced revenue budget; and**
- (c) **Note that the Leadership Team have undertaken to discuss a further level of savings for 2011/12.**

### **Key Points Summary**

- As at 31st October 2011 the overall revenue budget position for 2011/12 shows a £1.552m projected overspend. Whilst this is only approximately 1% of the council's £146.3m revenue budget (excluding Dedicated Schools Grant funding), any potential overspend will put pressure on the council's reserves.

### **Considerations**

1. Appendix A includes the detailed revenue budget monitoring report. The key area of concern continues to be within the People's Services Directorate, with a projected £4.7m overspend. There is an underlying overspend position within commissioning of adult services and

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Further information on the subject of this report is available from  
Heather Foster, Head of Corporate Finance on 01432 260284

continuing demographic pressures. A recovery plan is in place aimed at balancing the budget over a 2 year period.

2. 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.
3. The overspend position at 31<sup>st</sup> August reported to Cabinet on 20<sup>th</sup> October was £2.75m. Following that meeting Herefordshire Public Services Leadership Team (HPSLT) has agreed additional savings and spending reductions to close the gap. These are included in the directorate forecasts in this report.
4. A detailed review of "central" budgets has identified areas where a contribution can be made. These are as follows:

	<b>£000</b>
Redundancy capitalisation	520
Contract savings	641
Inflation savings	283
Waste disposal contingency	350
Unallocated contingency budget	213
Other centrally held budgets	200
Less slippage on procurement savings	(1,000)
<b>Projected underspend</b>	<b>1,207</b>

5. The savings within the recovery plan agreed by HPSLT have been built into the projection. Subsequent projections indicate delivery of the adult services in-year recovery plan is now at risk. Work will continue to identify further savings and the position will be monitored closely.
6. The report reflects an updated position as of end October. It is appropriate that the key risks going forward are addressed if the council is to deliver a balanced position without using general or specific reserves.
  - a. The adult social care position now assumes that £957k of the recovery plan will not be delivered.
  - b. The savings associated with the commercial strategy have been rephased. There remains a requirement to deliver £800k of budget savings against the £1.8m target. This has been built into the target projection.
  - c. The position for domiciliary care packages is subject to a detailed review and an additional pressure may be confirmed.
7. Appendix B includes the position on the capital programme for 2011/12, which is a forecast out-turn spend of £58.6m.
8. The overall revenue position is mitigated by savings on borrowing and investments. The savings on loan charges are due to slippage on the capital programme, lower borrowing rates than forecast and the timing of taking out loans. Additional interest earned is due to both higher cash balances and improved returns through investing in longer term deposits. Appendix C sets out the treasury management position, which currently shows a projected under-spend of £830k on borrowing and £200k on investments.



## **Community Impact**

9. Not applicable.

## **Financial Implications**

10. These are contained in the report.

## **Risk Management**

11. 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**

12. 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**

- The following table summarises the 2011/12 projected outturn based on the financial position as at 31st October 2011.

£'000	Budget	Projected (over) or under spend
People's Services	74,629	(4,747)
Places and Communities	34,869	225
Corporate Services	22,991	803
<b>Directorate Position</b>	<b>132,489</b>	<b>(3,719)</b>
Capital funding	16,558	830
Investments	(249)	200
Revenue contribution to capital	95	0
WMS Profit Share	(624)	0
Centrally Held Budgets	1,354	1,207
Government grants	(2,810)	(70)
Transfer to/from Reserves	(500)	0
<b>Total</b>	<b>146,313</b>	<b>(1,552)</b>

- As of the end of October 2011 the overall revenue budget position for 2011/12 shows a projected £1.552m overspend. This is approximately 1% of the council's £146m revenue budget (excluding Dedicated Schools Grant funding).
- The most significant overspend relates to commissioning of adult services, which relates to the brought forward budget issues plus increasing service pressures.
- The overspend position at 31<sup>st</sup> August reported to Cabinet on 20<sup>th</sup> October was £2.75m. Additional savings and spending reductions have been agreed to close the gap. These are included in the directorate forecasts in this report.

Further information on the subject of this report is available from  
Heather Foster, Head of Corporate Finance on 01432 260284

5. Net savings have also been identified within central budgets as follows;

	<b>£000</b>
Redundancy capitalisation	520
Contract savings	641
Inflation savings	283
Waste disposal contingency	350
Unallocated contingency budget	213
Other centrally held budgets	200
Less slippage on procurement savings	(1,000)
<b>Projected underspend</b>	<b>1,207</b>

6. The recovery plan agreed in November was based on the last Cabinet report.
7. In addition to the revenue overview a capital monitoring summary is provided at Appendix B. The forecast outturn spend is £58.6m. The council has been successful in its application for a capitalisation direction of up to £1.5m to enable statutory redundancy costs incurred in this financial year to be capitalised.
8. Appendix C provides a Treasury Management update and explains an expected underspend of £830k on borrowing costs and £200k on interest received. The savings on loan charges are due to slippage on the capital programme, lower borrowing rates than forecast and the timing of taking out loans. Additional interest earned is due to both higher cash balances and improved returns through investing in longer term deposits in the first half of the year.

### Revenue Reserves Position

9. The general reserve balance as at 31st March 2011 was £6.3m. This is above the council's policy of maintaining a minimum of £4.5m of general reserves as a contingency against unforeseen emergencies and events.
10. At 1st April 2011 the council held £17.6m of earmarked reserves, which are detailed in the table below. The specific nature of those reserves means that some are not available for reclassification as general reserves. One such example is the balance held for schools.

### Earmarked Reserves

<b>31 Mar 2011</b>	
	<b>£000</b>
Balances held by schools under a scheme of delegation	6,002
Grange Court	41
Commutated 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

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	4,853
	<b>17,572</b>

An analysis of the unused grants carry forward position is underway to establish if this total is needed.

## DIRECTOR FOR PEOPLE'S SERVICES

£'000	Annual Budget	Under / (Over) spend
Services Commissioning – Adults	48,550	(4,509)
- Childrens*	2,603	28
Health & Wellbeing- Env Health & Trading Standards	2,120	140
Children's and Young People Provider Services*	23,956	(406)
<b>Total</b>	<b>74,629</b>	<b>(4,747)</b>

\* Provisional allocation for Children's Services budget.

### Services Commissioning - Adults

9. The current report for adult services indicates an outturn position of a projected £4,747k overspend, which is part of the £7.2m funding gap identified in March 2011 to be addressed over a two year period. The projection assumes the delivery of £2.608m of a £3,565k savings target and a £1,043k transfer of NHS funding.
10. The budgeted £3,565k savings target contributes towards the recovery of the brought forward deficit and achievement of a balanced budget by 31<sup>st</sup> March 2013. There are key in-year pressures which have resulted in an additional overspend of £951k. The main pressures are highlighted as follows:

- a. Issue: Learning disabilities have experienced higher than planned numbers and complexity presented for personal budgets, currently being analysed by providers, which has added pressures of £180k. In addition there are other pressures of £52k within the learning disabilities budget.

Mitigation: The Cost Improvement Programme project to develop the approach to respite for people with learning difficulties and also carers breaks for those caring for people with learning difficulties will address this.

There is also a children's/adults services project to develop our single approach to transition which will make costs clearer and improve the service for young people and families.

- b. Issue: In mental health, out of the 19 new residential and nursing care placements 11 have been as a result of discharge from hospital. This is part of the overall approach to reduce the delays in discharges, which benefits service users and overall Health and Social Care system costs. Financially this has contributed to the additional care home costs of £531k.

Mitigation: As part of the Cost Improvement Plan the Council is working with partners and instigating tendering activities this year to develop the market. This will provide a more flexible and cost effective range of services in the future which will reduce the demand for residential placements and increase the range of options to support people at home.

- c. Issue: Although older people numbers overall remain static (some back-dated packages from 10/11 have now properly been accounted for within this year's budget forecast) for Residential and nursing care, costs have increased above the budgeted standard rate, resulting in a £150k overspend. This has resulted from agreement with some providers to provide funding to meet additional costs of care. The Cost Improvement Programme project to address this has reached the stage of engaging with the Improvement and

Efficiency Agency West Midlands to establish a care funding calculator approach. This has resulted in significant savings in other parts of the country and provides transparent baselines for residential and nursing care costs.

Mitigation: Carers' breaks account for £147k of the projected overspend as the service benefitted from grant monies which have now reduced. The council is putting in place a revised respite and carers policy and protocol so that costs are appropriately understood and managed. This is however potentially an area for future growth as the number of carers grow to form part of the support network for vulnerable adults.

11. The outturn position has increased by £588k since the previously reported position due to :
  - a. Increases in learning disability care packages; personal budgets, residential care and domiciliary care of £258k. The increase in personal budgets is part of the Council's drive to provide more control and personal choice for users, in line with the policy direction for the Council and national expectations. The cost improvement plan has a number of activities to develop the market and change the balance of costs away from "traditional service models".
  - b. Increase in residential and nursing care placements of £278k for mental health clients. Actions to address the position in Herefordshire have been detailed above.
  - c. Older people residential and nursing care placements of £156k.

These increases have been off-set due to personal budgets for physical disability clients have not materialised to the level that was predicted, giving an underspend of £104k

### **Integrated Commissioning Recovery Plan**

12. As at 30<sup>th</sup> September £838k has been achieved towards the target of £3,565k. This current position shows that £2,608k will be achieved across 16 schemes with a potential shortfall in year of £957k. An additional three projects have been identified to close this gap over the past two months, and included engagement with external agencies to provide additional expertise and support in Herefordshire. The approaches include the introduction of a care funding calculator, a more rigorous approach to capturing the benefits of telecare, both of which have evidenced costs savings in other authorities. The financial impact is being confirmed in Herefordshire.
13. The schemes within the recovery plan are underway and now monitored on a weekly basis. This is to ensure that those set to deliver towards the end of the year will achieve savings levels within the cost improvement plan.

### **Further Risks and Pressures**

14. There is a reduction in packages of Continuing Health Care (CHC). Work is underway to identify where the resultant care needs are being met once CHC funding ceases. There is a need to accelerate work to achieve joint packages between PCT and council budgets to maximise the use of resources across both services.
15. If the cost of packages continues to increase at the current rate then the budget position will worsen. The panel processes and revised budget limits to control this are being finalised to address this.

### **Other funding available to meet the spending limit for Adult Services:**

16. Grants which have no committed spend £87k.

17. Capital allocations not currently committed £634k.
18. Underspend as at 30<sup>th</sup> September within the Wye Valley NHS Trust Section 75 agreement, if split 50:50, £30k benefit.

### **Children's Services Commissioning**

19. Children's Commissioning is expected to be under spent by £28k as a result of the utilisation of £34k of standards funds grants for nursery education funding. This is a non-recurrent saving.

### **Health and Wellbeing – Environmental Health and Trading Standards**

20. Overall this service expects to deliver savings of up to £140k this year.
21. This comprises savings from holding a consultant post vacancy whilst the incumbent is acting Director of Public Health totalling £40k, with a further £60k of staff related savings across the service.
22. A further £40k of savings are expected, if the contingency used for additional work at the county's landfill sites, due to adverse weather conditions, is needed.
23. The service has recently undergone a consultation in relation to a staffing restructure which should be fully implemented before 31<sup>st</sup> March. There may be a small additional saving if the restructure is fully implemented earlier than 31<sup>st</sup> March, but this cannot be quantified at the present time. An update will be included in the next report.

### **Children's Provider Services**

24. Children's Provider Services is currently predicting an over spend of £406k. Although the overall forecast overspend has reduced across children's services in total has been reduced by £47k since the August report this does not show the true cost mitigation work that has already been achieved.
25. The Safeguarding service is currently predicted to over spend by £1,622k. This relates primarily to :
  - Looked after Children costs for agency and residential placements are predicted to be £325k and £477k respectively over budget due to the continuing high numbers. The figures include costs for two placements which have stepped down from Complex Needs (a joint funded budget) into social care. At the end of October there were 15 children in residential placements and 49 in agency foster care placements, an increase of two children in each category compared to the August figures. (comparable figures for October 2010 were 17 and 45 respectively).
  - There is also a predicted overspend of £37k for payments to relatives and other carers who are also looking after children who would otherwise require to be brought into care.
  - The continued high level of cases has meant that social work vacancies cannot be left unfilled in the key teams for looked after children, children in need (field work teams) and the referral and assessment service. Additional short term agency social workers have been agreed to ensure all cases are allocated and caseload per social worker remain at recommended levels. Overall the anticipated overspend is £566k on staffing for these teams, as previously reported a revised recruitment and retention strategy is under development.
  - A framework agreement with Worcestershire for agency foster care placements is now in place, and initial discussions have been started to consider the development of a similar framework arrangement with residential placement providers.



- A spend to save bid has enabled the fostering team to recruit additional in house foster carers in order to reduce the requirements for agency foster placements. 8 potential carers are scheduled to attend the panel review process by December. Herefordshire is successfully maintaining current levels of in house foster carers despite a national decline in numbers.

26. The other key overspend within Safeguarding relates to court costs. Numbers of children requiring court intervention have not reduced and therefore these planned savings will not be delivered in 11/12. The current over spend is predicted to be £85k.
27. There are a number of activities currently underway in order to deliver the budget savings. An update on the current status is provided below.

### **Savings delivered to date to offset pressures**

28. The children's services budget included £496k of target savings within the local authority budget with a further £177k target for the Early Intervention Grant funded services. Overall these are on track to be achieved.
29. The Children's Services restructure is now complete and has fully delivered the planned savings for the current year with approximately £60k brought forward from 12/13 which contributes towards the deficit recovery. Other staff savings through vacancies contribute a further £43k of savings.
30. The directorate has been successful in using legacy grants to offset staffing costs within Early Years, Youth services and parenting and family support. This has delivered £349k contribution, but is a non-recurrent saving. Other local services support grants of £435k have also been made available.
31. Schools transport is predicting savings of £225k as a result of contract renegotiations and additional income received for summer term 2011.
32. Savings of £85k have been made with the Short breaks budget through the release of uncommitted budget.
33. As a result of the transfer of cases to social care the Complex Needs forecast has been reduced by £102k which partially offsets the additional looked after children costs reported above.

### **Edge of Care savings**

34. A number of activities relating to keeping children out of care are contributing to minimising the budget pressures within children's safeguarding. Some of these activities can be financially quantified with some accuracy, whereas for others the cost mitigation is in a range depending on which cost is being avoided.
35. In addition to the introduction of the Worcestershire framework individual contract renegotiations for children's placements have delivered cost reductions of £21k for the first half year (potential annual saving £66k).
36. The Edge of Care contract with Action for Children is working with 10 cases who were at the point of becoming looked after. This has successfully kept some children from becoming looked after, or delayed proceedings by a number of weeks. Up to 30<sup>th</sup> September 2011 the minimum cost mitigation amount was £29k (assuming lowest cost option of in house foster placement), £79k if the alternative was an agency foster placement or £2,950 per week if the alternative was a residential placement (£299k).
37. In addition to the contract the locality teams have also picked up other cases for intervention work. Costs mitigated by the locality teams range from £8k for in house foster placements, to

£16k for agency foster placements and £56k if in residential placements.

## DIRECTOR FOR PLACES AND COMMUNITIES

£'000	Annual Budget	Under / (Over) Spend
Economic, Environment and Cultural Services	6,944	(169)
Homes and Community Services	1,252	(97)
Place Based Commissioning	26,190	240
Director and Management	483	251
<b>Total</b>	<b>34,869</b>	<b>225</b>

### Overview

38. The Directorate is expected to underspend by £225k. This reflects additional one-off saving of £200k, since last reported, to help address the overall position.
39. Further one-off savings are also expected in response to the reinforced embargo on discretionary spend although the first call on these will be to manage any further Directorate pressures on income budgets within parking and planning or winter costs.
40. Current pressures detailed below are already being managed within the Directorate along with the £2.2m savings target for the year.

### Economic, Environment & Cultural Services

41. Building control income to the end of October 2011 is 24% lower than the same period in the previous financial year however Development Control income is 18% higher than the previous year. Based on income patterns over the last two years, it is projected that there will be a net income shortfall in 2011/12 of planning services income of £140k. This fall in income is due to the economic climate and the impact of the change in the timing of fee collection implemented in 2010/11. Planning income will continue to be closely monitored.
42. Hereford Butter Market continues to be an area of concern. There is a pressure on Hereford Buttermarket income. However it is likely that this can be partly met from increased income from Street Trading and Open Markets leaving a net pressure of £26k.
43. There is a saving of £20k in relation to staff costs in conservation which will help mitigate service pressures in Archive staffing budgets of £13k and running costs of the Lady Hawkins Community Leisure Centre of £10k.

### Homes & Communities

44. Car parking charges were increased from 1<sup>st</sup> November. Based on the annual income projections expected from these increases, income is unlikely to achieve the 11/12 budget by £210k. This shortfall reflects the slippage in the timetable from the original implementation date of 1<sup>st</sup> September 2011. This pressure can be partly mitigated by other parking income which is currently above budget by £32k and is expected to exceed income budgets by £60k for the year.
45. There is an expected underspend in Housing of £53k mainly in relation to staff vacancy costs.

## **Place Based Commissioning**

46. The cost to Herefordshire of the joint Waste Disposal contract for 2011/12 is expected to be £9.15m if tonnage levels remain the same as in 2010/11. Whilst the annual budget is £8.73m, there is additional funding available of up to £790k set aside as part of the 2011/12 budget to meet this pressure if necessary.
47. 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.
48. There continues to be pressure on the Street Lighting budgets in relation to energy costs of £61k however this is expected to be managed by a plan to replace 2,000 street lights in residential areas of Herefordshire with alternative lights sources (Light Emitting Diode – LED) along with the replacement of 959 halogen traffic signals with LEDs. This forms part of the Carbon Management Action Plan. And annual savings predicted exceed £61k.
49. There is an expected underspend of £40k in relation to staff costs in the directorate management support and the countryside teams.
50. Robust contract management has delivered one-off savings of £180k in relation to the settlement of contract disputes under the Amey MAC arrangements.
51. The use of previous year grant monies to fund staff costs will also provide a saving in 2011/12 of £20k.

## **52. Director and Management**

53. There is currently £251k underspend in relation to the Directorate's annual non pay inflation and OD2 savings which is available to help mitigate the pressures in Parking and Planning.

## DEPUTY CHIEF EXECUTIVE AND DIRECTOR OF CORPORATE SERVICES

£'000	Annual Budget	Under / (Over) Spend
Customer Services and Communications	2,964	0
People, Policy and Partnership	7,352	161
Law, Governance and Resilience	3,036	0
Chief Finance Officer and Commercial	9,021	445
Directors	618	197
<b>Total</b>	<b>22,991</b>	<b>803</b>

### Overview

54. The savings target for the Directorate in 2011/12 is £1.5m. All savings plans are on track.
55. The Budget includes the elements contracted to The Shared Services Partnership and the provider of Internal Audit.
56. In order to help mitigate the council's overall pressures, the Directorate has identified further one off savings in the year of £723k, in addition to £80k underspend previously reported, totalling £803k for the year. Further savings are also expected as a result of the reinforcement of the embargo on discretionary spend.

### Customer Services and Communications

57. The Customer Organisation project will introduce a new 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

58. Corporate Transformation and the ICT Strategy have been brought together in this service.
59. Herefordshire Partnership, Human Resources and Policy Team are projected to spend within budget, achieving their efficiency savings targets.
60. One off savings of £161k have been identified within the services mainly in respect of vacancy savings driven out through the Organisation Design process.
61. A review of the ICT Strategy is also currently being carried out to identify projects that can be put on hold to help mitigate the Council's overspend position. Approximately £85k potential savings has been identified for consideration.

### Law, Governance and Resilience

62. 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.
63. Locums in Legal Services remain until the service is restructured. This may cause a £80k budget

pressure full year. However vacancy savings in other areas of Governance will cover this overspend until the restructure is implemented.

64. There is also a pressure within the service budget of £80k mainly relating to the cost of temporary cover of a senior management post due to sickness. In line with the Chief Executive's recent communication, this will be met within the Directorate.

#### **Chief Finance Officer and Commercial**

65. Property outturn expenditure will match the total budget. This assumes that there is no reactive maintenance expenditure later in the year. The loss of income from the former Cattle Market will be more than compensated for by revenue from the new Livestock Market by the year end.
66. The current system of Housing Benefit provides a financial incentive for authorities to recover overpayment of benefits from recipients. The Department for Works and Pensions pays Housing Benefit Subsidy to authorities based on benefits disbursed inclusive of overpayments (subject to conditions). Authorities effective in recovering overpayments may therefore receive a higher level of subsidy. It is estimated that the subsidy received will result in a net underspend of £250k, even after taking into account the reduction in the government subsidy for administering benefits. Reductions in the level of benefits payable and changes to the subsidy system are likely to mean that this level of surplus will not continue in future years. Currently it is not budgeted for an any additional income is seen as "one-off".
67. Savings in relation to non pay inflation of £73k have also been identified to contribute to the council's overall pressure.
68. A further £197k has been identified in relation to the Directorate's non pay inflation budgets for the year as available to contribute to the council's overspend position.

## Capital Forecast

1. The capital forecast for 2011/12 totals £58.6m. A summary by directorate and funding source is provided in Table A below.

**Table A – Funding of 2011/12 Capital Forecast**

Directorate	2011/12 Forecast £'000	Prudential Borrowing £'000	Revenue Contribution £'000	Grants & Contributions £'000	Capital Receipts Reserves £'000
People's Services	21,752	1,014	-	20,524	214
Places & Communities	28,627	3,516	-	21,338	3,773
Corporate Services	7,867	6,878	95	612	282
Contingency	383	383	-	-	-
<b>Total</b>	<b>58,629</b>	<b>11,791</b>	<b>95</b>	<b>42,474</b>	<b>4,269</b>

2. The changes from the previous forecast are due to the following:-
- The increase in the Yazor Flood Alleviation Scheme forecast (£1.7m) to reflect the anticipated total grant funded expenditure to be completed in this financial year.
  - Slippage of the Broadband forecast capital spend of £1m in 2011/12 into 2012/13. The competitive procurement process is progressing, with the actual contract is expected to be let in May 2012 meaning only revenue costs are expected to be incurred in this financial year.
  - The Herefordshire ICT efficiencies budget has been increased by £208k representing the bringing forward of the budget for 2012/13 into 2011/12 as capital costs are expected to complete in this financial year.
  - The inclusion of £175k capital budget in relation to the Whitehouse Community Centre lease purchase and works, funded from the insurance settlement fund received in prior years.

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

Scheme	Spend to end October £'000	2011/12 Forecast £'000	Comments
<b>People's Services</b>			
Hereford Wyebriidge Academy	2,502	5,852	Scheme within budget and on schedule, new building open with official opening scheduled for September 2012
Schools Devolved Capital Programme	1,615	3,755	Devolved funding allocations and brought forward capital funding to schools
Condition property works	1,162	2,696	Annual programme of works at various sites committed on a highest need first basis
SEN Targeted Capital Fund	1,251	2,417	Block funding allocation towards SEN provision at Hampton Dene, Barrs Court and Blackmarston

Basic Need - Schools	-	2,154	This funding is being allocated to schools through a structured bidding process
Primary Grant	141	1,731	To provide an all through primary school provision in Leominster, planning application expected to be submitted in January
<b>Places &amp; Communities</b>			
Local Transport Plan	3,940	10,348	Annual programme of capital works to highways, footways and bridges
Ledbury Library	76	2,487	This scheme being progressed on a piecemeal basis
Yazor Flood Alleviation Scheme	1,852	2,270	Grant funded flood alleviation works in association with Hereford Futures
Grange Court	742	2,213	Refurbishment works underway
Disabled Facilities Grant	407	1,727	There is a large demand for these grants, applications are progressed through an approval process
Rural Enterprise Grant	1,009	1,667	Various grant funded schemes
Livestock Market	1,738	1,549	New market provision open
Affordable Housing Grants	397	766	Various grants awarded to approved schemes
Rotherwas Enterprise Zone	455	528	Works completed under Rotherwas Futures now fall within the Rotherwas Enterprise Zone
Connect 2	209	509	Non-motorised connection between the city centre and Rotherwas
Putson Community Building	26	500	S106 funded new build
<b>Corporate Services</b>			
Hereford Leisure Pool	1,894	3,396	Improvement works to complete in November
Corporate accommodation	774	1,100	Budget to be used to improve headquarters, building work expected to start in January 2013
Herefordshire's ICT efficiencies	694	846	Improved ICT provision to generate efficiencies
Capitalisation direction	310	1,543	To fund the statutory element of redundancy costs paid during this financial year
<b>Sub Total</b>	<b>21,194</b>	<b>50,054</b>	
<b>Schemes with a budget &lt;£500k in 2011/12</b>	<b>3,445</b>	<b>8,575</b>	
<b>Total</b>	<b>24,639</b>	<b>58,629</b>	



## Prudential Borrowing

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

	£'000	£'000
2011/12 Original Prudential Borrowing Forecast		10,920
Add: Halo loan	1,700	
Capitalisation direction	<u>1,543</u>	
		3,243
Less: Slippage into future years	(2,336)	
No longer required	<u>(36)</u>	
Less: Slippage into future years		(2,372)
Expected use of Prudential Borrowing in 2011/12		11,791

5. The slippage of capital funds into future years relates to the corporate accommodation budget reprofiling.

## Capital Receipts Reserve

6. The opening capital receipts reserve balance was £6.8m as at 1st April 2011. During 2011/12 £4.3m 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 any remaining compensation claims relating to the Rotherwas development and an element of infrastructure works required as part of Hereford Futures.



This report is based on best practice in accordance with CIPFA's recommendations.

**1. Economic Summary**

1.1. Recent economic events and statistics show the following:

- The Eurozone continuing to struggle to defuse their deteriorating debt and deficit problems.
- Financial conditions worsening in most major economies prompting downward revision to growth forecasts. In the UK the Monetary Policy Committee voting to inject a further £75 billion in the form of quantitative easing to try to stimulate demand.
- The first estimate of economic growth for the third quarter was 0.50% but this was thought to be less to do with strength of economic activity than the effect of the previous quarter (when a late Easter and the royal wedding bank holiday had a negative effect on growth).
- Inflation remains high (5.2% in September and 5.0% in October) although it is expected to fall in 2012 as the effect of the VAT and energy price increases subside.
- Unemployment increasing in the quarter to September 2011 from 7.9% to 8.3%. This is the highest since 1996.
- The Bank Base Rate is now expected to remain at 0.50% for at least the next year or so.

**2. The Council's Investments**

2.1 As at 31 October 2011 the council held the following investments:

<b>Investment</b>	<b>Term</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Amount invested</b>	
				<b>£m</b>	<b>£m</b>
<u>Instant access Money Market Funds:</u>					
Prime Rate	N/A	N/A	0.88%	5.00	
Ignis	N/A	N/A	0.86%	2.50	
Deutsche	N/A	N/A	0.73%	1.83	9.33
<u>Rolling monthly programme of £1 million one year term deposits:</u>					
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	
Barclays	364 days	14/06/12	1.52%	1.00	
Lloyds TSB	364 days	25/07/12	2.05%	1.00	9.00
<u>Rolling monthly programme of £1 million six month term deposits:</u>					
Lloyds TSB	182 days	17/02/12	1.42%	1.00	
Barclays	189 days	23/03/12	1.20%	1.00	2.00
<u>Other fixed term deposits:</u>					
Santander	122 days	25/11/11	1.21%	2.00	
Nationwide	215 days	05/12/11	1.09%	1.00	

Santander	148 days	21/12/11	1.28%	2.00	
Nationwide	245 days	01/01/12	1.14%	1.00	
Santander	184 days	26/01/12	1.41%	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	13.50
<b>Total</b>					<b>33.83</b>

**The term deposits shaded grey are those placed in the last two months**

- 2.2 As advised in the previous report, the council suspended its monthly rolling programme of investing £1 million for 364 days. On 11<sup>th</sup> August 2011 the council's treasury advisors, Arlingclose, recommended reducing the maximum maturity limit for new investments from one year to six months. We reviewed and then followed the advice and decided since the previous report the council has applied further limitations on both its eligible counterparties (bodies it deals with) and maximum maturity limits. A summary of recent events is as follows:

Date	Event
7 <sup>th</sup> October	<p>Moody's, one of the three main credit rating agencies completed their review of UK financial institutions. Their review considered the likelihood of UK government support that would be forthcoming should the banks get into financial difficulty. Moody's considered that the government was now less likely to provide support over the medium to long-term. The result was a one-point downgrade to the long-term ratings of both Lloyds TSB and Santander and a two point downgrade to both Royal Bank of Scotland (including Nat West) and Nationwide.</p> <p>The downgrades meant that Royal Bank of Scotland, Nat West and Nationwide all fell below the minimum long term credit rating of A+ specified in the council's 2011-12 Treasury Management Strategy. Because of this Arlingclose recommended withdrawing funds from instant access accounts and suspending these institutions for new investments.</p>
13 <sup>th</sup> October	<p>For the same reason Fitch, another of the main credit rating agencies, downgraded Lloyds TSB, Bank of Scotland, Royal Bank of Scotland and Nat West. It also placed Barclays Bank on Rating Watch Negative. The result of these downgrades meant that Lloyds TSB and Bank of Scotland also fell below the council's minimum credit rating criteria and so were suspended for new investments.</p>
11 <sup>th</sup> November	<p>Due to the continued financial deterioration in the Eurozone, Arlingclose recommended a reduction in the maximum maturity limits for investment counterparties. In terms of the remaining banks on the council's lending list, Arlingclose are now recommending 3 month limits for Barclays and HSBC and a 1 month limit for Santander.</p>

- 2.3 Therefore at the time of writing the only banks that meet the criteria specified in the council's 2011-12 Treasury Management Strategy Statement are as follows:

<u>Bank</u>	<u>Maximum maturity for new investments</u>
HSBC	3 months
Barclays	3 months
Santander	1 month

- 2.4 It should be noted that the recent suspension of the banks and Nationwide has been made to ensure compliance with the council's 2011-12 Treasury Management Strategy Statement (TMSS). Arlingclose do not recommend breaking term deposits and have confirmed that they are otherwise still comfortable with clients investing in the suspended institutions, albeit with a reduced maximum maturity period of one month. Arlingclose have recommended that for the 2012-13 TMSS the minimum acceptable long term credit rating (using Fitch's ratings) should be reduced from A+ as at present to A- (at present the currently suspended institutions have a long-term credit rating of A).

- 2.5 Due to the ongoing economic problems it is now considered possible that the Bank Base Rate will remain at 0.50% for the next few years. Arlingclose have provided the following forecast (issued 31 October 2011) and have advised that their central forecast is for the first change in the Bank Base Rate to be in 2015 or later.

<b>Bank Rate</b>	<b>Dec-11</b>	<b>Mar-12</b>	<b>Jun-12</b>	<b>Sep-12</b>	<b>Dec-12</b>	<b>Mar-13</b>	<b>Jun-13</b>	<b>Sep-13</b>	<b>Dec-13</b>	<b>Mar-14</b>
<b>Upside risk</b>				+0.25	+0.25	+0.25	+0.50	+0.75	+1.00	+1.25
<b>Central case</b>	0.50	050	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Downside risk</b>										

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

<b>Month</b>	<b>Average Invested £m</b>	<b>Average rate of interest earned</b>	<b>Amount of interest earned</b>
April 2011	40.6	1.08%	£36,046
May 2011	47.4	1.15%	£46,099
June 2011	47.0	1.17%	£45,261
July 2011	48.2	1.17%	£47,788
August 2011	48.0	1.23%	£49,707
September 2011	42.6	1.28%	£44,914
October 2011	38.0	1.30%	£42,061
<b>Total</b>			<b>£311,876</b>

- 2.7 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). Interest earned in the first seven months has exceeded budget due to both higher investment balances and higher average interest rates, due principally to the effect on income of maintaining the rolling programme of one year deposits. The reducing number of counterparties, together with the reduction in maturity limits, will impact on the amount of investment income received in the next five months. However,

assuming that in the next five months the council can earn average monthly interest of at least £30,000, investment income should still exceed the budget by at least £200,000.

**3. The Council's Borrowing**

- 3.1 The increased demand for sterling gilts has led to a fall in interest rates with a corresponding fall in the rates offered by the Public Works Loan Board (PWLB).
- 3.2 On 3<sup>rd</sup> November 2011 the council borrowed a further £3 million from the PWLB. The new loan is for a period of 20 years at an interest rate of 3.35%, with £75,000 being repaid to the PWLB every six months. This is an exceptionally low level of interest.
- 3.3 As previously reported, the long-term borrowing budget was set in January 2011 at a time when PWLB rates were steadily increasing. 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%. With actual borrowing rates being much lower than the forecast the borrowing budget should result in a surplus for the year which is analysed below.

	<b>Budget</b>	<b>Forecast</b>	<b>Surplus</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
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 when budget set, most recent forecast £9m due to 2010/11 slippage)			
£7.5m borrowed 14/07/11 at 3.59%	0.40	0.19	0.21
£1.5m borrowed 03/11/11 at 3.35%	-	0.02	(0.02)
Borrowing of £10m to externalise net internal borrowing used in 2008/09 to 2010/11 inclusive:			
£1.5m borrowed 03/11/11 at 3.35%	0.09	0.02	0.07
£5.5m to borrow at say 3.50% or less	0.32	0.07	0.25
(£3.0m balance not required due to 2010/11 slippage in capital programme to 2011/12)	0.17	-	0.17
Provision for refinancing of LOBO loans at a higher rate (Now unlikely that lenders will increase rates)	0.12	-	0.12
<b>Original budget</b>	<b>16.60</b>	<b>15.60</b>	<b>1.00</b>
<b>Agreed budget virement to property disposal costs</b>	<b>(0.05)</b>	<b>-</b>	<b>(0.05)</b>
<b>Budget at the end of October 2011</b>	<b>16.55</b>	<b>-</b>	<b>0.95</b>
<b>Outstanding budget adjustment relating to a reduction in capital financing contributions from directorates</b>	<b>(0.12)</b>	<b>-</b>	<b>(0.12)</b>
<b>Forecast position as at 31 March 2012</b>	<b>16.43</b>	<b>15.60</b>	<b>0.83</b>

- 3.4 PWLB rates will continue to be monitored and, whilst rates are still low, the Chief Financial Officer, on behalf of the Council, may take the opportunity to externalise the balance of £5.5 million internally borrowed in previous years. Depending upon if and when further loans are taken out, the year-end budget surplus relating to borrowing should be in the region of £830,000.

<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>15 DECEMBER 2011</b>
<b>TITLE OF REPORT:</b>	<b>BUDGET UPDATE 2012/13</b>
<b>PORTFOLIO AREA:</b>	<b>CORPORATE SERVICES AND EDUCATION</b>

**CLASSIFICATION:** Open

: Open

### **Wards Affected**

County-wide

### **Purpose**

To provide an updated budget position and indicate the current “gap” as well as confirming the approach being taken to produce a balanced budget.

### **Recommendations**

**THAT Cabinet:**

- (a) **Notes the current position; and**
- (b) **Confirms for budget planning that the 2012/13 Council Tax freeze grant will be used to fund transformation measures.**

### **Key Points Summary**

- The Council will set its council tax on 2<sup>nd</sup> March 2012 based on a balanced budget. It cannot budget for a deficit.
- The analysis of the provisional local government financial information announced last year has confirmed a number of grants have ceased, others have reduced and are now part of the “general” Formula Grant.
- Herefordshire has been affected by a further reduction in funding of at least £5.7m.
- The 2012/13 net Budget total is £141.03m, assuming that the council sets a nil council tax increase.
- A programme of “root and branch” reviews will be undertaken over the medium term to address the funding challenge.

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Further information on the subject of this report is available from  
David Powell, Chief Officer on 01432 383519

## Introduction and Background

1. The provisional local government finance settlement will be announced in December 2011. It is anticipated that if government does not change the grant total announced last year, the settlement will include a reduction in formula grant funding of £5.7m in 2012/13.

## Key Considerations

2. The Leadership Team is reviewing options to close the position.
3. It is proposed that the 2012/13 budget will see the general fund reserve remain at a minimum of 3% of net budget. This means that the general fund reserve equates to at least £4.5m in 2012/13. Current plans do not include using this as a means of balancing the budget.
4. In 2009 Directorates were asked to submit proposals for an anticipated 5% year on year reduction as part of the overall resource allocation framework. This approach used an estimated 15% reduction in government funding over three years that represented a best estimate in 2009. In 2010 it was confirmed that the public finances would be reduced to meet the growing national deficit. As a result the process of preparing for the 2012/13 budget commenced as part of setting the current (2011/12) year's budget. These figures were built into the Medium Term Financial Strategy (MTFS) agreed by full council in early 2011.
5. Given the current settlement only covered two years (2011/12 and 2012/13) detailed financial planning covered this period. However, the settlement was worse in terms of total reduction and phasing and therefore required a further phase that saw Directors work to a further set of principles to help refine the budget proposals. These principles were as follows:
  - Directors to assume that grant reductions and grants that have ceased will not be funded. Their relationship to changes in national government policy will need to be determined and if the case cannot be made that funding delivers a policy requirement then the funding will not be back filled.
  - The outcome of the Star Chamber process saw a level of budget growth request that cannot be funded (and would not have been delivered even in previous years). Growth cannot be supported and directorates must fund these requirements.
  - The additional sums provided for Adult Social Care as part of the settlement and also via Health will be added to the overall control total for Adult Services.
  - Inflation will be applied to budgets. A review of fees as part of the emerging income policy is being undertaken and future level of fees and charges will be adjusted to ensure we eliminate any subsidies. This is a guiding principle of the review.
  - The savings put forward as part of the Star Chamber process will need to be delivered and signed off. Directors will revisit the explanation for any reductions put forward as part of the Star Chamber process so that any decision stands up to any challenge.

## Budget Setting Principles 2012/13

6. The overall approach to setting the 2012/13 budget contains the following principles:
  - a. The council will take advantage of government funding for the equivalent of a 2.5% council tax increase. This totals £2.16m;
  - b. The impact of non pay inflation at 2% is included;
  - c. Prior year capital decisions will be fully funded;



- d. Revenue pressures identified in 2010 are funded;
- e. The Shared Services programme is included in the budget;
- f. Updated Shared Services and Organisational Design savings are included;
- g. An additional £1.48m is included as Herefordshire's funding from central government for Adult Services;
- h. An additional 0.7% of pay is included for the outcome of the actuary's revaluation of the pension fund;
- i. An additional £500k is added to the Waste Reserve;
- j. Replenishment of the reserve used to help smooth the setting of the 2011/12 budget..

### **Council Tax Freeze Grant for 2012/13**

- 7. On 3<sup>rd</sup> October 2011 the Chancellor of the Exchequer announced that the Government will pay a grant to authorities which freeze their council tax for 2012/13. This grant is for one year only.
- 8. By accepting the grant the council will freeze council tax bills for a second successive year. However, a careful approach is needed in order to manage the consequences for council tax and budgets in subsequent years as this will only fund one year of grant payment at 2.5%.
- 9. The grant covers 2012/13 only and is therefore very different from the funding for the 2011/12 council tax freeze where the government has said it will pay the grant for the four years of the spending review.
- 10. The grant on offer covers the equivalent of 2.5% increase in council tax (this equates to £2.16m for Herefordshire Council). The grant for Police and Fire and Rescue Authorities is 3%. The grant does not cover parish and town council precepts.
- 11. Payment to the council will be made by a single amount in March or April 2012 and will be made as soon as the council confirms it will freeze the 2012/13 council tax. For Herefordshire this would follow council tax setting. The grant is not ring fenced and can be used for any purpose. It could also be carried forward if not fully used in 2012/13.
- 12. As indicated accepting the grant rather than increasing council tax by the same amount means losing the "base" effect of a 2.5% council tax increase. Therefore it is proposed, subject to final Council approval, to use the grant as a one off source of funding for transformation in 2012/13. The approach to the use of the funding will be developed as part of the next Budget report to Cabinet but it will be based on supporting transformation to enable sustainable budget reductions to be made, with a particular emphasis on Adult Social Care.

### **Local Government Finance Settlement**

- 13. A key change in last year's local government settlement was that local government has been given flexibility to take decisions locally. Restrictions have been lifted on how local government spends its money by removing "ring fences". The intention is to give councils extra flexibility to make decisions about where savings are found. However, this is subject to the usual rules to ensure that capital funding is used on capital expenditure.
- 14. Last year's local government settlement covered two years unlike CSR10 that covered the

next four years. The shorter time frame is because local government is expected to have the new funding distribution system in place from 2013/14.

15. The number of specific grants has reduced dramatically. The majority of funding is now via the general Formula Grant and this has been subject to a significant reduction of £5.7m. Within the £5.7m reduction it is estimated that £932k relates to specific grants rolled into Formula grant in 2011/12.
16. In December 2010 the Coalition Government outlined plans to provide PCT's with additional funding to support health and social care joint working for 11/12 and 12/13. Both funding streams are transferred via a Section 256 agreement. Joint investment plans are a key element for Herefordshire and led to the following:
  - a) NHS funding to support health and social care. This is aimed at the Council investing in services to benefit health, and to improve overall health gain. These plans should take into account the Joint Strategic Needs Assessment for the local population and the existing commissioning plans for both health and social care. The funding allocation from the Department of Health for 2012/13 is £2,274k.
  - b) Reablement funding to address pressures within the NHS in respect of delayed transfers of care. The allocation is to be used to facilitate seamless care for patients on discharge from hospital and to prevent avoidable readmissions. The funding for both years is £484k.
17. The Council will receive an estimated £1.48m as part of the national allocation for Personal Social Services but this is within the 2012/13 formula grant total of £54.46m. In 2011/12 we received an estimated £1.96m. As in 2011/12 it is proposed that this is passported to Adult Services.

## **Funding Gap 2012/13**

18. As of 28<sup>th</sup> November the funding gap on the financial model was £2.987m. This is after Directorates have delivered £6.1m of savings identified in 2011/12.
19. The gap arises as a consequence of using the £2.2m council tax freeze grant as a one year "transformational fund". The remainder is mainly due to increasing the insurance reserve.
20. In addition the government has indicated there will be a further reduction of grants rolled into the Formula Grant in 2012/13 of £932k. To date £420k of the total has been identified and a methodology is being assessed to recoup the balance.

## Savings proposals

20. Directors framed savings proposals within an agreed set of principles. The following tables provide the summarised information by directorate.

Directorate	2011/12	2012/13	TOTAL
<b>Peoples</b>	4,693	3,500	8,193
<b>Corporate Services</b>	1,577	1,529	3,106
<b>Sustainable Communities</b>	2,200	1,092	3,292
<b>Procurement Savings</b>	1,800	0	1,800
<b>TOTAL</b>	10,270	6,121	16,023

(as of 30<sup>th</sup> December 2010)

21. The £6.121m of savings agreed in early 2011 and built into the medium term financial strategy has been reviewed. Where appropriate Directorates have identified alternative savings to replace items where delivery cannot be assured.
22. The list of savings has been shared with Cabinet and, if not already carried out, Directors need to confirm the position with their Cabinet Members.
23. The remaining gap of £2.987m needs to be closed in order to set a budget and for the estimates to be signed off. Without doing so the Council Tax cannot be set in March.
24. During December work will conclude to close the gap. However, a number of key areas are likely to feature in the proposals. These include scrutiny of budget pressures, income or trading opportunities as well as the proposed root and branch reviews.
25. The aims and approach for the root and branch review will be agreed by Cabinet in January as part of the budget process. The key features are likely to be:
- ensuring that we focus on the priorities for our residents and Herefordshire
  - reshaping services for the future, working with others
  - improving quality and performance
  - reducing our costs still further, providing value for money
  - consultation and engagement with employees, service users and partners

## 2013/14 Onwards

26. The funding position for 2013/14 onwards is much less certain. Currently the government is consulting on a proposal that will see councils retain business rates for their area. This is a significant change to the current arrangements where Herefordshire collects business rates on behalf of the government and receives a formula grant in return.
27. The proposed changes give council some local control and provide an additional incentive to support economic growth. However local changes to collection rates can lead to income fluctuations in any year. Herefordshire gains from the current system and currently gets more funding through the formula grant than it collects in business rates. Herefordshire will need to ensure the “base” position supports the current level of funding if it is to avoid additional

financial pressure.

28. In 2013/14 local government will also see a significant change to Housing and Council Tax benefits. Housing Benefit will become part of the new single universal credit. Council Tax benefit will be funded by a specific grant paid to Unitary and District Councils. The amount paid will be subject to a 10% cut compared with 2012/13 levels of funding. Furthermore, those viewed as “vulnerable” by government regulations will receive a greater proportion of the overall grant than at present.

## Autumn Statement

- 28 The Chancellor’s Autumn Statement on 29<sup>th</sup> November indicated a “cap” on public sector pay rises of 1% over the next two years. The council’s financial plan includes this figure for pay rises so there is no change to our position.

## Key Dates for Delivery

29. The following confirms the key dates leading to Council Tax Setting on 2<sup>nd</sup> March 2012.

16 <sup>th</sup> January 2012	Budget and Medium Term Financial Strategy (MTFS) to Overview and Scrutiny
19 January 2012	Budget and Medium Term Financial Strategy (MTFS) to Cabinet
3 February	Budget and MTFS to Council
16 February 2012	Feedback Council’s comments to Cabinet
2 March 2012	Council Tax setting at Council

## Public Engagement

30. In reaching final decisions on the Medium Term Financial Strategy, Cabinet and Council will have regard to the feedback that we have received from residents, employees and partners about future options.. As part of this process, a series of public engagements events have taken place over the past two weeks at the following locations.

14 November	MORTIMER	Wigmore High
15 November	BROMYARD	Queen Elizabeth Humanities College
16 November	GOLDEN VALLEY	Fairfield High School
17 November	LEOMINSTER	Earl Mortimer College
18 November	WEOBLEY	Weobley Village Hall
21 November	HEREFORD CITY	Whitecross Hereford
22 November	KINGTON	Lady Hawkins’ School
23 November	ROSS ON WYE	John Kyrle High School
24 November	LEDBURY	Burgage Hall
2 December	HEREFORD	Kindle Centre

31. The events covered financial issues, Health priorities, charging options for Adult Social Care Services and also Public Health issues. Over 300 people attended the events and as part of the financial section there was engagement about the broad priorities based on the budget principles agreed by Cabinet. The outcome is being analysed and will be reported to the January meeting along with other feedback received.

## **Legal Implications**

32. 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.
33. 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**

- 5 Collection rates for council tax continue to be good in Herefordshire at 77.97% (to end of November) with a target of 98.75%. This needs to be sustained. The budget also includes a level of known and assumed growth in Council Tax base for 2011/12, 2012/13 and 2013/14. It is still unknown whether the Council Tax Grant awarded for 2011/12 will continue after four years.
- 6 The proposal to allow Local Authorities to retain their business rates could present significant volatility to the Council's funding.
- 7 The current financial climate impacts on our borrowing and investment strategies, which support the revenue budget and capital programmes. We continue to monitor this on a daily basis.

## **Consultees**

- 8 Overview and Scrutiny will consider the draft medium Term Financial Strategy and budget proposals on 16<sup>th</sup> January 2012.



<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>15 DECEMBER 2011</b>
<b>TITLE OF REPORT:</b>	<b>INTEGRATED CORPORATE PERFORMANCE REPORT – TO END OF OCTOBER 2011</b>
<b>PORTFOLIO AREA:</b>	<b>CORPORATE SERVICES AND EDUCATION</b>

**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 seven months of 2011-12.

### **Key Decision**

This is not a Key Decision.

### **Recommendations**

**THAT Cabinet**

- (a) Considers performance to the end of October 2011 and the measures being taken to address areas of under-performance.**

### **Key Points Summary**

- The proportion of performance measures achieving or better than target is 54.4%, compared to 56.5% at the end of August. The biggest variance from the previous report, is the proportion of indicators within the theme of *'Raise standards for children and young people'* currently failing to achieve target. This issue is expanded on in paragraph 13, and remedial action for the relevant indicators explained more fully in Appendix 2b..
- Where comparison with the same period last year is available, 77% of performance measures are showing improvement (58% at the end of August).
- The majority of key projects are being delivered to schedule.
- The nature of indicators selected for the Joint Corporate Plan means that not all have data reported at the same time / frequency. Those that have data available at this point of the year are summarised by priority in paragraphs 7 to 10 below.

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Further information on the subject of this report is available from  
Jenny Lewis, Assistant Director, People, Policy and Partnerships on (01432) 261855

- The Leadership Team has identified a number of priority areas where further cross service and multi-agency work is being undertaken to address current performance issues: repeat incidents of domestic violence; housing adaptations; safeguarding; quality schedule in contracts; and adult social care transformation.
- The overall revenue budget position for the Council at the end of October shows a projected £1.552m overspend. 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.

## 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** exception report for those indicators and projects that are ahead of target; and

**Appendix 2b** 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. The Joint Corporate Plan 2011-14 has 151 performance measures. Because of the nature of the indicators and the lag in data availability, only 57 have been reported on at the time of this report.
6. 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. Work is underway to improve further the presentation of performance information.

### A – Performance against indicators



7. 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. The directorate updates (paragraphs 12-14) and the delivery of the key projects (paragraph 15) provide Cabinet further assurance that appropriate in year actions are being taken to maintain good performance or improve it where necessary.
8. A large range of data is used to assess the quality of services provided and aid decision making. HPS is committed to ensuring that its performance data is both reliable and accurate. Performance against target is broadly similar to last year. More importantly, albeit based on only a relatively few indicators, the direction of travel is significantly better than last year; 77% compared with 24% at the same period last year, and 50% reported at year-end. When considering the direction of travel it needs to be recognised that the majority of performance measures in the JCP have no historic data to allow a judgement to be made, and comparisons with last year are made against a different indicator set.
9. Quick analysis of the figures illustrate a possible issue with our approach to target setting, with a need to consider whether they are merely aspirational, or are they also achievable. There appears to be a particular issue with target achievement within the priority area of 'Raise standards for children and young people', despite there being a positive direction of travel where historical comparison is possible.
10. Performance is monitored against a range of indicators for each of the themes in the Joint Corporate Plan; this is summarised in the next 2 tables and full details are shown in Appendices 2a and 2b for those indicators that are significantly under or over achieving.

		★	●	⚠	▲
Theme	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	5	0	1 20%	1 20%	3 60%
Improve health and social care	16	4 25%	5 31.25%	1 6.25%	6 37.5%
Raise standards for children and young people	13	0	4 30.8%	1 7.7%	8 61.5%
Promote self reliant local communities	10	0	5 50%	1 10%	4 40%
Create a resilient Herefordshire	8	4 50%	3 37.5%	0	1 12.5%
Commission the right services	5	4 80%	1 20%	0	0
<b>Total</b>	<b>57</b>	<b>12</b>	<b>19</b>	<b>4</b>	<b>22</b>

		21.1%	33.3%	7%	38.6%
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	% of indicators improving compared to last year
Create a thriving economy	-
Improve health and social care	3 / 4 75%
Raise standards for children and young people	4 / 4 100%
Promote self reliant local communities	1 / 2 50%
Create a resilient Herefordshire	4 / 6 33%
Commission the right services	5 / 6 83%
Total	17 / 22 77%

### Directorate summary reports on performance

11. The following directorate reports provide a more in-depth overview of performance than the review of indicators and projects in appendices 2a and 2b alone. The directorate reports reflect on performance against the Joint Corporate Plan, but also on other performance issues that may have an impact on delivery of the Joint Corporate Plan. The Leadership Team has identified a number of priority areas where further cross service and multi-agency work is being undertaken to address current performance issues: repeat incidents of domestic violence; housing adaptations; safeguarding; quality schedule in contracts; and adult social care transformation.

### 12. Places and Communities

#### *What has gone well?*

- The 2010/11 outturn for the reoffending rate of prolific and priority offenders was released in September and shows very pleasing performance with convictions reducing to only 62 against a target of 114.
- There is also pleasing progress in the area of street and environmental cleanliness, in which the number of incidents reported, is currently lower than in previous years in all areas. In particular large reductions are being achieved against reported incidents of litter (and other waste issues not recorded as fly-tipping), abandoned vehicles, fly-posting, graffiti, and dog fouling. This shows that the activity being carried out by the Community Protection Team is having a positive influence on behaviours as well as being indicative of a general improvement in street cleanliness.

Examples of projects/schemes currently progressing well are:

- Herefordshire Art Week was completed successfully and all outcomes and targets were

achieved, including visitor numbers of 27,416 (target 20,300). Other highlights include 2,952 visitors attending the exhibition of 43 Hereford Artists work at the Museum and Art Gallery, as well as an increase in visitor numbers of around 70% at the Courtyard as a result of the Talking Clay Exhibition.

- Within Economic Development the rural grants team have now issued the final 2 grants of the Farm Health Grant Scheme, this takes the total to 60 overall, double what was originally anticipated. We have also secured regional growth funding to continue the successful redundant building grants programme.
- In the housing service approximately 28 potential new housing units have been identified. Work is progressing well for the city centre living project; with the first scheme commencing on site and is due to complete summer 2012.
- Work on the delivery of the Localities Strategy, as well as reviews of cultural services delivery also continue to progress well.
- The delivery of the Yazor Brook Flood Alleviation scheme is now set to complete ahead of schedule, at the end of November 2011.
- Planning permission has been successfully achieved for the redevelopment of the old livestock market in Hereford, which will provide a new cinema, department store shops and restaurants.

#### *What has gone not so well?*

- The percentage of repeat domestic abuse cases heard at the Multi Agency Risk Assessment Conference (MARAC) continues to rise. This could clearly have an impact on the children of those involved in the cases. A number of pieces of work are currently underway, which include: a selection of repeat and non-repeat cases are being analysed and a preliminary report will be available for the Domestic Abuse Forum on 1st December; and work to establish possible causes / trigger factors, such as alcohol and financial pressures, that would inform future prevention actions. We will also ensure that children of domestic abuse are cross referenced with child protection processes.
- Progress remains slow with regards to the delivery of affordable homes due to the current economic market, however new enquires are beginning to come forward and negotiations starting to take place. In addition to the number of affordable homes already delivered, work has also commenced on a further 20 properties. Although confirmation is awaited from the Homes and Communities Agency as to the number of affordable homes that are currently underway nationally, an article in last week's Inside Housing reported that the national figure was 454.
- Numbers are also below target in all indicators relating to the adaptation of properties in the private sector, it is clear that the loss of regional housing pot funding and corporate Capital support is having an impact in this area, which were traditionally funded through these routes. Charging has been implemented to seek to raise income levels to subsidise the service but overall job requests and completions remain below historic levels. Alternative routes to funding are being sought as the work of the Handyperson Service directly contributes to prevention strategies and the support of older/vulnerable people to remain living independently. There is a risk that reduced funding for this Handypersons Service will lead to an increased risk of falls and therefore hospital admissions. The Commissioning, Public Health and Housing Services will meet to try to address this risk.

#### *What has been done to rectify these problems?*

- See above for detailed actions against each measure/project.
- In addition 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.

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

*Major Contract/Commissioning Agreements update:*

- From a financial perspective all projected outturns for the major Places & Communities Commissioning agreements are currently in line with what was originally agreed, which is very pleasing.
- In terms of performance all former National Indicator and Corporate Plan targets relating to the waste collection and disposal contracts are being met. With regards to the Amey Contract, a new reporting system has been implemented, which should improve the service to local parishes by working with them to identify defects within their Parishes. All projects and outcomes for the Courtyard are on target for quarter 1.
- Areas of concern include the risks associated with not securing planning permission of the proposed Energy from waste plant in Worcestershire; the planning inquiry for this will take place on the 20th November. Outside of this the Contractors continue to meet or exceed the targets contained within the Waste PFI (and relevant variations) for diversion from Landfill. Another area of concern is the number of people using Halo facilities in the County as this is currently below target; work is taking place to increase joint working between HC and Halo with regards to customer feedback and also marketing in order to further improve the service and increase usage. Usage of gym and swim facilities is currently above target.

### 13. Peoples Services

#### **Commissioning**

*What has gone well?*

- Framework agreement and changes to searching arrangements for fostering and residential provision now in place, leading to reduced costs, better value for money and a wider choice of options for children and young people.
- Relationship with providers improving through the development of commissioning approaches.
- Introduction of care funding calculator for adult services to introduce greater clarity and transparency around costs.
- Integrated work on priority areas of safeguarding:
  - Launch of the joint 16+ service involving social care and housing to tackle homelessness amongst 16 and 17 year olds.
- Ofsted Annual Report judging children's services in Herefordshire as performing well.
- Invest to save foster carer project has exceeded the target approving a further 8 fostering families which will reduce the need for more costly agency placements counter to national profile.
- For the first time since 2007, the educational performance of children with SEN has improved faster than those without SEN.
- Improvement at Foundation stage has moved Herefordshire from near the bottom of the

bottom quartile to approximately 50 out of 103 local authorities.

- The changes to the Music Service commenced in September. It is progressing well. For the first time in some years there are no gaps in the range of instrument tuition requested and provided.
- Shadow Health and Wellbeing Board development and progress on track.
- The target for the number of people stopping smoking has been achieved for the first time since 2008, following the formation of a new network of providers for smoking cessation support, and a wider choice of services.
- Combined action by the police, licensing team and trading standards has led to a fall in hospital admissions of under 18 year olds caused by drinking too much alcohol.

*What has not gone so well?*

- Slow progress with some transformation schemes in Adult Social Care, leading to slower delivery of budget plan.
- Numbers of children with Child Protection Plans and in care continues at previously high levels, which are higher than comparator authorities. This brings significant financial and staffing pressures in a number of organisations.
- Transitions between children and adult services requires focused attention both in strategic planning terms and in the experience that children and young people and their families have.
- Pupil Referral Units are not yet providing 25 hours per week education to 100% of students which means some children are not receiving full time education.
- Childhood immunisation rates are one of the lowest rates in the region. This has implications for the outbreak of infectious diseases.

*What has been done to rectify these problems?*

- Schemes have been re-profiled and additional capacity and skills brought in, in some areas.
- Different schemes have been identified. This remains an area of significant budget challenge for the Council.
- Safeguarding Board has commissioned further analysis to determine why numbers of children with Child Protection Plans is so high and identify multi-agency action to address this.
- The recruitment and retention work in social care continues to ensure the Council has enough high quality social workers.
- Significant cost mitigation action being taken.
- Clear plan in place to achieve 25 hours per week PRU provision and effective performance management in place.
- Public Health team working directly with GP surgeries and the Health Visiting Services. Opportunities for Children's Centres to play a more proactive role are also being investigated.

#### 14. **Corporate Services**

An overview of performance for Finance, Customers and Employees appears in Sections C, D

and E. For other areas of Corporate Services:

*What has gone well?*

- Management of the Trade Union action on the 30<sup>th</sup> November went well with the support of the Resilience Team, Human Resources, Communications and all Service Areas. The planning and co-ordination on the day ensured that people were kept informed and that services ran smoothly. The potential for future industrial action will be monitored, and the learning points from this action will be used in preparation for any future industrial action and for our business continuity plans..
- Work has commenced to scope the approach and identify resources required to ensure the effective management of changes to the employment model. Key changes will include public health transition, PCT disestablishment, s75 secondment arrangements, Hoople wave 2, Cultural Services, Property Services and Regulatory Service Reviews.
- Local Government Boundary Commission have attended meetings with the Member Working Group set up to progress a response to the review of the Council's electoral arrangements, administrative boundaries and structure. Further improvements to Member Support and Information are in train, including piloting a new regular Ward Member Briefing.
- Partnership consultation events were organised for the first time for the 9 locality areas during November; topics covered were: health and well being, clinical commissioning group and budget priorities. These events set the context for a number of key issues and asked high level questions aimed at seeking opinions on a number of principles. The opportunity to discuss the issues and provide feedback was provided in the second part of the event. This approach was developed as part of an ongoing commitment to community involvement and engagement in decisions about future services.
- Annual Accounts have been approved by the Audit and Governance Committee and given an unqualified opinion by the Audit Commission
- Home point service was successfully integrated into Customer Services in October 2011. The service is now provided from Franklin House.
- Successful Herefordshire Autumn Partnership Forum event held on 17<sup>th</sup> October 2011 communicating to wider partners our successes through joint working initiatives whilst linking this to discussions about further improvement opportunities through the locality structures.

*What has not gone so well?*

- A high number of complaints have been received from residents following the receipt of their voter registration form. In previous years the pre ticking of the opt out section of the form carrying forward the electors request to be included in the edited register was permitted. Legislation is quite clear that electors must now make the decision to opt out annually.
- Some residents haven't been able to find planning applications that they have been looking for.

*What has been done to rectify these problems?*

- A help line was set up to explain the reason for the voter registration form change.
- A revised planning application section will go live shortly, which should mitigate some issues.

### *Rising to the Challenge Update*

Rising to the Challenge (RTTC) is 12 months in to a 2 to 3 year programme. RTTC is not just about the current set of projects but also about the ethos of how we progress performance improvement across Herefordshire Public Services (HPS). A review has been undertaken to ensure appropriate resources are focussed on the right priorities to achieve the required transformation and performance improvement.

The review has identified that a significant amount of work is being undertaken across HPS and improvements achieved including; savings through OD1-3, Agresso technical implementation, Customer Organisation with the transferring of specialist staff into the contact centre, for example: reducing the Revenues & Benefits call abandonment rate from 70% to 17% in 3 weeks.

Following the review we have refocused the programme, governance and reporting arrangements to ensure ongoing delivery of the programme. But if we are to meet the significant social and financial challenges ahead, it is clear that we need to undertake a “root and branch” review of everything that we do over the next two years or so.

The aims and approach for the root and branch review will be agreed with the Cabinet early in the New Year as part of the budget process.

### **B – Delivery of projects**

15. The majority of projects are being delivered to plan, although nine are currently reported as being behind schedule. These are listed in Appendix 2b and, where applicable, also referred to in the directorate commentaries in paragraphs 12-14 above.

Of those that are behind schedule, 6 are within the theme of ‘Improve Health Care and Social Care’. Some of the projects within this area, such as delivery of QIPP, CIP and Personalisation are reflected in the Risk Register, although further clarity is required to consider what impact failure to deliver these projects will have achieving the relevant JCP outcomes.

### **C – Finance**

16. As at 31st October 2011 the overall revenue budget position for 2011/12 shows a £1.552m projected overspend. Whilst this is approximately 1% of the council’s £146.3m revenue budget (excluding Dedicated Schools Grant funding), any potential overspend will put pressure on the council’s reserves.
17. The key area of concern continues to be the People’s Services Directorate, with a projected £4.7m overspend. 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.

A detailed report on financial outturn appears elsewhere on today’s agenda.

### **D – Customers** (*Corporate Plan indicators identified in **bold***)

18. **Service Delivery**

**LI.ICT.PI.03 Better Connects annual audit of website**): using the related action plan as a proxy, performance continues to improve as all the possible actions supporting the anticipated audit criteria are achieved. The audit will happen before all of the requisite changes through the Digital Channels project come into effect and so it is likely that the 2011/2012 target will be

missed.

*LI.CS.02 Time taken to answer telephone queries (15 seconds):* Performance in this area has dipped due to some significant staffing shortages. This has been the consequence of sickness and the need to support the customer organisation project. The position will improve as the Customer Organisation Project will deliver a new CRM system at the beginning of December which will relieve some of the pressures.

### **Service Quality**

*LI.ICT.PI.02 % user satisfaction rating from monthly website take-up (85.5%)* services performance was good as users reported satisfaction with the information provided on the council's website. This may be attributed to the impact of the Digital Channels Project which is resulting in content being revised across all service areas.

*LICS4 Overall satisfaction with the service provided (YTD) (85%):* there is strong year on year performance of 90% against target, even though there is a small year on year decrease. This may be the result of the changes being implemented in the service.

### **Service Failure**

*LICS5 Avoidable Contact (20%):* this measure continues to show strong performance of 14.3%. This is due to the ongoing focus on this measure and the continual improvement measures being implemented through the SLA review process. Once issues are identified and rectified the improvements are sustainable and have a cumulative effect. Previous improvements include revision of the content of correspondence - providing more accuracy and changes to processes, making things easier for customers.

## **E – Employees**

19. Sickness absence within the Council and NHS Herefordshire is currently better than target, at 3.31% and 2.51% respectively. Work is underway to bring forward additional key workforce measures for future reports.

## **F – Risks**

20. Further improvements have been made to risk management processes, and key performance risks are described in section **A** above.

## **Community Impact**

21. Delivering the Joint Corporate Plan is central to achieving the positive impact that Herefordshire Public Services wishes to make across Herefordshire and all its communities.

## **Financial Implications**

22. None.

## **Legal Implications**

23. None.



## **Risk Management**

24. 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 management of risks.

## **Consultees**

25. 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 | exception report for those measures and projects that are ahead of target; and   |
| Appendix 2b | exception report for those measures and projects that are behind target  |

## **Background Papers**

26. 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
<b>Theme 1 Create a thriving economy</b>	
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
<b>Theme 2 Improve health care and social care</b>	
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
<b>Theme 3 Raise standards for children and young people</b>	
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
<b>Theme 4 Promote self reliant local communities</b>	
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
<b>Theme 5 Create a resilient Herefordshire</b>	
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
<b>Theme 6 Commission the right services</b>	
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







Key Performance Indicators – Exceptions (Green – 10% or more ahead of target)							
Theme & Measure		Frequency of reporting	Performance (Year to Date)	Do T since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
<b>Improve health and social care</b>							
LI.ICS.002b Comply with Healthcare Acquired Infection targets – number of instances of MRSA	Smaller is better	Monthly	★		31/08/2011	0	2
LI.ICS.004 Reduction in delayed transfers of care	Smaller is better	Monthly	★	↕	31/07/2011	4.37	18.6
LI.PSC.HSC.24 Recommissioning of 3rd Sector	Bigger is better	Quarterly	★		30/09/2011	25	20
LI.PSC.HSC.07 Proportion of people who have had a stroke who spend at least 90% of their time in acute hospital on a stroke unit	Bigger is better	Monthly	★		31/10/2011	92	80
<b>Create a resilient Herefordshire</b>							
LI.SUST.001 Number of Schools taking part in Schools Energy Challenge	Bigger is better	Monthly	★		31/10/2011	12	10
LI.PCIU.002 % of complaints received that are referred to the ombudsman (LA)	Smaller is better	Monthly	★		30/09/2011	2.13	5
LI.PCIU.003 % of complaints received that are referred to the ombudsman (Health)	Smaller is better	Monthly	★		30/09/2011	4.17	5
NI047 Proxy - No. of people killed or seriously injured in road traffic collisions	Smaller is better	Monthly	★	↔	30/09/2011	57	75
LI.CUS.012 The percentage of customer contacts	Smaller	Monthly	★	↕	30/09/2011	15.35	20

Key Performance Indicators – Exceptions (Green – 10% or more ahead of target)							
Theme & Measure		Frequency of reporting	Performance (Year to Date)	Do T since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
with council services that are assessed as being avoidable.	is better						
LI.PCIU.001 Satisfaction with Complaint Handling	Bigger is better	Monthly	★		30/09/2011	100	90
<b>Commission the right services</b>							
LI.HRO.001 Average sickness FTE (Council)	Smaller is better	Monthly	★	↘	30/09/2011	3.31	4.1
LI.HRO.002 Average sickness FTE (PCT)	Smaller is better	Monthly	★	↘	30/10/2011	2.51	3.9



Projects – Exceptions (Green – ahead of schedule)			
Project	Responsible Officer	Latest rating	Due Date
<b>Create a thriving economy</b>			
Delivery of Yazor Brook Flood Alleviation Scheme	Construction Manager	★	31/12/2011
Meet people's potential through Lifelong Learning	Community Learning and Employability Manager	★	31/03/2012
Deliver the Borders Broadband Project	Project Director	★	31/03/2012
<b>Raise standards for children and young people</b>			
Reconfiguration of multi-agency referral and assessment arrangements	Assistant Director, Children and Young People Provider Services	★	31/03/2012
Closing the achievement gap of vulnerable children and young people	Head of Additional Needs	★	31/03/2012
Supporting the development of setting leadership at all levels	Head of Improvement	★	30/09/2011
Strengthening of CAF/assessment of need	Head of Locality Services	★	30/09/2011



Key Performance Indicators – Exceptions (Red and Amber - behind target)						
Theme & Measure	Frequency of reporting	Performance (Year to Date)	DoT since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
<b>Create a thriving economy</b>						
LI.EDEV.002 Hereford City Shop Vacancy rate	Quarterly			30/09/2011	10.4	10
<p><i>Remedial Action: The latest figure is 10.4% this represents a slight increase of 0.88% since July. This increase is mainly around Union Street and West Street, not the City Centre. By comparison, Leominster at last count had ~6% shop vacancies and Ross ~15%. We are working with Retail Groups and Town Councils, where possible, to try to find solutions to reduce the number of empty shops within Herefordshire. We are also looking at the existing retail offer, especially in the Market Towns, and looking at ways in which the towns can market themselves collectively to offer better impact.</i></p> <p><i>In addition to the above we are asking groups/retailers to identify training needs such as customer care, merchandise display etc. and where possible we will look to identify funding and courses to accommodate these.</i></p>						
LI.HWS.PH.02 Proportion of the population aged 40-74 to be offered an NHS Health Check	Quarterly			30/09/2011	0	18
<p><i>Remedial Action: The Service is to be delivered in 3 parts:</i></p> <p><i>Part 1 – invitation and high risk disease register management</i></p> <p><i>Part 2 – assessment and risk communication</i></p> <p><i>Part 3 – referral to lifestyle behaviour change support programmes</i></p> <ul style="list-style-type: none"> <li><i>Health checks service to be provided by 23 out of 24 GP practices</i></li> <li><i>GP LES agreements issued to practices</i></li> </ul> <p><i>Service to commence via a phased approach with 8 practices commencing invitations from 17th October and assessments from 1st November. Remaining practices to commence invitations from 1st November and assessments from mid-November onwards</i></p>						
LI.HWS.PH.03 Proportion of NHS Health Checks offered to individuals living in most deprived areas	Quarterly			30/09/2011	0	16
<ul style="list-style-type: none"> <li><i>Remedial Action: see commentary for LI.HWS.PH.02 above</i></li> </ul>						
LI.HWS.PH.08 Alcohol related admissions	Quarterly			30/06/2011	358.9	328.5

Key Performance Indicators – Exceptions (Red and Amber - behind target)						
Theme & Measure	Frequency of reporting	Performance (Year to Date)	DoT since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
is better						
<i>Remedial Action: A training programme in Identification and Brief Advice (IBA) for patients drinking harmful amounts of alcohol has been completed for selected Wye Valley NHS Trust NHS (WVNHST) staff and this training programme will next be rolled out to GP Practice staff ready for the introduction for a new Locally Enhanced Service (LES) agreement with GP Practices to fund them to provide IBA for their patients.</i>						
<b>Improve health and social care</b>						
xNI132 The percentage of new social care clients aged 18 or over, where the time from first contact with social services to completion of assessment is four weeks or less.	Monthly	▲	▼	31/10/2011	72.8	88
<i>Remedial Action: The seemingly significant decrease in performance is largely due to changes in how FWI now measures and records this indicator, after a data cleansing exercise and a refresh to the reporting processes in the system. With this refreshed information, performance and data quality issues will now be explored via the S75 arrangements with WVT and 2gether.</i>						
VSB18_01 Patients receiving primary dental services, 24mth	Monthly	▲	▼	31/08/2011	96839	109973
<i>Remedial Action:</i>						
LI.ICS.002a Comply with Healthcare Acquired Infection targets - C.diff (number of instances)	Monthly	▲		31/09/2011	63	42
<i>Remedial Action: Following an outbreak in April a robust action plan is reviewed monthly by the Commissioning IPC Nurse and Microbiologist, which is formally monitored by the Clinical Quality Review Forum and reviewed quarterly at the HCAI Forum.</i>						
LI.PSC.FT.01 % OF QIPP savings plan achieved	Quarterly	▲		30/09/2011	93.9	100
<i>Remedial Action: Latest monitoring indicates that the QIPP plan is achieving over 90 per cent of planned projected savings to date. This is a significant improvement from June and indicates mitigation plans put into place are delivering improvements. Initial projections for month 7</i>						

Key Performance Indicators – Exceptions (Red and Amber - behind target)						
Theme & Measure	Frequency of reporting	Performance (Year to Date)	DoT since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
<i>indicate a 97% year-end return.</i>						
LI.PSC.FT.02 % of ASC Cost Improvement Plan achieved	Quarterly	▲		30/09/2011	70	100
<i>Remedial Action: Approximately 70% of projected savings have been achieved to date; some budget schemes are likely to over achieve, i.e. changing and reviews. Remedial action plans are in place to robustly monitor delivery.</i>						
LI.PSC.HSC.10 The number of emergency readmissions as a percentage of all readmissions that are an emergency that occur within 30 days of any previous discharge	Quarterly	●		30/06/2011	18	17
<i>Remedial Action:</i>						
NI130.09 Number of adults, older people and carers receiving social care through a Direct Payment and/or an Individual Budget per 100,000 population aged 18 or over.	Monthly	▲	↓	31/10/2011	14.67	40
<i>Remedial Action: There is a slow improvement, with the roll-out of new process and practices, currently projecting year-end of between 30 to 40 per cent.</i>						
<b>Raise standards for children and young people</b>						
LI.CYP.3101 Number of schools in an Ofsted category	Monthly	▲		30/09/2011	1	0
<i>Remedial Action: St Weonard's Primary School moved out of category in June 2011. St James' CE Primary School remains in an Ofsted category with the latest Ofsted monitoring visit indicating improvements. The number of schools in an Ofsted category of concern has reduced from 6 to 1 over the past year. The revised Ofsted inspection framework which will be introduced in January 2012 will place schools under greater scrutiny. Those below floor standard, in particular, will be at greater risk of failing inspection.</i>						
LI.CYP.3103 Percentage of PRU pupils having 25 hours of provision available	Monthly	▲		31/10/2011	75	100

Key Performance Indicators – Exceptions (Red and Amber - behind target)						
Theme & Measure	Frequency of reporting	Performance (Year to Date)	DoT since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
	better					
<i>Remedial Action: The September figure showed a promising increase. The drop in October is being followed up with the Heads of PRUs.</i>						
LI.CYP.3201 Percentage of initial assessments completed in 10 working days	Monthly	🟡		30/09/2011	73.8	75
<i>Remedial Action: Increase from last reporting period - 52% to the current 73.8 - improvement trend continues.</i>						
LI.CYP.3202 Reduction in the number of contacts and referrals not resulting in social care services	Monthly	🔴		30/09/2011	22.4	30
<i>Remedial Action: Work continues on improved outcomes chosen in Framework to show true reflection of NFA (but improvement on previous reporting period).</i>						
LI.CYP.3203 Reduction in high cost agency placements for LAC	Monthly	🔴		30/09/2011	1.67	3
<i>Remedial Action: Work continues to progress the commissioning of external agency placements. Whilst there has been a recent increase in agency residential, these have been as a result of case transfers from the CNS budget and not new cases. There are plans to reduce the numbers by a further two children by the end of the year. The number of children entering the care system has continued to increase, with 228 in the system at the end of September. This has continued to see the number of children requiring foster care go up.</i>						
LI.CYP.3501 Percentage of CYP supported through CAF and MAGs	Quarterly	🔴		30/09/2011	39	40
<i>Remedial Action:</i>						
NI073 Achievement at level 4 or above in both English and Maths at Key Stage 2 (Threshold)	Annual - 30/9	🔴	🟢	30/09/2011	72.5	79
<i>Remedial Action: Strong improvement on 2010 outcomes and figures now in line with national averages. Work continues to drive up standards</i>						

Key Performance Indicators – Exceptions (Red and Amber - behind target)						
Theme & Measure	Frequency of reporting	Performance (Year to Date)	DoT since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
<i>in literacy and numeracy in primary schools but cuts in national funding of intervention programmes add risk here.</i>						
LI.CYP.3601 Increase the uptake of Healthy Start Vitamins.	Quarterly	▲		30/09/2011	2.5	25
<i>Remedial Action: The re-launch of Healthy Start in Herefordshire using local media and raising awareness with midwives and health visitors has resulted in some improvement in uptake and eight pharmacies are involved. Further work will be undertaken with Early Years integrated support leads to improve uptake by the relatively small number of eligible people in the county.</i>						
NI113i Percentage of the resident population aged 15-24 accepting a test/screen for chlamydia	Monthly	▲		30/09/2011	12.6	35
<i>Remedial Action: Processes are in place to embed Chlamydia screening within mainstream services. These include: within the service specification being developed for school nursing; encouraging opportunistic screening within routine GP consultations; contracting with new providers with experience of working with 15 - 24 year olds.</i>						
<b>Promote self reliant local communities</b>						
LI.SAFE.003 Repeat incidents of domestic abuse cases reviewed at MARAC	Quarterly	▲		30/09/2011	38.5	30
<i>Remedial Action: A selection of repeat and non-repeat cases is being analysed. A preliminary report will be available for the Domestic Abuse Forum on 1st December.</i>						
LI.SCOM.001 Reduce vacancies at Parish Council elections	Annual - 30/6	▲		30/06/2011	3	5
<i>Remedial Action: Only 3% of the targeted 5% reduction in vacancies was achieved in 2011. Work now started to look at ways of increasing contested elections and decreasing the vacancies 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. Examples of current work include the Democracy First project, aimed at improving engagement between parish councils and their communities,</i>						

Key Performance Indicators – Exceptions (Red and Amber - behind target)						
Theme & Measure	Frequency of reporting	Performance (Year to Date)	DoT since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
<i>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</i>						
LI.SCOM.005 Number of additional Parish and Town Councils implementing Participatory Budgeting	Half yearly	▲		30/09/2011	8	10
<i>Remedial Action: Following an invitation through HALC, only 8 parish councils have responded positively. In view of this response, there will be a need to widen the consultation to the general public in line with the Cabinet paper of 28 July. The Chief Financial officer has this in hand.</i>						
LI.HNDE.001 Number of affordable homes delivered	Quarterly	▲	↘	30/09/2011	39	60
<i>Remedial Action: Progress is slow due to the economic climate. New enquiries are beginning to come forward and negotiations starting to take place. A revised target of delivering 90 units is being proposed.</i>						
LI.PSHG.007 Average number of weeks taken to process Disabled Facilities Grant (DFG) applications	Monthly	●		31/10/2011	32.61	32
<i>Remedial Action: During October 4 grants were completed with over 55 weeks each completion time thus meaning year to date outturn is slightly below target.</i>						
<b>Promote self reliant local communities</b>						
NI196 Improved street and environmental cleanliness	Quarterly	▲	↘	30/09/2011	2	1
<i>Remedial Action: Projected grade shown as 2 - effective. On the face of it this may be perceived as disappointing. HOWEVER, within the context of what is happening there is very good news, the 'score' reflects the strange nature of the indicator and the way it weights activity. YTD - 359 incidents compared to 432 is same period 2010/11. This represents a 16.9% decrease and maintains the downward trend seen over the last 3 years. This is excellent news and reflects well on the enforcement and educative work of the Community Protection Team. Reported incidents are responded to in a timely way with the offending waste being cleared quickly. The impact of this work on the environment and on community confidence should not be under-estimated.</i>						



Key Performance Indicators – Exceptions (Red and Amber - behind target)						
Theme & Measure	Frequency of reporting	Performance (Year to Date)	DoT since last year	Date of Judgement	Actual (Year to Date)	Target (Year To Date)
<p><i>The reason the 'score' is predicted at 2 at this point of the year is that there have been less enforcement actions. This is partly the consequence of there being less incidents, and partly the consequence of judgements having to be made on the value of investigations 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. The important point is that context is critical - what is happening on the ground - with a need to look beyond the 'score'.</i></p>						

Projects – Exceptions (Red – behind schedule)			
Project	Responsible Officer	Latest rating	Due Date
<b>Create a thriving economy</b>			
Construction/Delivery of Link Road	Director for Places and Communities	▲	31/12/2014
<i>Remedial Actions: Scope for Link Road CPO currently being determined. Reviewing funding mechanism, line and area of CPO. Receiving legal advice on best approach. Construction of road now not likely to commence until at least October 2012.</i>			
<b>Improve health and social care</b>			
Frail Older People Pathway Implementation	Interim Programme Director: Adult Social Care	▲	31/03/2012
<i>Remedial Actions: Revised Falls specification has been developed. Telecare procurement is underway. Additional resources need to be identified to accelerate pace of delivery on this pathway.</i>			
Review of Reablement	Interim Programme Director: Adult Social Care	▲	31/03/2012
<i>Remedial Actions: Team in place and requires further training. Resources have been identified to take this work forward.</i>			
QIPP Plan	Interim Programme Director: Adult Social Care	▲	31/03/2012
<i>Remedial Actions: Latest monitoring indicates that the QIPP plan is achieving over 90 per cent of planned projected savings to date. This is a significant improvement from June and indicates mitigation plans put into place are delivering improvements. Initial projections for month 7 indicate a 97% year-end return.</i>			
CIP Plan	Interim Programme Director: Adult	▲	31/03/2012

Projects – Exceptions (Red – behind schedule)			
Project	Responsible Officer	Latest rating	Due Date
<i>Remedial Actions: Approximately 70% of projected savings have been achieved to date; some budget schemes are likely to over achieve, i.e. charging and reviews. Remedial action plans are in place to robustly monitor delivery.</i>			
Personalisation	Interim Programme Director: Adult Social Care	▲	30/12/2011
<i>Remedial Actions: Been some delays in implementing the roll-out of updates to FWI and associated training that support the new Personalisation processes. A remedial action plan has been developed, and roll-out of these updates is intended to be achieved by mid December.</i>			
Supporting People into Accommodation	Interim Programme Director: Adult Social Care	▲	31/03/2012
<i>Remedial Actions: Need to bring back residential working age adults back in county. Work progressed to date replacing residential care with supported accommodation. Requirements to use care funding calculator to negotiate with providers.</i>			
<b>Raise standards for children and young people</b>			
Reduction in the prevalence of obesity and overweight children	Assistant Director, Health and Well-being	▲	not set
<i>Remedial Actions: These programmes need to be refreshed within re-designed locality services. The Foundation Years policy statement provides a new focus for this activity. The recently formed Foundation Years Strategy Group will consider these programmes as a clear offer to families in the first phase of life from pregnancy to age 5.</i>			
<b>Promote self reliant local communities</b>			
Increase delivery of affordable housing	Housing Manager (Development)	▲	31/03/2012

Projects – Exceptions (Red – behind schedule)			
Project	Responsible Officer	Latest rating	Due Date
<i>Remedial Actions: Progress remains slow although new schemes are beginning to be negotiated / secured. Nine units were returned back into use during October.</i>			
<b>Create a resilient Herefordshire</b>			
Commission Waste to Energy Plant	Waste Services Manager	▲	31/03/2012
<i>Remedial Actions: Public Enquiry process starts 22 November 2011, to be held at Worcestershire County Offices.</i>			

<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>15 DECEMBER 2011</b>
<b>TITLE OF REPORT:</b>	<b>MANAGEMENT OPTIONS FOR CULTURAL SERVICES</b>
<b>PORTFOLIO AREA:</b>	<b>ENTERPRISE AND CULTURE</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

To outline the short-list of options for the future management and delivery of a range of cultural services.

### **Key Decision**

This is not a Key Decision.

### **Recommendations**

**THAT:**

- (a) **To give delegated authority to the Director for Places and Communities to agree the future management arrangements for cultural services in consultation with the Cabinet Member;**
- (b) **To request the options are considered by Overview and Scrutiny Committee.**

### **Key Points Summary**

- A number of delivery models for Cultural Services have been explored with a short-list of three emerging as most appropriate for the services in question. The short-list has been achieved through gaining an understanding of the services in scope, including working with the Corporate Commercial Team and appraising the linkages between services. The options also take into consideration the other change programmes which are currently taking place or planned within HPS.
- Work has been carried out to identify processes that are common across some or all of the “in scope” services, with an initial analysis suggesting that it may be possible to develop some shared processes and therefore the potential for creating cost and service benefits.
- The assessment to date, including a function analysis of services, consultation with stakeholders,

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Further information on the subject of this report is available from  
Natalia Silver, Project Director on (01432) 260732.

and a workshop with Members, has shaped the set of outcomes that will form the priorities for commissioning services.

## **Alternative Options**

- 1 The alternative option is that the review is deferred for further consideration or discontinued. This will have an impact of meeting the budget saving target of a minimum £150,000 for 2012/13.

## **Reasons for Recommendations**

- 2 The recommendations allow for a detailed dialogue to begin with potential suppliers on the service proposals and the costs models.

## **Introduction and Background**

- 3 It is apparent that nearly all first tier local authorities are reviewing the management and delivery of their cultural services provision. This is out of necessity because of the budget challenges impacting non-statutory services, as well as the changing functions of local government through more of a commissioning framework whilst reflecting the intentions of the Localism Act.
- 4 The investment made by local authorities is spent on delivery of services, but also on development and enabling. "Development" is in terms of quality, but also in a leadership function in driving change and improvement in the cultural sector to create maximum benefit. "Enabling" is supporting communities with advice, funding and facilitation to do things for themselves.

## **Key Considerations**

- 5 The review of Cultural Services has identified the services in scope of the work, the key outcomes they deliver, the commonalities or linkages between them and has assessed a number of delivery options. The full review document is attached at appendix 1.
- 6 The services selected to be in scope of the review are associated with the outcomes listed later in this document. Services in scope are listed below.
- 7 The services in scope of the review are Leisure facilities, Arts facilities, Arts Development, Heritage, Inspire (Cultural Learning), Archives, Archaeology, Libraries (development and delivered services), Sports Development and Physical Activity, Herefordshire Music Service, Countryside, Positive Activities for Young People and Outdoor Education,

### **Outcomes**

- 8 In terms of "global outcomes", the in-scope services are well aligned to the Corporate Plan outcome of achieving "vibrant cultural opportunities" which itself sits within the priority to "promote self reliant local communities". Research carried out on the "value of culture" has shown there to be strong alignment with a number of other Corporate Plan priorities.
- 9 In commissioning individual services, it is important to move from global to service specific set of outcomes. The following outcomes for Cultural Services have been identified as part of the work of the review:
  - To improve skills and knowledge through access to books and knowledge in different forms and formats;

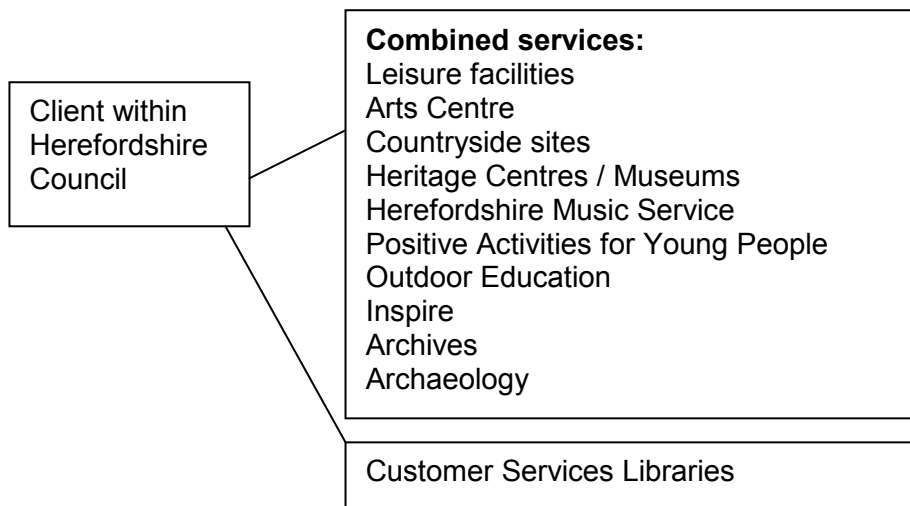
- To make archive and historic collections available to the public;
- To conserve and preserve historic and environmental assets for future generations, including meeting regulatory and environment management of collections;
- To give children and young people experience in culture and leisure as grounding for adulthood;
- To instil creative skills as a benefit to employers considering the changing nature of workforce requirements;
- To contribute to a thriving and diverse economy through tourism and employment in the cultural sector;
- Enable local people to experience national, regional and local creative experiences;
- Increase engagement in the arts to bring communities together, develop skills and experience;
- To provide access and appreciation of the countryside;
- For cost not to be a barrier to opportunities and experiences in the cultural sector;
- To provide access to sport and physical activity where people can improve their health;
- To set future policy to maximise cultural services as a means to achieve corporate aims, delivered through community enablement, commissioning and partnership activity to provide value for money.

### Shortlisted Options

10 Taking into consideration the scoring of the long list of options, the profile of the services and the commonalities between services three shortlisted options have emerged. These are:

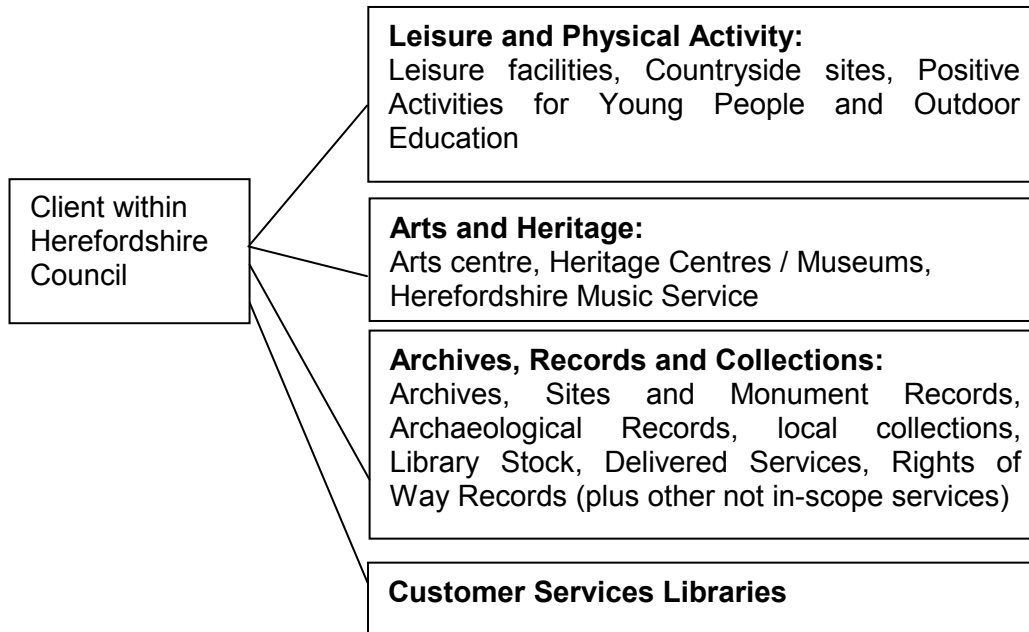
- Option One: Combined Services
- Option Two: Customer segmentation model;
- Option Three: Status quo with improvements.

11 **Option One:** Combined Services



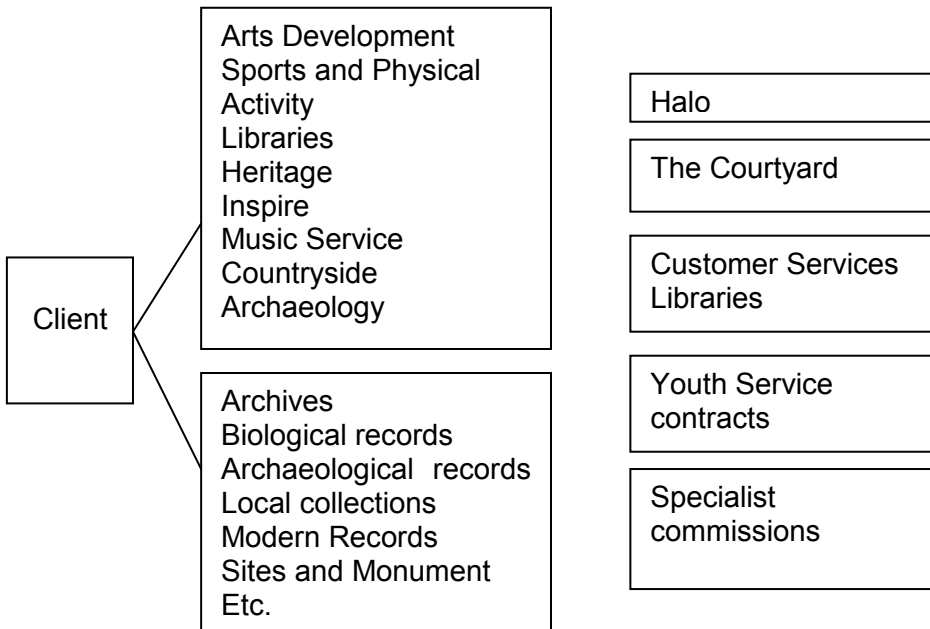
Description: A small client function within the local authority that has the role of commissioning and development. The “delivery” of services would be commissioned through a single external body to manage a group of services. Library delivery through Customer Services would remain as part of the local authority, at least in the short term.

12 **Option 2: Customer Segmentation**



Description: The option builds on an understanding of the customer base for the services, grouping functions that best meet the people who use them and the way they are used. This option is also building on what is already operating in the county and could be seen as a further step in the wider re-engineering of services and functions. The option retains a core commissioning and development team within the local authority, whose role would be to interact with other related departments in HPS and will set the standards and policies for any commissioning.

13 **Option 3: Status Quo Improvements**



Description: The status quo with improvements means retaining majority of services within the local authority but with clear internal commissionary arrangements, along with small contracts to providers to run specialist services. Halo and the Courtyard retains the current remit. There is also the potential of working with neighbouring counties over sharing specialisms.



## Community Impact

- 14 Cultural Services is largely a non-statutory service, therefore the council is not obliged to invest in services. However, there is a strong public and political expectation that the council will do so. Desk research has taken place to understand the value of culture in terms of linking to corporate aims, social and economic value.

Local and national research has shown that Cultural Services can contribute to a range of wider community benefits, these include:

- Promote self-reliant local communities
- Raising standards for children and young people
- Contribute to a thriving economy
- Improve health care and social care outcomes

## Equality and Human Rights

- 15 Each of the three shortlisted options has been subject to an Equality Impact Assessment. These assessments are not showing any clear impact on equality and human rights as the key purpose of the review is to retain and improve the level of front line service. The financial sections outline how savings plan to be made within the shortlisted options.
- 16 The Equality and Human Rights impact on the Youth Review will be considered in a separate cabinet report.

## Financial Implications

- 17 Considering the retention of front line services, the realistic options for reducing the budget therefore are:
- The redirecting of services e.g. a different way of doing things
  - The merger of services e.g. library merger with customer services
  - Reducing the corporate overheads
  - Reducing the staffing complement by bringing functions together
  - Opportunity to raise additional income
  - The overall objective is that there will be a saving of £150,000 generated from the implementation of the review.
- 18 Depending on the option agreed there is potential for financial benefit via from National Non-Domestic Rates (NNDR) which permits councils to grant rate relief to several categories of ratepayers. Also Non-profit distributing bodies operating sports facilities are exempt from VAT on entrance fees for sporting activities and there are some other VAT breaks for voluntary bodies generally.

## Legal Implications

- 19 None at present. Legal advice will be taken in relation to implementing a preferred option as regards any procurement, company formation, charitable status, funding and employment and pension implications.

## Risk Management

- 20 Risk: non-delivery of savings

Mitigation: finance will be reviewed as part of the process

- 21 Risk: non-delivery of time-table  
Mitigation: depending on model chosen will depend on the procurement route
- 22 Risk: impact on level and standard of services  
Mitigation: aim to sustain services, including existing externalised services.
- 23 Risk: reputational as key partners do not agree with shortlisted models  
Mitigation: early negotiations with partners.

## Consultees

- 24 Involvement and consultation to date:
- Workshop sessions with services representatives / managers - 29<sup>th</sup> March and 3<sup>rd</sup> May
  - Reports of HPSLT (Herefordshire Public Services Leadership Team) - 5<sup>th</sup> July and 11<sup>th</sup> October
  - Briefing note to council members and stakeholders – August and September
  - Comments and questionnaires on proposed changes in management - responses from 19 organisations during September and October
  - Function Analysis workshop with individual services – 27<sup>th</sup> and 29<sup>th</sup> September
  - Session on cultural Services for all members – 26<sup>th</sup> October
  - Meetings with regional bodies
- 25 Following Cabinet Committee a consultation document will be produced outlining the 3 shortlisted models, which will aid the final decision making process. The models will also be presented to Overview and Scrutiny Committee on 16<sup>th</sup> January 2012.

## Appendices

- 26 Appendix One – Review document
- Annexe One - Delivery Options
  - Annexe Two - Financial profile

## Background Papers

- Service profiles and value to the community.

## Options for Cultural Services - Review Document

### Aim of the Review

The aim of the review is based on four considerations. These are:

- **Better Services** – opportunity to use cultural services to create better outcomes for people through links with health and well being, learning and economic development.
- **Community** – a co-ordinated approach to cultural services that supports third sector sustainability
- **Commissioning** – develop services through commissioning that meets the council's corporate objectives
- **Financial** – ability to make savings, share resources and maximise income

### Outline of Services in Scope

The services selected to be in scope are linked through the deliver of “cultural services” and associated with the outcomes listed later in this document. Services in scope are listed below.

- Leisure facilities - this is primarily the Halo facilities.
- Arts facilities – the commission to the Courtyard
- Arts Development
- Heritage
- Inspire (Cultural Learning)
- Archives
- Archaeology
- Libraries (development and delivered services)
- Sports Development and Physical Activity
- Herefordshire Music Service
- Countryside
- Positive Activities for Young People
- Outdoor Education

Most of the services are currently with the Places and Communities Directorate, though the Schools Music Service, Outdoor Education and Positive Activities for Young People are within the People's Directorate.

The commission to Halo and the Courtyard are also in scope. The local authority outsourced the delivery of the Courtyard to a designated trust in 1999 to run the then newly built arts centre in Hereford; whilst Halo was established in 2001, again as a designated trust. Both receive funding through a service level agreement which is based on achieving the corporate aims of the Council and have extended their “core” remit over time to meet health and well being agendas.

The table below sets out the total number of services users access the directly provided or commissioned services.

Service	Out turn 2010-11	Notes or explanation
Halo	1,404,597	Total number of visits to Halo sites
Kington/ Wigmore Leisure Centres	27,500	Total no visits to Lady Hawkins Leisure Centre, Kington
	9,500	Total no of visits to Mortimer Leisure Centre, Wigmore
The Courtyard	78,789	Total known attendance for paying customers
	200,000	Total estimated attendance for paid and unpaid activities
Heritage	132,737	Total number of visits to Council owned heritage centre sites
Archives	3902	Total visits to Records Office
	672	Attendance at talks
	883	Attendance at exhibitions and events
Libraries	700,312	Total no of visits to libraries
	209	Home Delivery Service (from January 2012)
	31	Nursing Homes visited.
Learning Team	13,848	Includes attendance by adult and children at events, reading groups and school visits.
Herefordshire Music Service	2,500 pupils pw	Individual and paired instrumental lessons (for 32 weeks)
	850 pupils pw	Wider Opportunities/whole class instrumental lessons (for 32 weeks)
	325 pupils pw	Music Centre bands and orchestras (for 19 weeks)
	576 pupils	SingUp/Vocal (3 sessions)
	Approx 750 pupils	Other projects/residential course etc.
Youth Service	3,411	No of 13-19 year olds in contact with youth service
	533	No of 13-19 year olds contact through 3 <sup>rd</sup> sector contract
	1,129	Accessed outdoor education services through Duke of Edinburgh's award scheme.
Arts Development Service	103,188	Consists of h.Art / Craft Fair visitors, artists taking part in arts markets, those receiving training and audience/participant figures from our 10 commissioned arts organisations.

## Role of Cultural Services

The public sector subsidy of cultural services supports a wider range of core functions:

**Economy** –attractions and events are key to the county's tourism offer; employment in the sector; promotion and events; support for the creative industry sector and other business / employment opportunities.

**Health and well being** – strong links with sport and wider physical activity (e.g. play, walking); mental health through arts, reading and access to the countryside; creating opportunity for social integration including cross generations; social care activity e.g. heritage projects involving older people.

**Community** – access to services including mobile museum, arts and sports outreach, book clubs, as

well as targeted home delivery services (libraries); creating social networks through events; support for local groups to run their own activities; supporting cultural diversity.

**Children and Young People** - book start programme; support for the school curriculum through mobile library, heritage, arts and library programmes; targeted work with young people who are vulnerable or excluded; outdoor education; creating a “creatively” minded workforce.

**Environment** – protection of the natural and historic environment; access to the countryside, play areas and parks.

**Holders of the corporate assets** – historic collections in trust of the local authority, primarily within the Record Office, the collections of Heritage Services and countywide records in the care of the Archaeology Service.

**Reputation** - quality of life in an area measured by its cultural offer; business relocation based on leisure and recreation availability.

## Outcomes

In terms of “global outcomes”, the in-scope services are well aligned to the Corporate Plan outcome of achieving “vibrant cultural opportunities” which itself sits within the priority to “promote self reliant local communities”. Also, research carried out on the “value of culture” has shown there to be strong alignment with a number of other Corporate Plan priorities.

In commissioning individual services, it is necessary to move from global to service specific set of outcomes. The following outcomes were generated as part of the work of the review:

- To improve skills and knowledge through access to books and knowledge in different forms and formats.
- To make archive and historic collections available to the public.
- To conserve and preserve historic and environmental assets for future generations, including meeting regulatory and environment management of collections.
- To give children and young people experience in culture and leisure as grounding for adulthood.
- To instil creative skills as a benefit to employers considering the changing nature of workforce requirements.
- To contribute to a thriving and diverse economy through tourism and employment in the cultural sector.
- Enable local people to experience national, regional and local creative experiences.
- Increase engagement in the arts to bring communities together, develop skills and experience.
- To provide access and appreciation of the countryside.
- For cost not to be a barrier to opportunities and experiences in the cultural sector.
- To provide access to sport and physical activity where people can improve their health.
- To set future policy to maximise cultural services as a means to achieve corporate aims, delivered through community enablement, commissioning and partnership activity to provide value for money.

## Consideration of Future Options

In considering the future delivery arrangement for services a number of commonalities have emerged. These are based on services sharing the same processes, target groups, or purpose. These have been considered to explore how services can be brought together to create efficiencies or a more co-ordinated approach for users. These can be “overlaid” to understand how service functions can be grouped were appropriate.

These can be summarised by:

**Process** – the way in which services share key areas of work. These are primarily based on customer engagement and partnerships; marketing and promotion; asset management (e.g. collections); enabling and advising; policy and development; building and management. (These are listed in terms of the most common being first).

**Core functions** – this divide is between strategic / development and direct delivery of activity. Whilst Halo and the Courtyard firmly correspond with direct delivery, a number of the internal services had a role in both divisions.

**Specialism** – this primarily looked at specialisms and to some degree how services are accessed. Three strong areas emerged as Arts, Heritage and Sport / Physical Activity.

**By Customer** – understanding shared customer interests and type. This uses as a starting point the customer / user interest and where there can be opportunity for shared experience and audiences.

The analysis of services needs to be considered next to the delivery options. Based on desk research and discussions in other counties the following long-list of options has emerged in the delivery of services.

#### **Retained within the local authority**

Though a number of authorities seem to be looking at externalisation of cultural services, there is still an option to retain services in-house. This would require a split between the delivery and commissioning.

#### **Collaboration with other local authorities**

The merger of services across authorities has been explored in a number of studies, primarily considering the library service. Work commissioned to Black Radley showed only a minimum financial benefit of authorities coming together for joint management; and this was also explored more locally through the Future Libraries Programme (Herefordshire and Shropshire) which estimated a saving of no more than 3%.

#### **Single and multi charitable trusts**

There are several formats of charitable trust though the most frequently operated by the cultural sector is charitable trust combined with company limited by guarantee. The combined trust and company is owned by members and controlled by directors / trustees usually recruited from the local area. It operates as a legal entity with full financial and contractual capabilities, subject to dual regulation by the Charities Commission and Companies House. Both Halo and the Courtyard are run this way.

Though most trusts operate based on specialisms (e.g. leisure) in some areas a “super-trust” manages a group of cultural services. This has the advantage of a strongly co-ordinated sector, but some of the subtleties of specialist markets, interests and identities could be lost.

#### **Private company /social enterprise**

The private sector is increasingly interested in the managing of cultural services. However, this is usually based on volume and being able to maximise income. Primarily this is within leisure centres, but the private sector has expressed an interest in running libraries. There is also potential for the services to set up as their own private companies and social enterprise – possibly created through a staff mutual. This could be especially relevant for traded services, though the scale of these companies could impact on sustainability unless linked to larger enterprises or companies.

### Joint venture company or partnership

As a formal arrangement the service could follow the Amey model operated in the county. Amey is a private sector provider but very much wedded to the Council in the delivery of corporate aims and programmes. There is an agreement to share any surplus.

In Annex 1 these options have been scored based on meeting the aims of the review, and financial viability. In summary these “tests” are:

- Achieve outcomes
- Create savings required
- Create long term savings and income generation
- Achievable management costs by the local authority
- Long term stability
- Retain influence and control
- Involves communities in governance
- Easy and cost efficient to implement
- Builds on current arrangements

### Shortlisted Options

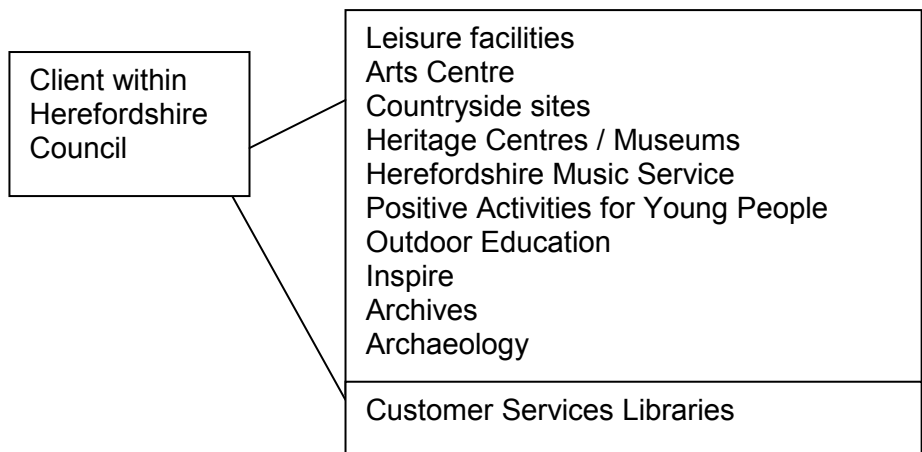
Taking into consideration the scoring of the long list of options, the profile of the services and the commonalities between services three shortlisted options have emerged. These are:

Option One: Combined Services

Option Two: Customer segmentation model

Option Three: Status quo with improvements

#### Option One: Combined Services



Development and  
Commissioning

Delivery and  
operational

**Description:** To retain a small client function within the local authority that has the role of commissioning and development. The “delivery” of services would be commissioned to an external body to manage a group of services. It is likely this would be a charitable trust as this is a common model used to deliver cultural services, there could be private sector interest with the scale of services involved (subsidy value of approx £5m – although the private sector would probably require something more guaranteed than a subsidy). The organisation would be Herefordshire based, but with the potential to work across county boundaries.

The in-house commissioning and development team would set policy that the “delivery” organisation would fulfil. The delivery organisation would operate on an enterprise model to generate income and seek other contracts.

Library delivery through Customer Services would remain as part of the local authority, or at least in the short term.

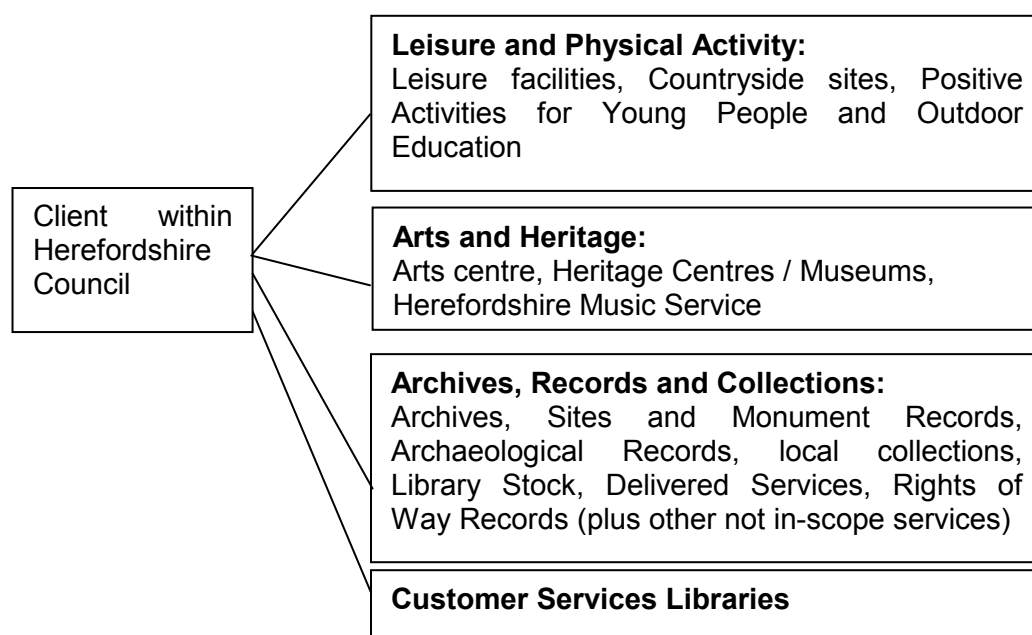
**Advantages**

- Larger economies of scale would be achievable through the single trust model
- There would be a single relationship with an external organisation to deliver a range of cultural services which may be easier to manage and less resource intensive
- There is potential to improve marketing / profile in the co-ordination of services which could create opportunities to generate income
- Back office functions can be shared, saving resources
- Potential for NNDR savings (see finance section)

**Disadvantages**

- Does not build on current outsourcing arrangements, having to start again on procurement which would take time and contain an opportunity cost (approx £70,000-£100,000) which would need to be balanced with the level of reward e.g. level of savings.
- The functions of a number of specialisms of services in scope have little in common
- The single trust model places the risk of failure on one organisation
- That single trust model may give favour to services that earn income

**Option 2: Customer Segmentation**



Development and Commissioning

Delivery and operational



**Description** - The option builds on an understanding of the customer base for the services, grouping functions that best meet the people who use them and the way they are used. This option is also building on what is already operating in the county and could be seen as a further step in the wider re-engineering of services and functions.

The option retains a core commissioning and development team within the local authority, whose role would be to interact with other related departments in HPS and will set the standards and policies for any commissioning. This team will also drive development programmes and support community enablement e.g. set up of community libraries.

The commissioned functions would be the deliverers of services, with direct interface with their users. This is to reflect how people use specific services and which people use services. The work of the commissioned organisations/services are largely based on customer access to the built assets, whilst the in-house services will direct targeted work in the community.

The model would allow for the establishment of a single Archives, Records and Collections service. In relation to the services in scope this would include archives, sites and monument records, historic collections, archaeological records, local collections (from libraries) potentially library stock management - other records functions within the authority could also be part of the service. The service would be run by the local authority because of the sensitive nature of some of the material and the collection standards mandated to councils. However, they could move to an external commissioned organisation once established to benefit from NNDR savings if available.

The commission of Leisure and Physical Activity would include the Halo remit, countryside rangers and implementation, outdoor education, and positive activities for young people. This grouping reflects the activity based approach which will have shared audiences linked closely to health. The positive activities for young people would primarily be linked this segment, with relationships with community groups and other providers.

Arts and Heritage would bring together the Courtyard, the front end delivery of the museums and heritage centres and the Music Service. Whilst the Courtyard and museum / heritage centre visits share common audiences, the Herefordshire Music Service is targeted primarily at schools. However, with the national guidance to create Music Hubs there is a benefit of being linked to wider arts and music delivery.

As regards Archaeology, only the records element and related projects would be part of the model, with the rest of the services retained within the Strategic Planning and Regeneration service.

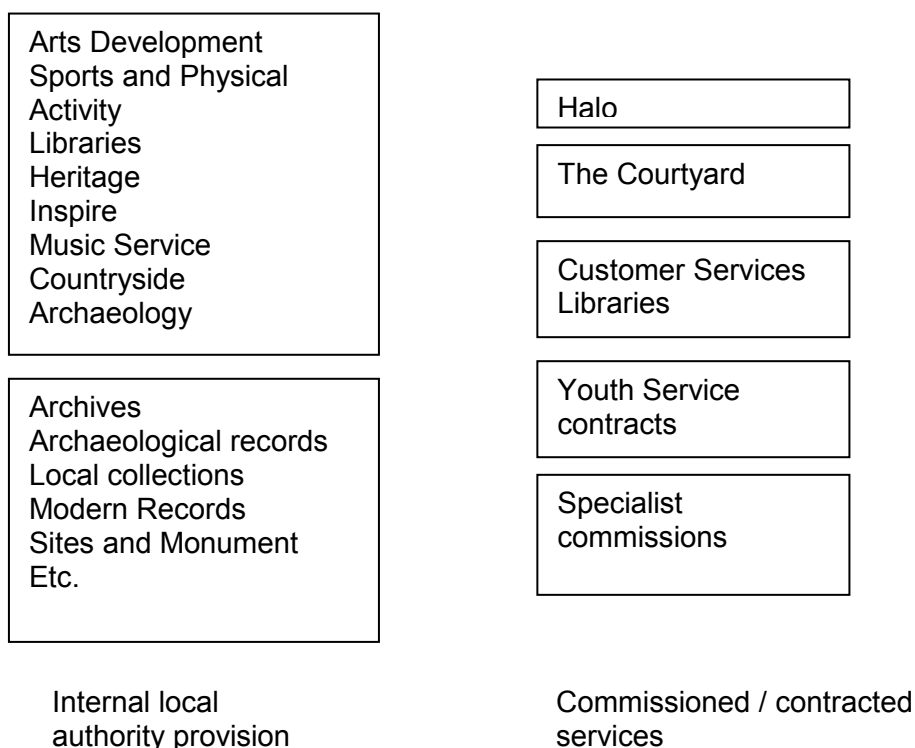
### **Advantages**

- Recognises and retains specialisms which will possibly improve the quality of service
- Reflects customer profiles with opportunity for better co-ordination of services
- Retains some of the current arrangements, therefore not costly to implement or manage
- Commercial opportunities for income generation to make the services sustainable
- Retains care and management of key historic assets within a more co-ordinated approach

### **Disadvantages**

- Resource needed to manage the relationship between client and commissioner could mitigate savings
- Relationship between services specifically care of collection and access / display of collections
- Does not present economies of scale as in option one.

### Option 3: Status Quo Improvements



**Description** - The status quo with improvements means retaining majority of services within the local authority under the Places and Communities Directorate. Though currently in two different divisions they can be brought together to create overhead savings. Also, some services can proceed with a procurement route (specifically Outdoor Education and Positive Activities) with other services generating more income and in becoming traded services. This would mean Halo and the Courtyard retains the current remit with a refresh of commissioning agreements to reflect outcomes and priorities.

This could be a “step-approach” model, where individual services are commissioned overtime using various routes and mechanisms, including smaller trust/social enterprises/businesses to deliver specialist services. There is also the potential of working with neighbouring counties over sharing specialisms - this has been explored with Shropshire relating to the Futures Library Programme and heritage collections requirements.

#### Advantages

- Easier to implement, with each service having to find an additional 10% savings
- Retains specialisms of services either in the local authority or already commissioned services
- Can create a co-ordinated service under one division, though not co-ordinated with existing outsourced services

#### Disadvantages

- Does not provide answer to sustainability of services in the longer term
- Does not focus on customer usage as a starting point
- Limited drivers for change
- Having a number of smaller external contracts has a management / monitoring implication.

## Financial Implications

Annex 2 contains a current overall budget for the services in scope. The budget is split between cost centres as an illustration of the allocation of spend.

Savings already planned for 2012/13, with an additional £150,000 target through the options for cultural services.

Service	Planned 2012/13 £
Halo	105,000
The Courtyard	32,000
Youth Service	191,000
Countryside Service	50,000

As a result of front of house library service merging with customer services £170,000 saving is to be achieved over a full year period starting in December 2012, which includes £98,000 existing library services savings.

Herefordshire has previously externalised cultural services (namely leisure facilities to Halo and arts centre to the Courtyard). These services have the capacity of generating a high proportion of income beyond the council's commission because of the income opportunities of ticket sales, entrance fees, venue hire, etc. This is not so much the case with the remaining services, whilst there is potential to strive for greater income there is less opportunity to do so (local authority contribution represents 19% income for the Courtyard and 14.8% for Halo).

Whilst the front line delivery of services are to be retained, there could be a change in the way services are delivered and how they are managed. Retaining standards and use will be measured through any new commissioning arrangements.

Considering the retention of front line services, the realistic options for reducing the budget therefore are:

- The redirecting of services e.g. a different way of doing things
- The merger of services e.g. library merger with customer services
- Reducing the corporate overheads
- Reducing the staffing complement by bringing functions together
- Opportunity to raise additional income
- Or a combination of some or all

As regards National Non-Domestic Rates (NNDR) the Local Government Finance Act 1988 permits councils to grant rate relief to several categories of ratepayers. These include charities, including Halo and the Courtyard. Charities can apply for 80% relief off their premises rates. Of that 80%, 85% is found from a Government pool and the rest covered by the local authority. The rates are based on the location and the size of the property so will vary – the list below gives the potential savings if NNDR was applied to all cultural services buildings (including libraries).

However, from 2013 the local collection / management of rates could mean that Herefordshire Council will have to provide all of the Mandatory Relief, and therefore not a saving to the local

authority. It is likely there will be some national funded compensation to cover the mandatory requirement, but that will not be known until details of the local collection are confirmed.

<b>Facilities:</b>	<b>NDR saving £</b>
Ross Heritage Centre and TIC	3,105
Ledbury Heritage Centre	3,353
Old House Museum	5,705
Heritage Recourse and Learning Centre	36,763
The Records Office	26,526
Canoe Centre	1,126
<b>Libraries:</b>	
Bromyard	4,179
Hereford	24,970
Kington	4,386
Ledbury	4,055
Leominster	21,528
Ross	20,685
Colwall	2,445
Weobley	1,304

Non-profit distributing bodies operating sports facilities are exempt from VAT on entrance fees for sporting activities and there are some other VAT breaks for voluntary bodies generally.

**Annex:**

- 1 Delivery Options
- 2 Financial Profile

# Annex 1 Delivery Options

**Retained within the local authority**  
 Services retained with in house with some change of structures.

	Not achievable "0" score	Limited achievability "1" score	Partly achievable "2" score	Achievable "3" score	Achievable to high degree "4" score
Achieve outcomes				●	
Create savings required without impacting on services	●				
Create long term savings and income generation	●				
Achievable management costs by the local authority				●	
Long term stability		●			
Local authority retain influence and control					●
Involves communities in governance			●		
Easy and cost efficient to implement					●
Builds on current arrangements					●

Score: 21

# Annex 1 Delivery Options

**Collaboration with other local authorities**  
Bring services together between local authorities focusing on specialisms.

	Not achievable "0" score	Limited achievability "1" score	Partly achievable "2" score	Achievable "3" score	Achievable to high degree "4" score
Achieve outcomes				●	
Create savings required without impacting on services		●			
Create long term savings and income generation		●			
Achievable management costs by the local authority		●			
Long term stability		●			
Local authority retain influence and control				●	
Involves communities in governance			●		
Easy and cost efficient to implement			●		
Builds on current arrangements			●		

Score: 16

# Annex 1 Delivery Options

## Single Charitable Trusts

One charitable trust combined with company limited by guarantee.

	Not achievable "0" score	Limited achievability "1" score	Partly achievable "2" score	Achievable "3" score	Achievable to high degree "4" score
Achieve outcomes				●	
Create savings required without impacting on services					●
Create long term savings and income generation					●
Achievable management costs by the local authority				●	
Long term stability				●	
Local authority retain influence and control			●		
Involves communities in governance			●		
Easy and cost efficient to implement	●				
Builds on current arrangements	●				

Score: 21

# Annex 1 Delivery Options

## Multi Charitable Trusts

Several charitable trusts combined with company limited by guarantee based on specialisms.

	Not achievable "0" score	Limited achievability "1" score	Partly achievable "2" score	Achievable "3" score	Achievable to high degree "4" score
Achieve outcomes				●	
Create savings required without impacting on services					●
Create long term savings and income generation					●
Achievable management costs by the local authority			●		
Long term stability		●			
Local authority retain influence and control			●		
Involves communities in governance				●	
Easy and cost efficient to implement			●		
Builds on current arrangements			●		

Score: 23



# Annex 1 Delivery Options

**Private company /social enterprise**  
Single private sector / social enterprise provider.

	Not achievable "0" score	Limited achievability "1" score	Partly achievable "2" score	Achievable "3" score	Achievable to high degree "4" score
Achieve outcomes				●	
Create savings required without impacting on services					●
Create long term savings and income generation					●
Achievable management costs by the local authority				●	
Long term stability				●	
Local authority retain influence and control		●			
Involves communities in governance	●				
Easy and cost efficient to implement		●			
Builds on current arrangements	●				

Score: 19

# Annex 1 Delivery Options

## Joint Venture Company or partnership

Collaborative arrangement with private sector provider or other on shared asset.

	Not achievable "0" score	Limited achievability "1" score	Partly achievable "2" score	Achievable "3" score	Achievable to high degree "4" score
Achieve outcomes				●	
Create savings required without impacting on services					●
Create long term savings and income generation					●
Achievable management costs by the local authority				●	
Long term stability				●	
Local authority retain influence and control				●	
Involves communities in governance	●				
Easy and cost efficient to implement		●			
Builds on current arrangements	●				

Score: 21

Service Area	Budgeted Expenditure 2011/12					Budgeted Income 2011/12		2010/11	
	Employee £000	Transport services and premises £000	payments Man fees £000	Financing charge £000	Total expenditure £000	Total income £000	2011/12 service budget	Central services recharged £000	Total service division £000
Halo	476	120	979		1,575	0	1,575	4	1,579
Leisure Centres	52	34	7		93	0	93		93
The Courtyard		54	294		348	0	348	1	349
Arts Development	128	1	241		370	-142	228	70	298
Heritage	379	8	42	5	526	-29	497	169	666
Archives	308	2	20	61	391	-12	379	87	466
Archaeology	353	5	3		361	-159	202	41	243
Libraries	680	66	303	239	1,288	-126	1,162	772	1,934
Customer services Library trf	392		19		411		411		411
Learning team	168	19	17		204	-72	132		132
Sports Development	124	7	40	3	174	-1	173	86	259
Countryside exc MAC	508	23	85	2	663	-125	538	119	657
School Music Service	846		62	24	961	-961	0		0
Youth Service	748	26	63	113	1,031	-75	956	356	1,312
	<b>4,414</b>	<b>131</b>	<b>847</b>	<b>703</b>	<b>7,365</b>	<b>-1,627</b>	<b>5,738</b>	<b>1,351</b>	<b>7,089</b>

**Note:**  
In total £490,470 will be transferred to customer services for library delivery  
Subsidy for the Schools Music Services will be £260,000 from external sources

<b>Service Area</b>	<b>Savings 2009/10 £000</b>	<b>Savings 20010/11 £000</b>	<b>Savings 2011/12 £000</b>	<b>planned 2012/13 £000</b>
<b>Halo</b>		53	53	105
<b>Leisure Centres</b>				
<b>The Courtyard</b>		16	16	32
<b>Arts Development</b>				
<b>Heritage</b>				
<b>Archives</b>				
<b>Archeology</b>				
<b>Libraries</b>			102	
<b>Customer services Library trf</b>			98	
<b>Learning team</b>				
<b>Sports Development</b>			26	
<b>Countryside exc MAC</b>			50	50
<b>School Music Service</b>				
<b>Youth Service</b>			125	
<b>Cultural services review</b>				200
	<u>0</u>	<u>69</u>	<u>470</u>	<u>387</u>

<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>15 DECEMBER 2011</b>
<b>TITLE OF REPORT:</b>	<b>THE YOUTH SERVICE REVIEW</b>
<b>PORTFOLIO AREA:</b>	<b>HEALTH &amp; WELLBEING</b>

**CLASSIFICATION:** Open

### **Wards Affected**

County-wide

### **Purpose**

A review of the Herefordshire Youth Service was commissioned following the budget setting process undertaken in February 2011. The purpose of the review was to:

- identify ways in which the vision for young people's services could be achieved.
- address how youth work could be directed more toward targeted intervention, and ensuring the needs of the most vulnerable are met, utilising youth work skills.
- establish how communities and the voluntary sector could be better engaged in improving universal provision, and making it more locally relevant and available.
- identify how reductions to the current youth service budget could be achieved.

The purpose of this report is for Cabinet to be advised on the current stage of the review and to seek agreement on a preferred model for the future delivery of youth service functions in Herefordshire.

### **Key Decision**

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

It was included in the Forward Plan.

### **Recommendations**

**THAT: Cabinet are asked to approve:**

**(a) The Policy Position set out in below under 'HPS Vision' and in *Appendix 1***

**(b) Targeted Youth Support Services for the most vulnerable young people in the county are prioritised for funding and are likely to be delivered in the future both directly by the Council and third sector partners**

- (c) **Positive activities for young people, which can be accessed by all will be delivered through a community engagement route, with local areas having access to Council funding on a formula basis according to numbers of young people and the level of deprivation in the locality. This funding to be used in connection with other partnership resources which may be available in the locality.**
- (d) **Outdoor Education services as set out in paragraphs 46-55 to be subject to market testing to determine whether they are commercially viable with no public subsidy.**
- (e) **That a further report incorporating the outcomes of the public consultation is brought to Cabinet in June 2012.**

## Key Points Summary

- A review of the Herefordshire Youth Service was commissioned following the budget setting process undertaken in February 2011. The purpose of the review was to:
  - Identify ways in which the vision for young people's services could be achieved.
  - Address how youth work could be directed more toward targeted intervention, and ensuring the needs of the most vulnerable are met, utilising youth work skills.
  - Establish how communities and the voluntary sector could be better engaged in improving universal provision, and making it more locally relevant and available.
  - Identify how reductions to the current youth service budget could be achieved.
- The review was conducted using 8 guiding principles (*Appendix 1*).
- The HPS vision for children & young people is that they grow up healthy, happy and safe with supportive families and carers, and have the best education and opportunities. To achieve this vision young people should have opportunities to be active in their communities, to be engaged in positive activities and to be supported by the community and wider support services when required. Communities should be involved in bringing up young people.
- The youth service currently delivers five service functions:
  - **Youth Involvement**
  - **Student Information Services (SIS).**
  - **Targeted Youth Support (TYS)**
  - **Outdoor Education**
  - **Positive Activities.**
- This report proposes changes to the two aspects of Outdoor Education and Positive Activities, proposes funding considerations for Targeted Youth Support.
- An analysis of Third Sector youth provision and its capacity to take responsibility for delivering more countywide services concludes that this is an area which needs more development. Recent commissioning and procurement processes for youth activities revealed an understandable lack of experience and therefore limited ability to bid for services across the county in third sector organisations. There are great strengths in some areas, with some excellent local services delivered by some third sector organisations which can be built upon.

- There is also a need to consult with parish and town councils and schools over the extent to which they are able to develop their role in relation to positive activities for young people. This should be achieved through further consultation. A further report will be submitted to Cabinet following the consultation; this should be available for the June meeting allowing for 12 weeks consultation, collation of results and report writing and the circulation time of Cabinet reports.

## **Alternative Options**

### **Positive Activities**

#### **Maintaining the current Positive Activities Status Quo**

1. This would entail providing current activities from within HPS as currently happens, maintaining current building stock (within the parameters of the corporate asset review) but reducing the budget in line with the required level of reduction.
2. The necessary budget reduction of 20% (£105,874) would result in the structure of the service being unsustainable causing overstretch and reducing quality in current provision.
3. This option is not in accordance with the majority of the guiding principles and is not recommended

#### **Cease all Positive Activities funded by the Youth Service**

4. Detailed consideration of this option suggests this cannot be considered to be a 'real' option as it would be contrary to current legislation and could result in action being taken against HPS.
5. This is not a recommended option, although the balance of what is provided by HPS and what is commissioned can alter.

### **Outdoor Education**

#### **Maintaining the status quo**

6. This would entail providing current activities from within HPS as currently happens.
7. A 20% efficiency target for 2012/13 would mean an additional £28,836 being found through income generation making the total income target £52,836 for the year (this does not include any marketing of promotional costs). It is not known if this is achievable in the current service format.
8. Further income generation in subsequent year may be difficult without developing the infrastructure for marketing, promotion and bookings. Developing this infrastructure will have cost implications

#### **Cease all Outdoor Education Activity**

9. This would entail the closure of the sailing and canoe centre and making 3 staff redundant whilst keeping on the outdoor education advisor, due to the statutory duty performed, and the Duke of Edinburgh's Award officer as a requirement for the Herefordshire licence from the Award Headquarters.
10. Current costs of these two sub functions (DoE & advisor role) are £59,181. Savings would amount to £85k.

11. There is a risk that access to the River Wye at Castle Green and access to Bodenham lake could also be lost if the Local Authority withdrew from using these facilities under the current arrangements.

## **Reasons for Recommendations**

12. The recommendations have been made in line with the guiding principles of the review and in light of the economic and financial context.
13. There is a national and local wish for all young people to fulfill their potential and to play a positive and active role in society.
14. There is a clear emphasis for public services to increasingly target the available resources to those who most need them.
15. There is a national and local wish for increasing engagement of people in making decisions which affect them locally and for people to be increasingly involved in the lives of their communities.
16. Savings have to be made as a result of this review, but this is coupled with an ambition to make the services even better and more relevant to young people of the county.
17. In addition the review acknowledges the value of open access facilities for young people, and demonstrates the listening ear of HPS to the views of young people who consistently emphasise the value and importance they place on having positive things to do.
18. The recommendation of the review on Outdoor Education provides the option for members to give further consideration of valuable assets which could be made commercially viable in the future.

## **Introduction and Background**

19. Herefordshire's youth offer is currently an open access education-based offer, which includes developmental programmes and opportunities to young people in the core age range of 13 to 19. Approximately 25.3% of young people in Herefordshire access the services. The service works with the voluntary sector to offer a wide and varied number of activities and opportunities across the county.
20. The government is looking to local authorities to increasingly target its resources for young people toward the most vulnerable, and Herefordshire's youth offer needs to be revised in line with this. Funding for children and young people's services through national grant has been significantly reduced by the Government. The revised offer in Herefordshire will be that all young people will have the opportunity to attend open access youth activities secured through community engagement and involvement rather than provided by the Council, and that vulnerable young people in need of help and advice will be offered this through targeted youth support activities.
21. The HPS localities strategy is focused on further engaging local communities and the voluntary sector in the delivery of many of its services. Although already involved, there is a need to develop youth work opportunities through models of delivery which will develop this.
22. The reduction in funding has focused attention on developing priorities for youth work and gives the chance to look at new and innovative ways of delivering some provision and working more closely with a range of partners, including community groups and the voluntary sector.



## Key Considerations

### 23. Drivers

24. National policies such as the Localism Bill, Modernising Commissioning White Paper and Building a Stronger Civil Society Strategy all indicate the necessity of modernising approaches in order to develop the influence of communities and strengthen the Voluntary Sector through support and commissioning arrangements. There is a national drive to focus public funding on ensuring the needs of the most vulnerable are met.
25. HPS is committed to supporting all children & young people, with a specific focus on the most vulnerable. There is a policy commitment to ensuring communities and the voluntary sector are even more engaged in delivering services, and making them more locally relevant and available. The youth review focuses on a stronger commissioning role and has regard to the options for cultural services, Corporate Asset Strategy and the rationalisation of assets, Herefordshire voluntary sector infrastructure project and Strategic Commissioning.
26. The development of options for cultural service arrangements, Corporate Asset Strategy and the 2011 Community Charter have a direct impact on the arrangements for the delivery of youth work opportunities in the future, Potential changes to youth centres does mean that the preferred mode of delivery needs to be flexible to cope with the possible changes.

### Financial

27. A summary of the 2011/12 budget for the youth service is attached as **Appendix 2**. In 2010/11 the youth budget was £1,038k. The reorganisation within Children's Services 2010/11 resulted in savings from the youth budget of 81k being achieved in 2011/12, largely from reducing both management and front line staffing costs.
28. The budget for 2011/12 is £957k. This review has been tasked to identify how a further £191k savings could be achieved. The recommendations made illustrate a reduction of £188k, a further £3k needs to be found to make the full 20% reduction as illustrated in **Appendix 2**
29. The policy principles and direction enable the Council clarify its expectations for youth work, whatever the size of the total budget.

### Current Provision and Proposals.

#### Targeted Youth Support (TYS)

30. This is a statutory responsibility developed to support vulnerable young people and those at risk, to address their additional needs as soon as possible and prevent problems from escalating by adopting an early intervention approach.
31. YYS does not have a separate budget in the current year, but is delivered through staff paid for within an overall budget covering YYS and positive activities functions. The total budget for these two areas is £529k.
32. Currently there are two approaches to YYS - the first is through a traded service with schools for work with identified groups at risk of school exclusion or not engaging in education for example. The second is through locality working and the multi agency groups, which identifies individuals and their families and uses targeted approaches to meet needs.
33. This is a developing area of work and in 2010/11 541 young people were supported. A formal specification is being developed in line with Government guidance; the work will also identify a

specific budget for the function.

34. Delivered by locality teams, young people who with a range of issues including not being in education, employment or training, pregnancy or at risk of getting pregnant, using drugs or alcohol, involved in crime, not attending school, and more recently homeless young people are supported.
35. The area of targeted youth support (TYS) is set to develop over the next year in the light of the Government decision to cease the Connexions service and allocate the duty to provide careers guidance to schools. In 2012/13 HPS will not be required to provide a Connexions Information, Advice and Guidance service. However, Local Authorities will be held to account on their duty to keep track of young people's participation and to make available services to encourage, enable or assist young people to participate in education or training. The Local Authority also has the duty to ensure the Raising of Participation Age is achieved in Herefordshire in line with national timescales.
36. It is recommended that a sum of approximately £400k is made available for this vital area. The new YYS approach will involve staff in casework with individual young people and their families
37. Research undertaken by the Audit Commission shows that early prevention through low-cost interventions can bring large savings. £4,000 of short-term support to a teenage mother can be repaid twenty times over through net lifetime tax contributions. The same successful intervention can reduce public service costs by nearly £200,000 over a lifetime. (Source: Against the Odds; Audit Commission 2010)
38. Once the specification is developed there will need to be a consideration of which organisation is best suited to provide which aspects of the specification, in accordance with Guiding Principle 5. Therefore no further proposals are made relating to this area of business other than agreeing that funding appropriate to the specification should be prioritised.

#### Outdoor Education

39. This is mainly delivered from the canoe centre at Castle Green and the sailing centre at Bodenham. It also includes activities such as mountain biking, orienteering and team building exercises. This function also delivers the statutory responsibilities for the Authority relating to off-site activities
40. This team is the licence holder for the Duke of Edinburgh's Award on behalf of Herefordshire Public Services; the role includes the promotion of the Award and the provision of training and support for schools and other organisation wishing to operate the Award.
41. Traditionally these services have been provided free of charge but since April 2011 this function is developing a traded approach with many of the activities now being paid for by schools and other organisations.
42. The budget for this area of work is £144k with income generation providing a further £24,000. In 2010/11, 1,211 young people (30.5% of the youth service total contacts) took part in these outdoor education activities, including 463 accessing it through their involvement in the Duke of Edinburgh's Award.
43. In 2010/11 4 colleges, 17 schools and 14 youth organisations took part in outdoor education sessions at Bodenham lake or the canoe centre at an average per person cost of £3.13p per hour.
44. The Outdoor Education (OE) Adviser and Duke of Edinburgh (DoE) Award functions need to

continue in the future. The OE Adviser role fulfils a statutory health and safety function for educational visits and the DoE officer holds the licence to operate the Award on behalf of the County and is an essential role within the scheme. Current costs for these two sub functions are £59k. It is proposed these functions are retained, with further consideration given to the most appropriate management arrangement. These roles can be held in house or could be part of a commissioned service from a 3<sup>rd</sup> Sector provider or through the arrangements for cultural services. The future budget requirement to maintain these functions is £59k.

45. The sailing centre and canoe centre may be considered 'jewels in the crown' but there is a recognition that the provision cannot continue to operate in the current way given the cost and the reality that these are not essential services. The budget for these activities is £85k.
46. In the past year the team have increased their income generation activities and are expected to exceed this year's target of £24,000.
47. Further work and marketing testing is required to see how far this income generation target can be increased and whether or not the provision can become commercially viable. In light of the financial context, the non essential nature of these services and the availability of provision elsewhere which is already used by young people in Herefordshire, it is recommended that market testing be conducted to establish whether the centres are commercially viable with no public subsidy.

#### Positive Activities

48. Positive activities are primarily the recognisable arm of youth services – open access youth clubs and youth activities in the community. Having positive things to do and places to go with friends, where they can access the positive steer from supportive adults is the main benefit to young people from this function. The overall cost of this function along with the Targeted Youth Support as noted above is £529k. The service uses community based buildings as youth centres in Ross-on-Wye, Leominster and Ledbury; school based buildings are used in Kington, and Bromyard. There are arrangements with 3<sup>rd</sup> sector partners in Hereford City and South Wye (Hinton) for HPS staff to deliver youth work in their premises. Any future building arrangements need to fit within the parameters of this review and to fit in with Guiding Principle 10.
49. From the community perspective it is important that young people are gainfully occupied and in the Place Surveys of 2003, 2006 and 2008 improving activities for teenagers was in the top five aspects that residents felt should be improved in Herefordshire.
50. Of the five delivery functions of the youth service this function reaches the largest number of young people. Over half of the total contacts with the youth service in 2010/11 were with youth centre activities involving 2,058 young people. This is the main route by which the universal role of youth work to help young people develop their social and personal skills is delivered
51. A community facilitation approach to delivering open access Positive Activities is recommended. Rather than HPS directly providing youth clubs and community based activities as they do now, delivered by community youth workers directly employed by HPS, community involvement workers would work to engage the local community in deciding what is needed and ensuring this is delivered. This approach would replace the current arrangements for community youth services previously described and would consist of a community involvement worker with a budget to spend on youth activities. This approach could be delivered through the cultural trust arrangements which are in development, or through Parish Councils or through the third sector. Further work will be needed to determine the best way forward, but members are being asked to agree the overall approach. There is an expectation that whichever approach is taken that this approach would fully engage with Parish and Town Councils,

contributing towards the development of community resilience and in accordance with the shared Community Working Charter 2011.

52. The suggested amount for the delivery of open access facilities is 200k – but this amount may increase or decrease in line with other decisions made as part of this review and as part of Council Budget setting. Again, it is the overall principle members are being asked to agree, that funds should be made available to enable community engagement work to be resourced and some funding to be made available to each locality to commission youth services using a resource allocation tool to determine the levels of funding fairly.

## **Community Impact**

53. An approach to delivery that seeks to provide services in the areas with the greatest need will see a commensurate decrease in Council funding activities in those areas deemed as having less need. A move to a community facilitation model, encouraging the engagement of people in their local areas in decision making – including young people, and the potential volunteering of adults and older young people in service delivery, will be a significant contribution to localism and the development of services as communities require them.
54. Community groups and 3<sup>rd</sup> Sector groups will be interested in the commissioning approach to be used. In consultation with groups such as Close House, Young Farmers, CLD and HYCVS all have declared an interest in being part of a commissioning approach for the delivery of youth work functions.
55. Surveys of Council tax payers usually identify the provision of places and activities for teenagers to be in the top quartile of preferred services on which to spend council tax.
56. Using a model which will enable the allocation of funding on a needs based model will increase transparency, and will allow services to be developed on a variable scale according to the needs of local communities.
57. An initial Equality Impact Needs Assessment (EINA) has identified the need for further consultation and engagement. The EINA will be updated as the consultation process progresses.

## **Financial Implications**

58. A budget breakdown is available in Appendix 2. The proposals allow for the delivery of all the necessary services within a budget which has been reduced by 20%. This paper sets out a direction of travel and amounts available for elements of service to be delivered will need to be agreed through this process. 29 staff (21.3fte) would be affected by these proposals.

## **Legal Implications**

59. The policy must comply with the council's duties under the Education and Skills Act 2008 and under S507(b) of the Education Act 1996 as noted below.
60. Section 507B of the Education Act 1996 requires that every local authority in England must, 'so far as reasonably practicable, secure for qualifying young persons in the authority's area access to:
  - a) Sufficient educational leisure-time activities which are for the improvement of their well-being, and sufficient facilities for such activities; and
  - b) Sufficient recreational leisure-time activities which are for the improvement of their well-

being, and sufficient facilities for such activities.

61. This duty is clarified and expanded by 'Statutory Guidance on S 507(b) of the Education Act 1996: March 2008' In general terms it is for the local authority to determine what would amount to reasonable provision of sufficient activities but the judgment of what is 'sufficient' should be by reference to the needs of young people in the area. It follows then that only if all such need in Herefordshire was met in some other way would this option be lawful.

## **Risk Management**

62. Risks arising under legal implications are entered into the CYP Risk Register at line 010 - Failure to provide adequate and sufficient educational positive activities for young people in their leisure time and line 011 - Failure to provide a Targeted Youth Support Service for vulnerable young people referred by schools and the new all age careers service. These proposals will mitigate these risks.
63. The financial risks are that the timeline will not be met and the necessary efficiencies not realised. The control factors are that the project is part of the Rising to the Challenge programme projects, giving additional support for processes that enable the timeline to be kept and regular oversight of the business principles.
64. Reluctance to adopt the community facilitation approach recommended will result in services either remaining in house or ceasing altogether. Remaining in house has implications for the level of efficiencies to be achieved. Ceasing services runs the risk of the Local Authority being challenged on the sufficiency of positive activities provided or the targeted youth support provision. This is mitigated by the continuation of other functions which is far wider than the Youth Service provision (for example, cease outdoor education but continue with a model for positive activities across the County)

## **Consultees**

65. Initial consultation to establish the current situation and possible options has been undertaken with the following groups and individuals:
66. 3<sup>rd</sup> Sector Organisations: HCVYS, Herefordshire Volunteering Association, Herefordshire Young Farmers, Close House
67. The views of the 3<sup>rd</sup> sector organisation were generally that they would want to be part of a collaborative approach to identify solutions to the delivery of youth work functions across Herefordshire. There was recognition that a 'one size fits all' approach was not the answer and that each organisation had areas of strength to build upon. It was also recognised that some organisations did not have the economies of scale to enter into large commissioning exercises and that the transfer of staff under any TUPE arrangements would be problem for most of these organisations.
68. HPS: relevant officers within People and Places Directorates..
69. HPS Consultees recognised the need and desire to move to commissioning arrangements for most functions but there were queries over aspects of targeted youth support and youth involvement in the future due to the legislative background and the work with vulnerable young people.
70. Further widespread consultation will be undertaken across the County with young people, parents and carers, community groups and third sector organisations from early January 2012 for a period of twelve weeks in order to consider the issues and proposals set out in this paper.

A further report will be submitted to Cabinet following the consultation; this should be available for the June meeting allowing for 12 weeks consultation, collation of results and report writing and the circulation time of Cabinet reports.

## Appendices

Appendix 1: Review Vision & Guiding Principles

Appendix 2: Youth Service Budgets

## Background Papers

1. **'Youth Work in Herefordshire: A review of the current youth work provision in Herefordshire with an options analysis for future delivery'** (and 7 Appendices)

**Review Report:** [http://hc-sp/DocumentLibrary/ChildrenYoungPeople/Documents/Youth\\_Review/Review\\_Report\\_for\\_Youth\\_Work\\_in\\_Herefordshire.doc](http://hc-sp/DocumentLibrary/ChildrenYoungPeople/Documents/Youth_Review/Review_Report_for_Youth_Work_in_Herefordshire.doc)

**Appendix 1: Financial Summary** [http://hc-sp/DocumentLibrary/ChildrenYoungPeople/Documents/Youth\\_Review/Youth\\_Review\\_Appendix\\_1\\_Financial\\_summary.doc](http://hc-sp/DocumentLibrary/ChildrenYoungPeople/Documents/Youth_Review/Youth_Review_Appendix_1_Financial_summary.doc)

**Appendix 2: Capital Asset Summary:** [http://hc-sp/DocumentLibrary/ChildrenYoungPeople/Documents/Youth\\_Review/Youth\\_Review\\_Appendix\\_2\\_Work\\_Capital\\_Asset\\_Summary.doc](http://hc-sp/DocumentLibrary/ChildrenYoungPeople/Documents/Youth_Review/Youth_Review_Appendix_2_Work_Capital_Asset_Summary.doc)

**Appendix 3: Positive Activities by Area:**[http://hc-sp/DocumentLibrary/ChildrenYoungPeople/Documents/Youth\\_Review/Youth\\_Review\\_Appendix\\_3\\_Positive\\_Activities\\_by\\_area.doc](http://hc-sp/DocumentLibrary/ChildrenYoungPeople/Documents/Youth_Review/Youth_Review_Appendix_3_Positive_Activities_by_area.doc)

**Appendix 4: NYA Audit Report:**[http://hc-sp/DocumentLibrary/ChildrenYoungPeople/Documents/Youth\\_Review/Youth\\_Review\\_Appendix\\_4\\_NYA\\_Audit\\_Report\\_2008.doc](http://hc-sp/DocumentLibrary/ChildrenYoungPeople/Documents/Youth_Review/Youth_Review_Appendix_4_NYA_Audit_Report_2008.doc)

**Appendix 5: Performance:**[http://hc-sp/DocumentLibrary/ChildrenYoungPeople/Documents/Youth\\_Review/Youth\\_Review\\_Appendix\\_5\\_Performance\\_against\\_KPI.doc](http://hc-sp/DocumentLibrary/ChildrenYoungPeople/Documents/Youth_Review/Youth_Review_Appendix_5_Performance_against_KPI.doc)

**Appendix 6: Targeted Youth Support case Studies:**[http://hc-sp/DocumentLibrary/ChildrenYoungPeople/Documents/Youth\\_Review/Youth\\_Review\\_Appendix\\_6\\_Targeted\\_Youth\\_Support\\_Case\\_Studies.doc](http://hc-sp/DocumentLibrary/ChildrenYoungPeople/Documents/Youth_Review/Youth_Review_Appendix_6_Targeted_Youth_Support_Case_Studies.doc)

**Appendix 7: Options Appraisal:**[http://hc-sp/DocumentLibrary/ChildrenYoungPeople/Documents/Youth\\_Review/Youth\\_Review\\_Appendix\\_7\\_Options\\_Appraisal.doc](http://hc-sp/DocumentLibrary/ChildrenYoungPeople/Documents/Youth_Review/Youth_Review_Appendix_7_Options_Appraisal.doc)

2. **A Narrative for Youth Work Today** - Tim Loughton MP has commissioned a number of leaders in the youth sector to write a discussion paper on the role of youth work.;

<http://media.education.gov.uk/assets/files/pdf/a/an%20education%20for%20the%2021st%20century.pdf>

3. **Positive for Youth** - The Government is developing a new cross-Government policy statement on services for young people, to be published in the autumn. This paper provides an overview of current research and analysis that underpins DfE policy development for young people and out-of-school services.

<http://media.education.gov.uk/assets/files/doc/p/services%20for%20young%20people%20->

[%20the%20evidence.doc](#)

4. **Young People Today:** – provides an overview of statistics concerning young people’s lives. This paper reviews the numbers and types of young people who might need support, the reasons for investing during the teenage years and the costs of not doing so. It also looks at the skills and experiences young people need to progress to adulthood and the role services, and the youth sector workforce, can play in developing these.

<http://media.education.gov.uk/assets/files/doc/y/young%20people%20today%20statistics%20on%20young%20peoples%20lives.doc>

5. **Services for young people** - On 23 June 2011 the House of Commons Education Committee published their Third Report of this Session, “Services for young people”. The Government sent a response on 12 September.

The Committee welcomed the Government’s response to the Report; however, they have further issues to raise with government and they are contained in the attached report

<http://www.publications.parliament.uk/pa/cm201012/cmselect/cmeduc/1501/1501.pdf>





## Appendix 1 to the Youth Review Cabinet Paper

### Review Vision & Guiding Principles

#### Policy Position

1. It is proposed that the Council clarifies its policy position in relation to Youth Work. In underpinning the vision for young people, it is proposed the Council makes the following policy statement with underpinning guiding principles.
2. The vision in Herefordshire is for:
  - children and young people to grow up healthy, happy and safe with supportive families and carers, and to make sure they have the best education and opportunities.
  - To achieve this vision young people should have opportunities to be active in their communities, to be engaged in positive activities and to be supported by the community and wider support services when required. Communities should be involved in bringing up young people.
3. We want to facilitate a greater involvement of community organisations in doing this. We want to see a vibrant set of universal, open access services available to young people provided by the community, including by young people themselves, with support services being targeted to those young people who need extra help to succeed as they move to adulthood.
4. Guiding principles:
  - Universal services are valued and will be delivered as a result of a partnership between Herefordshire Public Services (HPS), local communities, including young people and community/3<sup>rd</sup> Sector organisations.
  - The role of HPS is to be a community leader and funder of activities, not necessarily a provider. In providing funding, HPS has the responsibility for ensuring high quality, cost effective provision that maximises the use of public and community assets; ensuring that activities operate within the funding available and encouraging organisations to provide added value by way of their own funding streams and expertise, to contracts.
  - There will be an increased focus on the most vulnerable young people and those that need targeted support with the intention of targeting responses to those most in need of support.
  - An increase in focus on vulnerable young people will result in decreased HPS funding for universal, open access services. Overall this will lead to an increased proportion of the total spend on youth activities to be on targeted support.
  - There will be a mix of providers delivering youth services, including HPS, existing trusts and non profit making organisations, along with independent and third sector organisations. Decisions will be made according to who the best provider is, with emphasis on the right skills, experience and track record in providing the services, and cost effectiveness. Over time, communities (including the young people) and third sector organisations will be engaged more than is the case now, in the decisions made about which services are delivered locally, and in running those services.

## **Appendix 1 to the Youth Review Cabinet Paper**

- Contestability will be built into the commissioning and procurement processes to provide transparency and to act in accordance with the spirit and legislation of the Localism Bill
- All organisations and activities involved in the welfare of young people will engage with the multi agency group processes that take place in the HPS localities.
- Youth work will be delivered in new and innovative ways which should facilitate the reduction of capital assets in line with the Corporate Asset Plan or ensure that community and corporate use of assets is maximised.

### Outcomes

[NB: these will be developed in line with national changes and expectations for outcomes for young people].

- The outcome of this work will be measured through an:
  - a decrease in those who are NEET (Not in Education, Employment and Training),
  - a decrease in the numbers of teenage pregnancies,
  - a decrease in substance misuse users or
  - a decrease in first time entrants to the youth justice system; and
  - an increase in attainment in schools and colleges
  - an increase in apprenticeships
  - 100% participation in education or training up to the age of 18 years

**August 2011**

## Appendix 2 to the Youth Review Cabinet Paper

### Youth Service Financial Summaries

#### A) Budget History by service area

<u>£000</u>	<u>Budget</u> <u>2009/10</u>	<u>Budget</u> <u>2010/11</u>	<u>Budget</u> <u>2011/12</u>	<u>Budget</u> <u>2012/13</u> <u>*4</u>	<u>Proposal</u> *5
<b>Youth Involvement</b>	<b>116.2</b>	<b>102.6</b>	<b>110.2</b>	<b>110.2</b>	<b>110.0</b>
Positive Activities & targetted youth	472.3	465.6	431.5	398.3	} 400.0
Youth Centres (running costs)	95.1	101.0	97.9	97.9	
<b>Total Positive Activities &amp; targeted youth</b>	<b>567.4</b>	<b>566.6</b>	<b>529.4</b>	<b>496.2</b>	<b>400.0</b>
Outdoor Education & DofE Salary costs*1	139.7	139.7	120.8	120.8	} 59.0
Outdoor Education & DofE net other costs*2	26.2	31.2	23.4	23.4	
<b>Total Outdoor Education / D of E</b>	<b>165.9</b>	<b>170.9</b>	<b>144.2</b>	<b>144.2</b>	<b>59.0</b>
Contracts	54.5	54.5	75.0	75.0	} 200.0
Open Access (central support)*3	219.0	190.6	98.3	76.4	
<b>Total Central Support / contracts</b>	<b>273.5</b>	<b>245.1</b>	<b>173.3</b>	<b>151.4</b>	<b>200.0</b>
<b>Balance of saving tbc to deliver 20%*6</b>					<b>(3.0)</b>
<b>Total Youth Services</b>	<b>1,123.0</b>	<b>1,085.2</b>	<b>957.1</b>	<b>902.0</b>	<b>766.0</b>

\*1 Outdoor education and D of E staff costs

\*2 Facilities running costs (net of income generation)

\*3 central support and youth service vehicles costs. Prior yrs inc Snr Youth workers

\*4 indicative 12/13 budget including full year effect of 2011/12 staff reductions (actioned 07/11)

\*5 allocation of funding in proposal to be confirmed

\*6 20% of £957k = £191k. Round targets included in proposal - £3k balance to achieve £191k

#### B) Contracts Summary

	<u>Budget</u> <u>2009/10</u>	<u>Budget</u> <u>2010/11</u>	<u>Budget</u> <u>2011/12</u>	<u>Budget</u> <u>2012/13*</u> <u>7</u>
HCYVS	45.0	45.0	45.0	45.0
Commissioned Activities	9.5	9.5	30.0	30.0
<b>Total Contracts</b>	<b>54.5</b>	<b>54.5</b>	<b>75.0</b>	<b>75.0</b>

\*7 - indicative contract figures for 12/13 only

#### C) Total Youth Involvement / Participation Budget

<u>Budget 2011/12</u>	<u>Youth Involvement</u> <u>t</u>	<u>STEPS</u>	<u>Total</u>	<u>Adjust in year post reduction</u>	<u>Adjusted Budget</u>
Employees Costs	101.2	102.9	204.1	(41.3)	162.8
Premises	0.0	8.9	8.9		8.9
Transport	6.0	4.6	10.6		10.6
Supplies & Services	3.4	9.7	13.1		13.1
Income	(0.4)		(0.4)		(0.4)
<b>Net Youth Involvement budget</b>	<b>110.2</b>	<b>126.1</b>	<b>236.3</b>	<b>(41.3)</b>	<b>195.0</b>



<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>15 DECEMBER 2011</b>
<b>TITLE OF REPORT:</b>	<b>REVIEW OF THE FORWARD PLAN</b>
<b>PORTFOLIO AREA:</b>	<b>CORPORATE STRATEGY AND FINANCE</b>

**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 and as amended following Council 18 November 2011, defines:

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Further information on the subject of this report is available from  
Sally Cole, Democratic Services, on (01432) 260249

a Key Decision shall only be taken by the Cabinet or Cabinet Member and is:-

- a Any decision in relation to an Executive function which results 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 concerned. A threshold of £500,000 is regarded as significant.
- b Any other Executive decision which in the opinion of the Monitoring Officer is likely to be significant in terms of its effect on:
  - Two or more wards or electoral divisions
  - One ward (unless the number of those affected is very small or it is impractical to treat this as a Key Decision)

And having regard to:

- The strategic nature of the decision
  - Whether the outcome will have an impact, for a better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality affected.
- 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 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 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**

- 9 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**

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

## **Legal Implications**

- 11 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**

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

## **Consultees**

13 None on this report.

## **Appendices**

14 Current Forward Plan – 1 December 2011 – 31 March 2012

## **Background Papers**

- None.





## HEREFORDSHIRE COUNCIL FORWARD PLAN

### 1 DECEMBER 2011 - 31 MARCH 2012

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 December 2011 - 31 March 2012.

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, Transportation and Waste**

**Health and Wellbeing**

**Enterprise and Culture**

**Environment, Housing and Planning**

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

Publication Date – 16 November 2011

**HEREFORDSHIRE COUNCIL  
FORWARD PLAN**

**1 DECEMBER 2011 - 31 MARCH 2012**

Item No.	I024735
Title:	<b>CHILD POVERTY STRATEGY</b>
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:	That Cabinet approve the Child Poverty Strategy for Herefordshire in order to make an assessment of child poverty in the county and provide a co-ordinated approach to tackling the issues.
Decision Maker:	Cabinet
Lead Cabinet Member	Councillor PM Morgan, Cabinet Member Health and Wellbeing
Date first entered onto Forward Plan	16 September 2011
Date of Decision:	16 February 2012 This item has been moved from its original November date to February 2012 in order that it can be discussed by the Health and Wellbeing Board prior to a Cabinet decision.
Proposed Consultation:	A multi-agency working group has been developed and consulted over the last six months (March to August 2011) on the Child Poverty Strategy.
Representations regarding consultation should be made in writing to:	Chris Baird, Assistant Director, Planning, Performance & Development, Children & Young People's Directorate.
Representations regarding consultation should be made before:	Consultation was completed in August 2011.
Relevant Documents:	Child Poverty Needs Assessment, JSNA, Herefordshire Economic Strategy

Item No.	I023979
Title:	<b>YOUTH REVIEW</b>
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 summarises the project to rationalise and transform the delivery of youth work across the Council, identifying the delivery arrangement options for future commissioning of youth work delivery. This is a key decision as the models identified will ensure budgetary savings and Cabinet is asked to identify the preferred option for further development prior to wider consultation.
Decision Maker:	Cabinet
Lead Cabinet Member	Councillor PM Morgan, Cabinet Member Health and Wellbeing
Date first entered onto Forward Plan	16 May 2011
Date of Decision:	15 December 2011
Proposed Consultation:	Consultation with Council staff involved in youth provision, representatives of Third Sector providers and young people was carried out during July 2011. Wider consultation is planned for the second stage of the project during November 2011.
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:	30 November 2011.
Relevant Documents:	

Item No.	I50000194
Title:	<b>PROCUREMENT OF SERVICES TO SUPPORT THE DELIVERY OF HEREFORDSHIRE'S YES WE CAN PLAN FOR CHILDREN AND YOUNG PEOPLE</b>
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:	To seek approval to commit funding over £500k in the procurement of services for children and young people, in line with the priorities set out in Herefordshire's Yes We Can Plan and based on evaluation of current contracts, equality impact assessments and information from the Joint Strategic Needs Assessment.
Decision Maker:	Director of People's Services
Lead Cabinet Member	Councillor PM Morgan, Cabinet Member Health and Wellbeing
Date first entered onto Forward Plan	16 November 2011
Date of Decision:	16 February 2012
Proposed Consultation:	Consultation has already taken place.
Representations regarding consultation should be made in writing to:	Philippa Granthier, Head of Children's Services Commissioning 01432 260226
Representations regarding consultation should be made before:	Not applicable.
Relevant Documents:	Herefordshire's Yes We Can Plan

Item No.	I50000197
Title:	<b>PROCUREMENT OF SERVICES TO SUPPORT THE DELIVERY OF HEREFORDSHIRE'S ADULT SERVICES</b>
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:	To seek approval to commit funding over £500k in the procurement of services for Adults in line with the Service Plan and based on an evaluation of current contracts, equality impact assessments and information from the Joint Strategic Needs Assessment.
Decision Maker:	Director of People's Services
Lead Cabinet Member	Councillor PM Morgan, Cabinet Member Health and Wellbeing
Date first entered onto Forward Plan	16 November 2011
Date of Decision:	16 February 2012
Proposed Consultation:	Consultation has already taken place.
Representations regarding consultation should be made in writing to:	Anne Carswell, Interim Programme Director: Adult Social Care 01432 347622
Representations regarding consultation should be made before:	Not applicable.
Relevant Documents:	Adult Services Service Plan

Item No.	I50000198
Title:	<b>CHILDREN'S CENTRE REVIEW</b>
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:	The report will detail the results of a consultation on the future model for children centre delivery in Herefordshire.  The options being consulted on are: <ol style="list-style-type: none"> <li>1. Local authority continues to run children centre delivery directly, through a strategic delivery model;</li> <li>2. A mixture of commissioned and directly delivered services</li> <li>3. Children centre delivery is fully commissioned</li> <li>4. A social enterprise model of delivery.</li> </ol>
Decision Maker:	Cabinet
Lead Cabinet Member	Councillor PM Morgan, Cabinet Member Health and Wellbeing
Date first entered onto Forward Plan	16 November 2011
Date of Decision:	14 June 2012
Proposed Consultation:	Under the compact agreement a 12 week consultation will be undertaken between January and March 2012
Representations regarding consultation should be made in writing to:	Tina McGrath, Head of Locality Services 01432 261921
Representations regarding consultation should be made before:	31 March 2012
Relevant Documents:	Children's Centre Review Consultation Document

Item No.	I024199
Title:	<b>WASTE CONTRACT</b>
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:	To discuss the proposals being made by Mercia Waste Management for the treatment of residual waste.
Decision Maker:	Cabinet
Lead Cabinet Member	Councillor AJM Blackshaw, Cabinet Member Highways, Transportation and Waste
Date first entered onto Forward Plan	14 July 2011
Date of Decision:	29 March 2012
Proposed Consultation:	Extensive consultation was carried out across both counties of Herefordshire and Worcestershire from 16 February to 15 May 2009.
Representations regarding consultation should be made in writing to:	Not applicable.
Representations regarding consultation should be made before:	Not applicable.
Relevant Documents:	

## POLICY FRAMEWORK

<b>PLAN/STRATEGY</b>	<b>DATE OF CABINET</b>	<b>DATE OF COUNCIL</b>	<b>CONTACT</b>
Economic Development Strategy	28 July 2011	18 November 2011	Director for Places and Communities
Youth Justice Plan	20 October 2011	18 November 2011	Director for People's Services
Joint Medium Term Financial Strategy (Budget)	19 January 2012	3 February 2012	Chief Officer Finance and Commercial
Joint Corporate Plan	19 January 2012	3 February 2012	Deputy Chief Executive
Community Safety & Drug Partnership	19 January 2012	2 March 2012	Director for Places and Communities
Council Tax setting	16 February 2012	2 March 2012	Chief Officer Finance and Commercial