

AGENDA

Cabinet

Date: **Thursday 14 March 2013**

Time: **2.00 pm**

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

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

For any further information please contact:

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Agenda for the Meeting of the Cabinet

Membership

Chairman

Councillor JG Jarvis

**Councillor H Bramer
Councillor RB Hamilton
Councillor AW Johnson
Councillor PM Morgan
Councillor RJ Phillips
Councillor GJ Powell
Councillor PD Price**

AGENDA

Pages

HEREFORDSHIRE COUNCIL

Notice has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Item No	Title	Scrutiny Committee	28 Day Notice Given
10	Urban Village / Link Road Compulsory Purchase Order And Associated Side Roads Order	General Overview and Scrutiny Committee	1 February 2013

1. **APOLOGIES FOR ABSENCE**
To receive any apologies for absence.
2. **DECLARATIONS OF INTEREST**
To receive any declarations of interest by Members in respect of items on the Agenda.
3. **MINUTES** 1 - 4
To approve and sign the minutes of the meetings held on 21 February (attached) and 27 February 2013 (to follow).
4. **CORPORATE DELIVERY PLAN** 5 - 14
To agree the projects within the 2013/14 corporate delivery plan.
5. **HEREFORDSHIRE COUNCIL WORKFORCE STRATEGY 2013-15** 15 - 28
To approve the Herefordshire Council Workforce Strategy for 2013-15.
6. **CHILDREN'S SAFEGUARDING - IMPROVEMENT NOTICE AND PROGRESS ON THE OFSTED RECOMMENDATIONS** 29 - 58
To report on the receipt of the Improvement Notice from the Department for Education (DfE) and progress to date on the Ofsted recommendations and next steps.
7. **DIRECTOR OF PUBLIC HEALTH ANNUAL REPORT 2012** 59 - 98
To inform the Cabinet of the changes to public health and transition process as set out in the Annual Report of the Director of Public and to seek support from the Cabinet that the recommended approach and actions highlighted in the report will inform service development and commissioning aimed at improving health and wellbeing of the population of Herefordshire.
8. **BUDGET MONITORING REPORT 2012/13** 99 - 126
To report the financial position for both Revenue and Capital budgets to 31 January 2013. The Treasury Management position is also included.

9. COMMISSIONING AND COMMERCIAL STRATEGY 2013-16	127 - 160
<p>To ask Cabinet to approve the new Commissioning and Commercial Strategy which sets out the Council's approach to Commissioning, Procurement and Contract Management and the future strategic commissioning and commercial objectives to support the delivery of Corporate Plan priorities.</p>	
10. URBAN VILLAGE / LINK ROAD COMPULSORY PURCHASE ORDER AND ASSOCIATED SIDE ROADS ORDER	161 - 188
<p>In accordance with the agreed masterplan, to agree the development of land within the City Regeneration area for the purposes of the provision of a link road, highway and other associated infrastructure and mixed uses including housing, employment uses, leisure, retail units, tourism, civic and community uses together with associated public access and public realm, car parking, other new highways and other associated infrastructure, drainage, flood alleviation and associated works.</p> <p>The report seeks to approve the making of the necessary orders but also considers the next steps associated with the development of the Urban Village Phase 1, which forms part of the overall regeneration plans for the City, through the provision of market and affordable housing to meet the high levels of housing need in the County. To support the delivery of Phase 1 of the housing, the report seeks delegated authority for the Chief Officer Finance and Commercial to make arrangements to market Council-owned land at Merton Meadow.</p>	

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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 21 February 2013 at 2.00 pm

Present: Councillor JG Jarvis (Chairman)

Councillors: H Bramer, RB Hamilton, AW Johnson, PM Morgan, GJ Powell and PD Price

In attendance: Councillors AM Atkinson, JA Hyde, NP Nenadich, P Rone, MAF Hubbard, RI Matthews and A Seldon

Officers:

65. APOLOGIES FOR ABSENCE

Apologies were received from Councillor RJ Phillips, Cabinet Member Enterprise and Culture.

66. DECLARATIONS OF INTEREST

There were no declarations of interest.

67. MINUTES

RESOLVED: That the Minutes of the meeting held on 5 February 2013 be approved as a correct record and signed by the Chairman.

68. BUDGET MONITORING REPORT 2012/13

The Cabinet Member Financial Management presented the report of the Chief Officer Finance and Commercial and made the following points to Cabinet.

- The report indicates the financial position as at end of December 2012, which includes revenue, capital and treasury management positions.
- The projected financial position at year end is for an overspend of £3.8m. This is a slight increase on last month and should an overspend continue it would be funded through general fund balances.
- Main area of pressure is Adult Services. In addition though there had been pressure caused due to adverse weather conditions creating an additional £120k spend.
- It is anticipated there will be a spend of £44m on capital schemes in 2012/13, which will be largely be funded by grants and contributions from central government as well as capital receipts and prudential borrowing.
- The treasury management strategy also projects an underspend of £710k through delayed borrowing, capitalisation on interest and using short term arrangements with other local authorities.

The following points were made in discussion:

- In response to a question on West Mercia Supplies (WMS), Cabinet was advised that the profit sharing figures related to the financial year 2011/12 and that subsequent to

this WMS had been sold and therefore there would be no annual profit sharing. It was noted that we had received a capital receipt.

- In response to a question on PCT debt, the director advised that a further meeting with the PCT was required to resolve the matter.
- In response to a question on the Amey contract and the related risks, the director advised it was a low risk however, it was unlikely the matter would be resolved within this financial year.
- In referring to page 12 point 9 of the report Cabinet was asked if the remaining £1.471m of the projected outturn was still achievable. It was felt that this would be the case.

RESOLVED

THAT:

- a) the report and the forecast position be noted;**
- b) the Leadership team continue to deliver a further level of savings for 2012/13 in order to minimise any impact on reserves at year end; and**
- c) the treasury management report at Appendix C to the report be noted.**

69. MULTI-AGENCY SAFEGUARDING IN HEREFORDSHIRE: CONTEXT, PRIORITIES AND FOCUS OF HEREFORDSHIRE SAFEGUARDING CHILDREN BOARD AND HEREFORDSHIRE SAFEGUARDING ADULTS BOARD

Mr Andy Churcher, Business Manager for both the Adult and Children Safeguarding Boards, attended Cabinet in the place of Mr McCallum, Independent Chairman of the Safeguarding Boards. He stated that the report outlined the current priorities of the Herefordshire Safeguarding Children Board and that of the Adults Board taking into account the recommendations following the Ofsted Inspection.

The following comments were made in discussion:

- In response to a question on raising awareness and understanding in the general population with regards to safeguarding Cabinet was advised that a campaign was launched at the beginning of the year and staff were also working with the communications department.
- In response to how the views of different organisations such as youth voluntary groups, nurseries and staff were taken into account Cabinet was informed that forums had been developed to facilitate the sharing of knowledge and understanding. In addition lay members were on the boards representing residents and users and staff surveys were being developed for feedback.
- The director advised that children safeguarding was developing slightly more quickly than that of adults which was because not as full a range of partners were engaged in the process as would be liked, however, measures were being taken to improve this.
- Cabinet noted that the next Ofsted Inspection would be a multi-agency inspection and not just the Council.
- In explaining how board members addressed issues for the board and not just for the organisation the member represented, the director advised that the Children's Trust held the board to account and vice versa, as set out by the government.

- In acknowledging the increase in knowledge and awareness amongst the public it was noted that the increased awareness inevitably brought about more alerts being raised.

RESOLVED

THAT:

- a) the priorities, focus and context of safeguarding outlined in the reports and the assurance that they provide be noted; and**
- b) the comments made at Cabinet to the Boards about their future work programmes be noted.**

70. LOCAL TRANSPORT PLAN

The Cabinet Member Education and Infrastructure presented the report and made the following comments:

- The report before Cabinet was the same as the one that went to General Overview and Scrutiny (GO&S) and that the comments of GO&S would be reflected in the report to Council.
- That the meeting of July 2012 Cabinet had agreed that the Local Transport Plan and the Local Development Framework would be dealt with separately.
- A simplified plan providing greater clarity on actions and delivery was proposed. The key point was to reduce congestion in Hereford City and make it an easier place to visit.
- From 1 April public health would be the responsibility of Council and it was the wish of Cabinet to encourage walking and cycling. It was also intended to introduce a 20 mph limit in the historic centre, replace signage and concentrate on major events in the city with the aim of having the centre traffic free for shoppers.

The following comments were made in discussion with Members:

- Concern was raised for low income families and the cost of car parking.
- Cabinet was informed of the idea for areas to adopt park and share points to help reduce the amount of vehicles coming into the City centre.
- It was felt the LTP was the beginning of a very good strategy, but effort must be put into improving the walking routes.
- The Cabinet Member, Environment, Planning and Housing welcomed the report, how it would work in conjunction with the LDF and the development of park and share, cycle routes and the possibility of bicycles being taken onto buses.

RESOLVED: That the Local Transport Plan (LTP) for 2013/14 to 2014/15 be approved by Cabinet and the recommendations of the General Overview and Scrutiny Committee be incorporated into the final report for adoption by Council.

71. LOCAL DEVELOPMENT FRAMEWORK/COMMUNITY INFRASTRUCTURE LEVY

This item was withdrawn and will be dealt with at the meeting of Cabinet on 27 February.

72. CORPORATE PERFORMANCE REPORT PERIOD TO END DECEMBER 2012

The Cabinet Member, Corporate Services presented the report of the Assistant Director People, Policy and Partnerships. The Cabinet Member made the following introductory comments:

- There will be one further outturn report for the Joint Corporate Plan in May.
- The March Cabinet meeting will consider the Delivery Plan for the new Corporate Plan effective from April 2013.
- The majority of projects in the Corporate Delivery Plan are being delivered to schedule and where data is available it indicates a positive direction of travel.

In discussion the following comments were made about specific areas of performance:

- The digital channels programme has been stabilised and there is a clear understanding of what needs to be delivered for the end of the financial year.
- The internal auditors report for treasury management has given the authority the highest rating of 'substantial' assurance.
- Call centre abandonment rates were slightly worse than last year, however, call volume is up 31%. This mainly related to calls about bad weather and flooding issues.
- There has been an increase in agency staff covering permanent posts due to absence or vacancy. Directors would continue to assess the business requirements for agency staff.
- The Cabinet Member Education and Infrastructure informed Cabinet that all Members would be invited to the launch of Broadband. In response to a comment on digital broadband the Cabinet Member advised that it was good as long as you had access, which not everyone had.
- Cabinet was advised that the application to government for funding for the link road had been submitted.
- In referring to page 10 of the report on free schools the Cabinet Member Education and Infrastructure stated he felt there was a conflict of interest for the Department of Education and the authority. He added the authority had good relations with all schools in the county, however, Herefordshire was not an area in the country where there was a demand for new schools, and it was questioned whether the free school was financially sustainable. Cabinet felt there should be a demonstrable demand for the free school. It was added that the point had not yet been reached when consultation needed to be carried out, however, it should be noted there was still 1,000 spare school places in the county.
- In referring to the Public Health Care Transition the Cabinet Member Health and Wellbeing advised that some further work was needed on the transfer of contracts from the PCT to the Council which had been identified as a risk in the transition report. Work would continue on the transfer and robust action would be taken to address concerns.

RESOLVED: That performance for the period to end of December 2012 be noted.

The meeting ended at 3.40 pm

CHAIRMAN

MEETING:	CABINET
DATE:	14 MARCH 2013
TITLE OF REPORT:	CORPORATE DELIVERY PLAN
REPORT BY:	ASSISTANT DIRECTOR PEOPLE POLICY & PARTNERSHIP

1. Classification

Open

2. Key Decision

This is not a key decision.

3. Wards Affected

County-wide

4. Purpose

To agree the projects within the 2013/14 corporate delivery plan.

5. Recommendation(s)

THAT:

- (a) **the corporate delivery plan 2013/14 be approved;**
- (b) **the additional outcome measures (as detailed in paragraph 10.4 below) be included in the corporate plan to enable more effective monitoring of performance in relation to the council's public sector equality duty, safeguarding, the effectiveness of the adults transformation plan, and broadband delivery;**
- (c) **performance monitoring and delivery assurance arrangements are noted; and**
- (d) **the Overview & Scrutiny Committees to play a role in challenging and assurance of delivery.**

6. Key Points Summary

- The delivery plan supports the priorities identified in the Corporate Plan 2013/15 agreed by Council in November 2012, and provides the basis against which in-year performance can be measured;

- Monitoring and assurance arrangements underpinning delivery have been strengthened and more focus is being placed on achievement of outcomes as opposed to delivery of tasks (although tasks will not be ignored);
- The delivery plan is a living document and will be revised as necessary during the year to reflect and respond to changing circumstances, ensuring that resources continue to be directed to meet priorities.

7. Alternative Options

- 7.1 It is open to Cabinet to amend or revise the proposals, but in doing so regard must be had to ensuring any changes continue to demonstrate how the corporate plan is to be implemented and that the proposals can be delivered within the agreed budget.

8. Reasons for Recommendations

- 8.1 Cabinet is asked to approve the projects that will be used to demonstrate how the priorities in the corporate plan are to be delivered. Quarterly reports will be presented to Cabinet on performance against delivery of the agreed projects and achievement of the corporate plan measures.

9. Introduction and Background

- 9.1 The Corporate Plan is one of a suite of plans and strategies that form the council's Budget & Policy Framework, and is therefore reserved to Council to approve. It incorporates the vision and the priorities for the council and outlines a number of outcomes measures to be achieved to realise those priorities, which are:

- Create and maintain a successful economy;
- Enable residents to be independent and lead fulfilling lives with resources focussed on supporting the most vulnerable; and
- The council supporting delivery through efficient and effective operations that deliver value for money.

The current plan (2013-15) was approved by Council on 23 November 2012 and is at Appendix A. It is supported by a delivery plan which is approved by Cabinet and which sets out the projects against which performance is reported.

- 9.2 This report seeks approval for the proposed 2013/14 delivery plan; and sets out the processes by which Members can be assured that performance is being robustly monitored.

10. Key Considerations

Draft Delivery Plan 2013/14

- 10.1 The draft delivery plan projects are attached at Appendix B; however the plan will remain a live document plan and will continue to evolve through the year. This will in particular enable Cabinet to assure itself that resources are being appropriately applied to meet priorities. It also provides some flexibility to ensure the council meets its new role and responsibilities in relation to public health, and to conclude any outstanding Root & Branch

Review engagement and options appraisal activity.

- 10.2 Given the cross cutting nature of much of the activity, and in line with the overall Health & Wellbeing agenda, it is not proposed to directly align projects to specific priorities or measures within the corporate plan - for example delivery of Broadband across the county not only supports business growth but also enables innovative ways of meeting individual's care needs at home and therefore supports both key priorities.
- 10.3 Although targets are being established to support performance monitoring, it is proposed that Cabinet focuses attention on delivery of outcomes to ensure that activity is best directed to delivering improvement, and focus is not lost on the quality of services whilst savings are being delivered.
- 10.4 Council delegated to Cabinet approval of in-year amendments to the outcome measures. To enable the achievement of the council's public sector equality duty to be monitored the following additional outcome measure is proposed:
- Increase the % of positive responses to questions about diversity, respect and consideration in the quality of life survey

The following additional outcome measures are proposed to ensure that the effectiveness of safeguarding is monitored appropriately:

- Improve the number of children who express an improvement in outcomes following intervention
- % of children's social care practice deemed at least adequate
- % of children's social care visits conducted on time
- % children's social care assessments completed on time
- % social care caseloads less than 25
- % of social care posts filled by permanent staff

The following additional outcome measures are proposed to ensure that the effectiveness of the council's adult transformation programme is monitored appropriately:

- % of people supported to achieve and maintain independence
- % of people completing a period of reablement with reduction or ending of care

The existing measure in relation to Broadband (*Increase the % of broadband connections achieving 2Mbit/s speeds*) be replaced with the following measure to better reflect the outcome being sought:

- Increase broadband coverage for next generation access and universal service standard

Assuring Delivery

- 10.5 The Root & Branch review report to Cabinet in October 2012 stated that, just as the Root and Branch programme is intended to be radical and challenging in approach, so should be delivery. This is essential given the scale of the change that we have to deliver, the size of the savings, the tight timescales that we face and the inevitable risks to delivery.
- 10.6 Accordingly, the concept of excellence in service delivery alongside these reviews was

agreed, including assuring delivery, linking finance to outcomes and dynamic communications.

10.7 As reported to Council in February, the Leadership Team has developed this objective and agreed a number of changes to address the delivery challenges:

Delivery Challenge	Assurance
Leadership	<ul style="list-style-type: none"> • New Senior Leadership Team Delivery Board in place from February 2013 • Monthly meetings to focus on overall delivery plan, track progress, provide challenge and take decisions about resources/priorities • Monthly review of Directorate Delivery Plans at DMTs • Monthly update to Cabinet Members • Quarterly performance report to Cabinet
Delivery plans	<ul style="list-style-type: none"> • Delivery Plans for each project linked to change/savings • Standard format based on learning about “what good delivery looks like” • Plans include: actions and milestones, accountabilities, cross council contribution, resources and risks • Sign off by Assistant Directors/Directors/Chief Finance Officer • Delivery Plans inputted to P+ system
Programme management	<ul style="list-style-type: none"> • Master programme plan for all delivery plans (currently circa 140) maintained jointly by the corporate programme office and corporate finance team • Highlight reports and action required reported to Delivery Board, Directors and Chief Finance Officer
Capacity and capability;	<ul style="list-style-type: none"> • Resource requirements assessed in delivery plans • Skills and knowledge will be reallocated across the Council by Leadership Team to deliver agreed priorities • This will require decisions about stopping or deferring other things to focus on priorities • Additional external capacity and expertise will be brought in on business case basis as required
Profiling savings	<ul style="list-style-type: none"> • Savings will be profiled month by month to allow monitoring and early identification of any risks to delivery • Assurance statements will be linked to monthly budget monitoring reports • Process will be supported by Internal Audit
Performance management	<ul style="list-style-type: none"> • Accountabilities for delivery will be built into individual objectives for senior managers and performance managed as part of monthly 1:1s • New competency framework is being introduced to improve appraisals and individual development
Risk management	<ul style="list-style-type: none"> • Delivery plans include key risks to delivery with mitigation • Programme plan for the Delivery Board includes overall assessment of risks, linked to the corporate risk register
Contingency planning	<ul style="list-style-type: none"> • Further options for in year savings will be developed from March onwards to provide mitigation against slippage if necessary and/or pump priming delivery

Communications	<ul style="list-style-type: none"> • Monthly updates to employees from the Delivery Board • Change Champions network will be used for informal feedback • Updates to Members through the quarterly Cabinet performance report • Improved profile of performance on the website and wider digital channels
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10.8 Cabinet is asked to note the actions put in place by the Leadership Team to assure delivery of savings and to identify any other areas where assurance needs to be increased. Cabinet may wish to request the Overview and Scrutiny Committees to play a role challenging and assuring delivery.

11. Community Impact

11.1 The delivery plan demonstrates how the council intends to achieve its vision for the people of Herefordshire and draws from the evidence base available through Understanding Herefordshire.

11.2 Council leadership and activity also contributes to the achievement of a range of broader multi agency strategies including the Health & Wellbeing Strategy, the strategic plans of the adults and children’s safeguarding boards, the Community Safety Strategy, and the Community Strategy. The main objectives of these strategies are linked into our own corporate plan outcomes; whilst the overall achievement of these strategies will be monitored and assured by the relevant accountable multi agency bodies, the council’s contribution to delivery will be monitored through the normal performance monitoring processes.

12. Equality and Human Rights

12.1 Increasing equality of opportunity and access, and reducing inequalities are clearly articulated outcomes within the agreed corporate plan. Individual elements of activity within the delivery plan undergo equality impact assessments as an integral part of their planning and implementation.

12.2 In demonstrating due regard to the council’s Public Sector Equality Duty, in our decision making processes we will ensure that individual directorates and service areas assess the potential impact of any proposed project, leading to fairer, transparent and informed decisions being made.

12.3 To better monitor performance against this duty an additional outcome measure is being proposed (see paragraph 10.4 above)

13. Financial Implications

13.1 Proposals within the draft delivery plan will be delivered within the budget agreed by Council in February 2013, and include projects and activity to deliver the savings required for a balanced budget.

14. Legal Implications

14.1 In taking its decision in relation to the delivery plan, Cabinet will be aware that the

implementation of these projects may have an impact on the affected users. However it is not committing itself to the implementation of specific policies or projects until it has carried out a full and detailed assessment of the likely impact as and where necessary. Those decisions will in turn address further equalities, consultation and practical matters without their outcome having been predetermined by the approval of either this delivery plan or the budget agreed by Council.

15. Risk Management

- 15.1 The corporate plan and its delivery plan are integral elements of the council's risk management framework. Risks associated with each objective and project are entered onto the relevant service or directorate risk register and escalated to the corporate register as appropriate. The corporate risk register is reviewed by the leadership team at the regular performance meetings and any significant risks are reported to Cabinet as part of the quarterly performance report.
- 15.2 The financial challenge and capacity to deliver the transformation necessary to both improve outcomes for people and deliver savings remains the most significant risk; performance and delivery monitoring and assurance processes have been strengthened, and the support of the Overview and Scrutiny Committees in the assurance process would be welcomed.

16. Consultees

- 16.1 The development of the delivery plan is informed by the evidence base already gathered during the year and which includes user, resident and partner feedback where available, and which this year includes the outcome of the Your Community Your Say engagement undertaken throughout the autumn/winter period and building on the Quality of Life survey results in 2012.
- 16.2 The consultation undertaken immediately before Council set the budget in February provided a range of views which included insights into opportunities for meeting the budget pressures as well as ways in which proposals may need to be implemented to minimise any adverse impacts; these views will continue to inform delivery planning and implementation through the year and will be further enhanced by specific stakeholder consultations on individual projects as appropriate.

17. Appendices

- 17.1 Appendix A - Council Corporate Plan 2013/15
Appendix B - Draft Corporate Delivery Plan 2013/14

18. Background Papers

- 18.1 None identified.

HEREFORDSHIRE COUNCIL CORPORATE PLAN 2013/2015

OUR VISION

Herefordshire - a place where people, organisations and businesses work together within an outstanding natural environment, bringing about sustainable prosperity and well-being for all.

OUR PRIORITIES TO MEET THE VISION ARE ...

ECONOMY

Create and maintain a successful economy that:

PEOPLE

Enable residents to be independent and lead fulfilling lives so that:

- Supports economic growth & connectivity (*includes broadband, local infrastructure, transport and economic development*)
- Make Herefordshire more attractive to younger age groups for a more balanced age profile
- Has good quality housing to meet everyone's needs
- Supports the improvement in quality of our natural and built environment
- Embraces new ways of responding to changing pressures (*includes sustainable & more local water, fuel and food supplies*)
- Has vibrant town centres with shops, restaurants and leisure facilities that keep people spending locally

- People are physically and mentally healthy and stay healthy for longer
- Outcomes for children and young people improve
- There is increased equality of opportunity and access, to reduce inequality in health & wellbeing outcomes
- There is access to excellent education and learning opportunities at all levels (*includes early years/schools/FE/HE/ adult learning*)
- People are able to take more responsibility for themselves (*includes making healthy choices & focus on prevention*)
- People are active in their communities and look out for the more vulnerable so they can live independently
- Public services are prioritised to support those in need of services to maintain their independence or stay safe
- People stay safe

PROPOSED OUTCOME MEASURES:

- Increase GVA and narrow the gap between the county and the region.
- Increase earnings (workplace based) and narrow the gap between the county and the region
- Increase the business survival rate up to three years after registration
- Increase % of workplace jobs in knowledge intensive industries
- Improve average journey time per mile during the morning peak
- Increase the % finding it easier to use public transport
- Increase the % of existing broadband connections achieving 2Mbit/s speeds.
- Lower the house price to earnings ratio (lower quartile) to narrow the gap with the regional ratio
- Increase the % of houses meeting standard condition in line with national rates
- Reduce the average level of nitrogen dioxide (NO₂) within the Air Quality Management Areas in the county
- Reduce fuel poverty (% of households spending more than 10% of income on fuel)
- Reduce levels of income deprivation
- Increase the % of Sites of Special Scientific Interest land in favourable condition
- Reduce CO₂ levels per capita
- Maintain the % of residents satisfied with their local area as a place to live
- Increase % of under 65 year olds in the county to national level

Performance indicators:

- Increase the % of local sites where positive conservation management has been/is being implemented
- Increase the number of adults with learning disabilities in employment (NI 146)

- Reduce the numbers of years of life lost by premature death (all causes)
- Increase the % of adults who do not smoke
- Increase the % of people with a healthy weight
- Reduce the % of people who drink over the recommended limit
- Reduce inequality in life expectancy in Herefordshire
- Reduce the % of children in poverty
- Increase the % of residents finding it easy to see a GP or NHS dentist
- Improve attainment levels in early years and schools
- Narrow the inequality gap for attainment at all key stages (in particular looked after children, those in receipt of free school meals, gender)
- Increase the % and number of 16-18 year olds in education and training or employment
- Decrease the % of working age population with no qualifications
- Increase the % of working age population qualified to level 3 or higher
- Increase the % of residents who volunteer at least once a month
- Maintain levels of satisfaction with social care
- Increase the number of unpaid carers receiving support
- Increase the % of residents who feel safe in their local area after dark
- Reduce the % of repeat incidents of domestic violence
- Increase the quality and effectiveness of early health and protection services

Performance indicators:

- Reduce emergency admissions of people over 65 to accident and emergency as a result of a fall
- Reduce the number of alcohol related hospital admissions
- Increase % pupils achieving 5 or more A*-C grades at GCSE or equivalent, including Maths & English
- Increase dementia diagnosis rates
- Increase in % of vulnerable people on protection plans where assessed level of risk is reducing

TO SUPPORT THE DELIVERY HEREFORDSHIRE COUNCIL WILL OPERATE EFFICIENTLY AND EFFECTIVELY BY:

PEOPLE

- Building on our strengths to develop our culture, capability, capacity and effectiveness to deliver excellence, fairness and value for all our communities
- Creating an engaged, agile, flexible and responsive workforce that is resilient into the future
- Developing a strong, integrated performance management culture and process that is effective in managing risk, maximising opportunity and promoting continuous improvement (*includes linking performance outcomes to cost, risk management, corporate governance systems, lean systems thinking*)
- Ensuring HR resources are aligned to priorities

Measures

- Increase number of apprentices
- Cost of workforce
- Reduce sickness absence levels
- Increase % of staff with a performance appraisal in past year
- Increase participation rates re Employee opinion survey
- Improve EOS results
- % of staff who are: women/ from an ethnic minority/ disabled
- % of top paid (5%) staff who are: women/from an ethnic minority/disabled

RESOURCES

- Managing our finances effectively to secure value for money and deliver a balanced budget
- Developing a robust commissioning framework and capability (*includes evidence-based planning & commissioning, clear decommissioning strategies, development of markets to drive down costs, improve quality and generate inward investment*)
- Making best use of the resources available to us in order to meet the council's priorities (*includes money, buildings, IT, information*)
- Ensuring we make the best use of funding opportunities both at national and regional level
- Being transparent about our resources

Measures

- Proportion of Capital projects delivered to time and to budget
- Forecast outturn against budget (overall and by directorate)
- Borrowing
- Investments
- Progress against delivery of savings targets (overall and by directorate)
- Level of assurance re savings (% delivered; % assured; % at risk)
- Compliance with information governance requirements
- Unqualified accounts
- Unqualified value for money conclusion

CUSTOMER

- Involving, engaging and influencing others at as local a level as possible (*includes enhancing local democracy, partnership working, locality working, customer engagement, lobbying*)
- Ensuring that all council and partner delivery services are responsive to customer needs, engage customers effectively, and enable access to services at as local a level as possible and information through the most appropriate channel
- Maximising self-help where possible, focussing on prevention and demand management, and diverting unnecessary demand on services.

Measures

- Satisfaction with the way Herefordshire Council runs things
- Satisfaction with other public services (GP, hospital, dentist, police, fire service)
- Number of contracts with Customer Quality Schedules
- Increase in the % of residents who feel they can influence decisions affecting their local area
- Strong regional & national reputation/recognition (*how will this be measured?*)
- % of issues resolved at first contact
- Compliments and complaints measures
- Increased self- service and independence

SERVICE & PARTNERSHIP

- Continually looking for improvement and remaining open to challenge
- Being focused on delivery and impact ensuring that benefits are realised and resources are linked to outcomes
- Ensuring decisions are evidence-based
- Maintaining openness and accountability for decision making and service delivery and impact
- Forming countywide and local strategic partnerships for the benefit of both the organisation and the community
- A strategic approach to prevention and early intervention to improve outcomes for people and promote independence

Measures

- % of service based performance indicators improving
- % of services based quality assurance evidencing improvement in practice
- % of strategic risks above tolerance level

We aim to put PEOPLE at the heart of everything we do.

OUR VALUES (principles to guide behaviour)

- P**eople – treating people fairly, with compassion, respect and dignity,
- E**xcellence – striving for excellence and the appropriate quality of service, care and life in Herefordshire,
- O**penness – being open, transparent and accountable,
- P**artnership – working in partnership, and with all our diverse communities,
- L**istening – actively listening to, understanding and taking into account people's views and needs,
- E**nvironment – protecting and promoting our outstanding natural environment and heritage for the benefit of all.

HEREFORDSHIRE COUNCIL DELIVERY PLAN 2013/2015

ECONOMY**Create and maintain a successful economy****PEOPLE****Enable residents to be independent and lead fulfilling lives**

OUR PROJECTS TO MEET THE PRIORITIES ARE ...

- Broadband (C)
- Connect 2 (C)
- Link Road(C)
- Relief Road(C)
- Rotherwas Enterprise Zone(C)
- Urban Village(C)
- Buttermarket feasibility
- Local Development Framework
- Local Transport Plan (includes Destination Hereford)
- Neighbourhood Planning
- Economic Development Strategy – implementation of delivery plan
- Resources from Waste Strategy – implementation of delivery plan
- Street scene Root & Branch Implementation
 - AMEY Re-procurement
 - Ancillary Services Re-procurement
- Environment Root & Branch Implementation
 - Energy Strategy
 - Countryside Review
 - Waste Collection Review
- Housing Economy & Regulatory Services Root & Branch Implementation
 - Planning Policy Review
 - Economic Development & Regeneration Support (Local Enterprise Partnership Support)
 - Regulatory Service Reconfiguration
- Transport & Travel Root & Branch Implementation
 - Network Review & Integration
 - Schools Transport Review

- Delivery of the Digital Strategy
- Housing Strategy – implementation of delivery plan (including older people's housing)
- Health & Wellbeing Strategy – implementation of delivery plan
- Adults Transformation and Business Change Programme
 - Modernising Safeguard Adults Programme
 - Shaping the Market, Promoting Sector Led Approach to Quality and Diversity Programme
 - Adult Social Care Commissioning and Procurement Implementation Plan
 - Prevention and Early Intervention Programme
 - Creating a Healthy Herefordshire - Adults Transformation Programme
 - Wye Valley NHS Trust Next Stage Integration Programme
 - 2gether Foundation Trust Next Stage Integration Programme
 - Delivering Savings and Medium Term Financial Strategy Programme
 - Developing the Right Social Care Workforce for Herefordshire Programme
 - ASC Systems, Business Process and Re engineering Programme
 - Programme Management and Governance Structures Implementation Programme
- Children & Young People Root & Branch Implementation
 - Child's Journey
 - Children's Safeguarding Improvement Plan implementation
 - Redefine the role of the local authority in relation to early years setting and schools
- Living & Well Being Root & Branch Review (Public Health Implementation)
 - Public Health Contracting Review
- Safer & Stronger Root & Branch Implementation
 - Involvement Strategy / Social Capital project
 - Advice Strategy
- Learning & Skills Root & Branch Review (Implementation)

OUTCOME MEASURES:

- Increase GVA and narrow the gap between the county and the region.
- Increase earnings (workplace based) and narrow the gap between the county and the region
- Increase the business survival rate up to three years after registration
- Increase % of workplace jobs in knowledge intensive industries
- Improve average journey time per mile during the morning peak
- Increase the % finding it easier to use public transport
- Increase the % of broadband connections achieving 2Mbit/s speeds.
- Lower the house price to earnings ratio (lower quartile) to narrow the gap with the regional ratio
- Increase the % of houses meeting standard condition in line with national rates
- Reduce the average level of nitrogen dioxide (NO2) within the Air Quality Management Areas in the county
- Reduce fuel poverty (% of households spending more than 10% of income on fuel)
- Reduce levels of income deprivation
- Increase the % of Sites of Special Scientific Interest land in favourable condition
- Reduce CO2 levels per capita
- Maintain the % of residents satisfied with their local area as a place to live
- Increase % of under 65 year olds in the county to national level

Performance indicators:

- Increase the % of local sites where positive conservation management has been/is being implemented
- Increase the number of adults with learning disabilities in employment (NI 146)

- Reduce the numbers of years of life lost by premature death (all causes)
- Increase the % of adults who do not smoke
- Increase the % of people with a healthy weight
- Reduce the % of people who drink over the recommended limit
- Reduce inequality in life expectancy in Herefordshire
- Reduce the % of children in poverty
- Increase the % of residents finding it easy to see a GP or NHS dentist
- Improve attainment levels in early years and schools
- Narrow the inequality gap for attainment at all key stages (in particular looked after children, those in receipt of free school meals, gender)
- Increase the % and number of 16-18 year olds in education and training or employment
- Decrease the % of working age population with no qualifications
- Increase the % of working age population qualified to level 3 or higher
- Increase the % of residents who volunteer at least once a month
- Maintain levels of satisfaction with social care
- Increase the number of unpaid carers receiving support
- Increase the % of residents who feel safe in their local area after dark
- Reduce the % of repeat incidents of domestic violence
- Increase the quality and effectiveness of early health and protection services

Performance indicators:

- Reduce emergency admissions of people over 65 to accident and emergency as a result of a fall
- Reduce the number of alcohol related hospital admissions
- Increase % pupils achieving 5 or more A*-C grades at GCSE or equivalent, including Maths & English
- Increase dementia diagnosis rates
- Increase in % of vulnerable people on protection plans where assessed level of risk is reducing

TO SUPPORT THE DELIVERY HEREFORDSHIRE COUNCIL WILL OPERATE EFFICIENTLY AND EFFECTIVELY THROUGH DELIVERY OF:

PEOPLE	RESOURCES
<ul style="list-style-type: none"> ▪ Organisational Workforce Strategy – implementation of delivery plan ▪ Children & Adult Social Care Workforce Strategy – implementation of delivery plan ▪ Member Training and Development Programme implementation 	<ul style="list-style-type: none"> ▪ Accommodation Strategy (Including HARC, BWOW, EDRMS) ▪ Information Management and Technology Strategy – implementation of delivery plan ▪ Asset Strategy Review ▪ Commissioning & Commercial Strategy – implementation of delivery plan ▪ Property Services Reconfiguration ▪ Medium Term Financial Plan – implementation of delivery plan
<p>Measures</p> <ul style="list-style-type: none"> ▪ Increase number of apprentices ▪ Cost of workforce ▪ Reduce sickness absence levels ▪ Increase % of staff with a performance appraisal in past year ▪ Increase participation rates re Employee opinion survey ▪ Improve EOS results ▪ % of staff who are: women/ from an ethnic minority/ disabled ▪ % of top paid (5%) staff who are: women/from an ethnic minority/disabled 	<p>Measures</p> <ul style="list-style-type: none"> ▪ Proportion of Capital projects delivered to time and to budget ▪ Forecast outturn against budget (overall and by directorate) ▪ Borrowing ▪ Investments ▪ Progress against delivery of savings targets (overall and by directorate) ▪ Level of assurance re savings (% delivered; % assured; % at risk) ▪ Compliance with information governance requirements ▪ Unqualified accounts ▪ Unqualified value for money conclusion
CUSTOMER	SERVICE & PARTNERSHIP
<ul style="list-style-type: none"> ▪ Customer Root & Branch Implementation <ul style="list-style-type: none"> ○ <i>Making Every Contact Count</i> ○ <i>Communication and Engagement Strategy</i> – implementation of delivery plan 	<ul style="list-style-type: none"> ▪ Herefordshire 2020 Root & Branch Implementation ▪ Local Delivery of Services Across the county (Locality Working Strategy implementation) ▪ Prevention and Demand ▪ Creating a Healthy Herefordshire – Adult Transformation Programme ▪ Shaping the Market, Promoting Sector Led Approach to Quality and Diversity Programme
<p>Measures</p> <ul style="list-style-type: none"> ▪ Satisfaction with the way Herefordshire Council runs things ▪ Satisfaction with other public services (GP, hospital, dentist, police, fire service) ▪ Number of contracts with Customer Quality Schedules ▪ Increase in the % of residents who feel they can influence decisions affecting their local area ▪ Strong regional & national reputation/recognition ▪ % of issues resolved at first contact ▪ Compliments and complaints measures ▪ Increased self- service and independence 	<p>Measures</p> <ul style="list-style-type: none"> ▪ % of service based performance indicators improving ▪ % of services based quality assurance evidencing improvement in practice ▪ % of strategic risks above tolerance level
<p style="text-align: center;">We aim to put PEOPLE at the heart of everything we do.</p> <p style="text-align: center;">OUR VALUES (principles to guide behaviour)</p> <p>People – treating people fairly, with compassion, respect and dignity, Excellence – striving for excellence and the appropriate quality of service, care and life in Herefordshire, Openness – being open, transparent and accountable, Partnership – working in partnership, and with all our diverse communities, Listening – actively listening to, understanding and taking into account people’s views and needs, Environment – protecting and promoting our outstanding natural environment and heritage for the benefit of all.</p>	

C = Capital project

MEETING:	CABINET
DATE:	14 MARCH 2013
TITLE OF REPORT:	HEREFORDSHIRE COUNCIL WORKFORCE STRATEGY 2013-15
REPORT BY:	ASSISTANT DIRECTOR – PEOPLE, POLICY & PARTNERSHIP

1. Classification

Open

2. Key Decision

This is not a key decision

3. Wards Affected

County-wide

4. Purpose

To approve the Herefordshire Council Workforce Strategy for 2013-15.

5. Recommendation(s)

THAT:

- (a) **the Workforce Strategy (at Appendix A) be approved.**

6. Key Points Summary

- Cabinet is requested to approve the Workforce Strategy for 2013-15 that has been developed to underpin the delivery of the Corporate Plan.
- A workforce delivery plan has been developed in light of this strategy to ensure that tangible and timely actions and programmes of work are undertaken to deliver the workforce outcomes. This can be seen at Appendix B.

7. Alternative Options

- 7.1 The alternative option would be to do nothing. The consequence of this would mean that the organisation would be in a status quo position and therefore less likely to make best use of its people resources. Without a cohesive framework to describe how staff will be effectively aligned to deliver the corporate plan priorities, there is a risk that the priorities,

including delivery of efficiencies, may not be realised.

8. Reasons for Recommendations

- 8.1 The Workforce Strategy provides the direction and framework to ensure that council resources are aligned and focussed on the workforce outcomes so that the Corporate Plan priorities are achieved.

9. Introduction and Background

- 9.1 The organisation has been through a significant amount of change and this strategy sets the framework for our workforce outcomes required to enable the successful on-going transformation of the organisation.
- 9.2 In addition to the Corporate Plan priorities, the Workforce Strategy has been drafted taking account of the employee opinion survey, performance and various communication and feedback mechanisms within the organisation.

10. Key Considerations

- 10.1 The Workforce Strategy describes the ten workforce outcomes needed to support delivery of the council's priorities and is described in further detail at Appendix A. These outcomes are as follows:
- (a) Our leadership enables staff and the organisation to succeed through clarity of role, contribution and accountability.
 - (b) Our people managers enable our workforce to be engaged, motivated and committed to the organisation working in an environment where communication is effective, empowerment and trust is high. Everyone is expected to engage with the organisation's aims and seek out the information they need to perform well.
 - (c) We have skilled people managers who ensure that the right people are in the right roles with the right skills to deliver our objectives. Everyone is expected to take personal responsibility for their performance and personal development.
 - (d) As our challenge increases it becomes even more important that we attract, retain and develop the best possible staff.
 - (e) We have a flexible and responsive workforce capable of working effectively across team and organisational boundaries with a 'can do attitude' that is customer and outcome focussed.
 - (f) Our managers are great at supporting their team members to lead healthy lives and to have a good work/life balance.
 - (g) Our staff experience and take personal responsibility for an effective performance culture where we are open about our performance in order that we can build on successes and learn from things that don't go so well.
 - (h) Our policies and processes support achievement of performance improvement.
 - (i) The way we pay and reward our people attracts, retains and engages in a way that

positively impacts engagement and performance improvement.

(j) Equality and diversity is embedded at the heart of our organisation.

10.2 The draft Workforce Delivery Plan set out in Appendix B describes some of the key programmes of work that will be undertaken to achieve the workforce outcomes.

11. Community Impact

11.1 The Council, as an employer, has a significant role to play in the local economy. Consideration should be given to the extent to which the Council leads by example and role models good employment ethos and practice. Through an engaged, motivated, productive and committed workforce delivering services directly or through commissioning and partnership arrangements, Herefordshire communities will experience greater valued services.

12. Equality and Human Rights

12.1 The Workforce Strategy acknowledges the Equality and Human Rights Charter and is core to embedding equality, diversity and human rights across the organisation.

13. Financial Implications

13.1 The costs associated with delivering the programmes of work to underpin the Workforce Strategy are expected to be covered by the reducing Hoople Ltd SLA, led by retained HR and OD resources whilst also requiring the buy-in and support of all managers and staff across the organisation. Specific initiatives within the workforce delivery plan will be progressed under targeted business cases; e.g. the refreshed reward framework.

14. Legal Implications

14.1 The Workforce Strategy takes account of all applicable employment legislation.

15. Risk Management

15.1 The risk of not approving the Workforce Strategy would result in reduced capacity and capability to deliver the organisations priorities identified in the Corporate Plan. The achievement of the delivery against the Workforce Strategy is dependent on several factors and capability. These are detailed below and mitigating factors identified:

15.1.1 A revised HR service model will require a shift of responsibilities to people managers. The capacity and capability of managers to respond to this shift is a risk. The Workforce Delivery Plan details planned development interventions aims to mitigate this risk.

15.1.2 Technical capability – the new way of working is dependent on technical solutions that are identified within the IM&T strategy. If these are not delivered, the shift to empowering managers and enabling the revised HR service model to be effective and the implementation of cost effective training delivery, will be challenged. This risk is mitigated through the prioritisation of work captured in the IM&T strategy and delivery plan.

15.1.3 Pace and scale of change – there is a risk that our managers and staff cannot or choose not to embrace the change required. Good partnership working with the Trade Unions has been established which will be critical to the success of achieving this along with the focus on change and engagement and performance management outlined in the delivery plan.

15.1.4 Individual capacity and resilience during times of change can be a challenge, leading to the risk of increased absence and turnover. It is therefore important that this is recognised and well managed to minimise any levels of stress. Involving employees in the development of their service areas, health and wellbeing initiatives including training on managing stress and good communication and engagement are ways to mitigate this risk and have been considered in the development of the delivery plan.

16. Consultees

16.1 The Workforce Strategy has been widely discussed and circulated across the organisation with Leadership Team, Senior Management, Trade Union representatives and groups of employees.

17. Appendices

17.1 Appendix A - Workforce Strategy

Appendix B - Draft Workforce Delivery Plan

18. Background Papers

18.1 None identified.



Herefordshire Council Workforce Strategy 2013-15

Background

It is good practice to refresh our organisation's Workforce Strategy to ensure it remains aligned to achieving the goals of the organisation. At the end of November 2012 Council agreed our refreshed Corporate Plan; the key strategic policy framework document for the council.

There are already a number of workforce 'initiatives' being progressed in the council; we have not however pulled these together into a coherent package that underpins delivery of our Corporate Plan. The aim of this Workforce Strategy is therefore to set out a comprehensive and progressive approach to workforce challenges to support our journey of transformation.

The changes to the Corporate Plan were informed by a situational analysis including policy direction, current performance, financial context and a latest summary of our evidence base. The Corporate Plan outlines what outcomes we're looking to achieve; further to this we need to consider 'how' we want to go about delivering this and what organisation we continue to aspire to be? We have refreshed our guiding principles below given the changed context within which we now work; in particular the change to the council's partnership with the NHS, localism and our increasingly important community leadership and partner role.

The information we use in formulating our Workforce Strategy is derived from many sources. In addition to consideration of the organisation's priorities articulated within the Corporate Plan we use feedback that we receive throughout the year. There are a variety of ways that this is achieved, for example through the Directorate Improving Working Lives groups, Change Champion network, Equality and Diversity Employee Groups, Trade Union representatives and the Employee Opinion Survey. The Our People Group is a formal group which provide a corporate place to share information and best practice in relation to the things that are important to people. Public Health, Health & Safety, HR, Sports & Development and others are also represented at this group. This engagement informed the following SWOT analysis;

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Some leaders with great people management skills • Many committed people striving to do a great job • Good acceptance of Better Ways of Working where piloted • Workforce fundamentals in place e.g. appraisal, performance management and absence policies • Suite of skills development opportunities in place offering development to all staff • Many employees with high levels of skill, experience and qualification • Leadership development pathway offers opportunities at all levels • Organisational level sickness levels on target • Experienced in the Management of Change including rationalisation/TUPE transfers etc. • Evidence that we can deliver significant change 	<ul style="list-style-type: none"> • Working in a complex organisation staff are asking for more clarity about their role and what is expected of them • Declining staff morale • Inadequate focus on delivery of difficult service changes or savings against target • History of overreliance on interim managers • Inadequate appraisal coverage and quality • Pockets of high sickness levels • Underperformance has gone unchallenged in some areas over time • Increase in staff with stress-related issues • People management skills variable across the organisation • Pockets of bullying and harassment issues that need to be addressed • Existing workforce policies and processes not fit to current context • Development opportunities provision not tailored to changing role and shape of organisation or targeted to areas of most need

	<ul style="list-style-type: none"> • A lack of workforce planning linked to achievement of strategic objectives and the financial plan. • The “pressure” that staff are currently feeling.
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Demonstrated ability to lead on cutting edge approaches • Good working in partnership with Trade Unions • Limited competition from other local employers • Liberalisation of employment legislation • Attractive locality with low cost of living • Available technology to enable employees to be more efficient and effective at work • Network of partner organisations to collaborate and share people resources 	<p>THREATS</p> <ul style="list-style-type: none"> • Increasingly complex and fast-changing environment • Intense funding pressures • Limited local availability of professional skills in some key workforce areas • Ability to retain of key staff • Scale of change exceeds available resources • Destabilising effect when senior managers leave, especially in sensitive areas.

The organisation we need to be

Our Corporate Plan lays out our vision for what we intend to achieve along with our strategic objectives which describe our priority areas. In addition to these statements the following principles aim to describe what type of organisation we need to be to achieve our overall aims;

<p>Local Leadership</p> <p>We undertake a strategic role, utilising the democratic process and working in partnership to ensure that the services communities most need are in place and offer greatest value.</p>	<p>Self Reliance</p> <p>Working with residents, community groups and our partners we help people to be more self reliant, devolve services and build stronger communities</p>
<p>Highly Regarded</p> <p>We always aspire to be held in high regard, nationally, regionally and locally for what we do and how we do it.</p>	<p>Customer Focus</p> <p>Our decisions are based on listening to and working with our customers, using robust evidence so that our services meet residents' greatest needs.</p>
<p>Value for Money</p> <p>A streamlined and efficient organisation, driving value for money. Networked and agile we empower employees and continue to reduce waste. We make the best use of all our available resources.</p>	<p>High Performance</p> <p>Recognising that we can no longer fund services at previous levels we still aspire to do what we do well; managing risk, maximising opportunities and delivering continuous improvement.</p>

Our organisation’s Values describe the way we want to go about our business on a day to day basis;

People:	Treating people fairly, with compassion, respect and dignity
Excellence:	Striving for excellence , and the appropriate quality of service, care and life in Herefordshire
Openness:	Being open , transparent and accountable
Partnership:	Working in partnership and with all our diverse communities
Listening:	Actively listening to, understanding and taking into account people’s views and needs
Environment:	Protecting and promoting our outstanding natural environment and heritage for the benefit of all

Workforce Outcomes

In order to achieve our organisational objectives and our aspirations for the organisation we have identified the following ten critical workforce outcomes;

1. Our leadership enables staff and the organisation to succeed through clarity of role, contribution and accountability.
2. Our people managers enable our workforce to be engaged, motivated and committed to the organisation working in an environment where communication is effective, empowerment and trust is high. Everyone is expected to engage with the organisation's aims and seek out the information they need to perform well.
3. We have skilled people managers who ensure that the right people are in the right roles with the right skills to deliver our objectives. Everyone is expected to take personal responsibility for their performance and personal development.
4. As our challenge increases it becomes even more important that we attract, retain and develop the best possible staff.
5. We have a flexible and responsive workforce capable of working effectively across team and organisational boundaries with a 'can do attitude' that is customer and outcome focussed.
6. Our managers are great at supporting their team members to lead healthy lives and to have a good work/life balance.
7. Our staff experience and take personal responsibility for an effective performance culture where we are open about our performance in order that we can build on successes and learn from things that don't go so well.
8. Our policies and processes support achievement of performance improvement.
9. The way we pay and reward our people attracts, retains and engages in a way that positively impacts engagement and performance improvement.
10. Equality and diversity is embedded at the heart of our organisation.

The following provides the key principles and priorities underpinning achievement of the above outcomes; these form the basis for the refresh of our 2013/14 delivery plan;

Leadership

Leadership at all levels of the organisation has a crucial role to play in setting the culture and context for continuous improvement and in motivating and supporting staff to deliver our strategic objectives. A major report from the Chartered Institute of Personnel and Development (CIPD) warns that the public sector needs to build its management capability in order to address the challenge of the future. The report highlights that line managers and supervisors in particular lack the people management skills that will be necessary to get more out of employees and build the kind of organisational behaviour needed to see organisations through the challenging spending squeeze.

This is an area where we have previously and continue to focus our investment in leadership development on a structured leadership development pathway, tailored to the needs of the organisation with appropriate development opportunities for leaders at different levels. Our leadership pathway has four simple levels, from aspiring managers to senior leaders. Principal

elements of the pathway are: leadership competency framework; 360-degree feedback; leadership development opportunities at all levels including coaching, formal and informal programmes; performance appraisal and personal development planning.

The purpose of our leadership pathway is to achieve a cultural shift from command, control and top-down management to a collaborative and engaging model in which teams and individuals feel inspired, motivated and empowered to deliver; and leadership skills are strengthened to ensure that employees are effectively supported and managed through changing times. We will do this by developing leaders who involve others to gain commitment and accountability.

Engaging our workforce

Employee engagement can be defined as ‘a combination of commitment to the organisation and its values plus a willingness to help our colleagues (organisational citizenship). It goes beyond job satisfaction and is not simply motivation. Engagement is something the employee has to offer: it cannot be ‘required’ as part of the employment contract.’ [CIPD] It is understood that employee engagement is critical to meeting the unprecedented challenges of the current time: There is a significant body of evidence that links engaged staff in the workforce with increased performance and customer satisfaction; reduced levels of sickness absence; improved customer focus; increased advocacy of the organisation in the community by employees and increased innovation. Good people managers are critical to enabling us to be successful at achieving this.

This outcome is clearly linked to a number of other elements in this strategy and in particular our leadership approach; in addition to work in other areas we also have a number of corporate initiatives aiming to improve staff engagement; these include the role of Change Champions, senior staff road shows, corporate communications to mention a few. It is our aim going forward to better enable staff engagement through a more philosophical approach given our commitment to be a Lean and Systems thinking organisation and where ideas for change are embraced and put into action. This is a critical corner stone of this Workforce Strategy requiring a significant change in behaviours from leaders, staff and members across the organisation.

The way that we communicate with each other is a critical factor in all that we do. We are committed to a culture where communication spans many relationships and therefore staff take personal responsibility, be responsive and always be informed.

As the demands on us continue to increase it is vital that we attract and retain the best possible staff. We will do this by being explicit about our employee proposition; how staff will experience working for the organisation and what is expected of them. This helps staff to recognise some of the really good things that currently exist and to challenge if we do not deliver on our Workforce Strategy. Underpinning this is the need for a climate where feedback is encouraged enabling us to discuss where we’re not delivering what we’ve promised in order to address this. We will know we have been successful when we have a highly engaged workforce measured through the Employee Opinion Survey, reduced absence rates and fewer resignations.

Capacity and capability

Significant improvements have been made recently to establish robust processes and support for the workforce to enable the development of skills and abilities and progress careers. New guidance on personal development planning has been introduced, e-learning capability established, and disparate training functions have been brought together in Hoople. We have been active in facilitating some cross sector workforce planning and development across partner organisations, for example in adult social care and children’s services although there is much more that we need to do in this area. These changes reflect the high priority we place on the training and development of staff and these improvements must result in our having the right people with the right skills in the right place at the right time. We will build on successes through ‘growing our own’ with focussed

development aligned to our competency framework, continuing professional development (CPD) interventions and more focus on succession planning for critical roles.

As we transform, the skills we need within our organisation are changing, as are our relationships with partner organisations. For example, we have an increasing need for commercial and commissioning skills in our own employees and also have a continued interest in securing the right skills mix across our provider partners to ensure high quality service delivery including a change in social work core professional competencies that reflect the changing nature of the role.

Our managers need to embrace the transformation and the changing environment that challenges nationally, locally and within our organisation present; demonstrating good leadership and management of change, taking their teams with them on our journey. We accept that there are varying degrees of people management skills and expectations within the organisation and we have a commitment through our learning and development, and HR programmes of work, to equip our managers with the tools, skills and support they need to lead their teams successfully in these times of rapid pace, uncertainty and change. Our managers are expected to role model great behaviours and embed our Values in all that they do and are explicitly accountable for the health, safety and wellbeing of their teams; setting clear objectives, accountabilities, and managing performance outcomes aligned to our corporate priorities; keeping communication flowing in all directions; coaching and developing their teams; as a core part of their line/people manager role.

As budgets reduce we also require our managers to become more self-sufficient; this of course requires HR and wider systems to support managers with access to the information and systems they need to lead and manage effectively.

Attraction, Recruitment and Retention

The attraction and recruitment of key staff, skills and experience and is shaped by all the elements of the strategy. 'We always aspire to be held in high regard and trusted by residents, employees and partners for what we do and how we do it'... It is key to our success to be able to attract great people to work in Herefordshire, and for us, as an employer of choice. Expressing our employee proposition, culture, values, benefits of living in Herefordshire and valuing diversity will be pivotal to increase the resource pool for Herefordshire, especially for key roles, skills and experience as well as retaining and investing in the best people.

Flexible and Responsive workforce

This is another critical strand to our Workforce Strategy given that some areas of our public sector workforce still experience quite traditional hierarchical employment models. Our workforce model will continue to transform and shift the balance between our core and flexible/commissioned workforce as we continually consider the best solutions to our service provision that achieves the right outcomes for residents whilst also saving money. In order for us to be flexible and responsive we need to be clear about the role requirements, accountabilities and breadth to develop a resourcing plan comprising a flexible mix of substantive and temporary staff. We should always consider creative ways of resourcing our requirements, moving away from replacing 'like for like' as the default option. We have an opportunity to strengthen workforce planning as an integral part of our Medium Term Financial Plan, delivery plans and existing Root and Branch Reviews whilst also continually reviewing our arrangements for employing temporary and permanent staff ensuring we achieve high quality and best value for longer term sustainability

Our staff are healthy and well and have a good work/life balance

The health, well being and satisfaction of staff has a direct correlation with levels of performance and absence and the fitter and healthier our staff are, the better role models they make for the community and is in line with the Health & Wellbeing motion that was passed by Council in July 2012.

Physical activity provides an opportunity for staff to improve their health and well-being, work-life balance, socialise, enjoy themselves and get that 'feel good factor' - participation and involvement in physical activities will enhance energy levels, enthusiasm, team working and motivation to make a real difference at work.

Equally important is that we address the issues that may cause employees to feel stress in the workplace such as productive working relationships with elected members and between staff and managers, particularly during times of significant change and national economic decline. Our leadership model and the skills and capabilities of managers will seek to address these issues.

Key health and well-being messages such as healthy eating, stop smoking campaigns, staff support mechanisms and screening programmes will be delivered in tandem with physical activity opportunities. The increasing demands that we all face in our lives are challenging so we will enable our people to be fit and healthy both physically and mentally to enable our people to be fit for work for longer into their lives.

Performance Culture

This outcome is very much dependent on other elements of this strategy and is highlighted separately given the significant opportunities for performance improvement in this area.

Achieving better outcomes – especially when spending is reducing and demands for services are increasing – we will require improved, more efficient and more effective performance from our organisation that is focussed on the right priorities. This in turn requires fundamental changes in organisational systems and culture to deliver:

An organisation that:

- Focuses resources and efforts on the critical priorities
- Delivers what we say we will
- Has the right capacity and capabilities to deliver corporate aims
- Provides the right tools and working environment for success
- Deals swiftly and effectively with under performance
- Is networked and focused on delivering shared outcomes
- Works quickly to resolve performance and/or cultural concerns that adversely impact on effective team working and our people's ability to challenge.
- Enables all staff to fulfil their full potential
- Celebrates achievements and success

People that:

- Have a 'can do' approach to meeting customer/community needs
- Have the business, people and delivery skill levels required
- Are engaged, empowered and proud to work for the Council
- Know the purpose of the organisation and their role within it
- Are developed to fulfil their potential
- Are responsive, flexible and take personal responsibility

Managers that:

- Clearly describe the performance outcome and standards expected from each member of their team using the performance appraisal framework
- Have regular, quality performance discussions with their team members at least monthly
- Regularly coach, develop and give constructive feedback to their teams to enable growth and learning from doing things differently for continued sustainable success
- Inspire and motivate their teams to be the best that they can be
- Regularly recognise great contribution and celebrate success

- Support performance improvement rigorously to address under performance swiftly

The challenges of the future place new demands on the organisation in the way that we manage performance. We can now capitalise on the work of the refreshed Corporate Plan which makes clear what our priorities are enabling us to better link this to individual targets so people can see where their individual performance fits in. We will strengthen our performance culture where we celebrate good performance, we challenge each other to further improve, we learn from our mistakes and deal with under performance.

Workforce policies and processes

Experience of using our existing policies and procedures has highlighted a significant performance improvement opportunity, as our current policies no longer support the changed environment within which we work; for example the need to deal with under-performance swiftly and to manage performance, based upon outcomes rather than presenteeism. A fundamental change to our policy structure and content is planned in order to leverage performance improvement and better partnership working between our line managers and the HR service.

Pay and Reward

Our current reward approach is guided primarily by a policy of not moving away significantly from national terms and conditions without due consideration. This is currently still the case however we propose that further guiding principles need to inform our strategy going forward:

- We will consider total reward; this links to other challenges already raised in this strategy including employee experience
- Will support delivery of corporate objectives and our Workforce Strategy whilst also considering affordability
- We're well positioned in the labour market ensuring that whilst we achieve our targets for wage and job growth in the county that we continue to compete for the best people; this should not be a race to the bottom
- We pay fairly for the jobs people do; the skills knowledge and experience required
- We have excellent employee relations
- We have equal opportunity in employment
- We don't pay for under performance
- We will consider implementing a reward element to staff suggestions that are implemented and successfully deliver savings.
- We will consider a move from minimum to living wage
- The issue of directly linking pay to achievement is well documented in academic journals and tends to conclude that the benefits from this are varied depending upon the organisation. It is proposed that once key underpinning practices are in place that we would need to consider better linking reward to performance.

These principles need testing as currently data is lacking about what motivates staff in Herefordshire Council and what aspects of the total reward package are most important. A staff engagement process commenced in February 2013 and is designed to test these principles as well as informing improvement proposals and the accompanying delivery plan.

This objective also links to our duty to publish our annual Pay Policy Statement in which many of these principles will also be captured.

Equality and Diversity

In 2010, Herefordshire Council, signed up to the Equality and Human Rights Charter for Herefordshire, demonstrating our shared commitment to dignity and respect and human rights in everything that we do. The charter sets out how public service providers will work in partnership to embed equality and human rights within all that we do. It also sets out an agreed vision around equalities for the communities of Herefordshire. It provides a focus to ensure that we meet our obligations under the Human Rights Act 1998, the detailed requirements of the Equality Act 2010, and the Equality Framework for local government.

Promoting human rights within an organisation allows individuals to flourish, reach their potential, and participate fully in society. Promoting equality is a core part of the human rights agenda and is essential for the creation of a cohesive society and for a strong economy. Recognising and respecting individuals' rights within our community helps us to uphold our sense of responsibility to each other.

We will continue to work to the principles and values as set out in the charter and work in partnership, making Herefordshire a place where people, organisations and businesses work together towards long term, sustainable success for all. We will role model equality and diversity in our workplace and know that we have been successful when we enable and facilitate opportunities and therefore enjoy the benefits of a diverse workforce.

Key contributors to this Workforce Strategy

The development of this Workforce Strategy has been in collaboration with various colleagues and teams of people across the organisation, namely: Leadership Team, Senior Management Team, Members, Change Champion network, Our People Group members, Head of Workforce and OD, Organisation Development Lead, Trade Union representatives, Legal, HR, Equality & Diversity team members, Communication and Engagement team.

Next steps

Following a period of consultation and agreement from Cabinet to this strategy these outcomes and underlying principles will be used to inform a refresh of our delivery plan in order that tangible actions can be taken to achieve this strategy and measures identified to establish when these outcomes have been achieved.

Author; Jenny Lewis

February 2013

Draft Workforce Delivery Plan – 2013-15

Appendix B

The following table sets out a draft delivery plan aligned with the desired workforce outcomes described in the Herefordshire Council Workforce Strategy 2013-15.

Workforce Outcome	Measures	Projects
<p>1. Our leadership enables staff and the organisation to succeed through clarity of role, contribution and accountability.</p>	<p>Employee Survey (specific questions to be identified)</p> <ul style="list-style-type: none"> ▪ <i>Improve EOS results</i> 	<p>Top Team Development Programme (SMT/LT)</p> <p>Leadership Pathway</p> <p>Leadership Academy</p>
<p>2. Our people managers enable our workforce to be engaged, motivated and committed to the organisation working in an environment where communication is effective, empowerment and trust is high. Everyone is expected to engage with the organisation's aims and seek out the information they need to perform well.</p>	<p>Employee Survey (specific questions to be identified)</p> <ul style="list-style-type: none"> ▪ <i>Improve EOS results</i> 	<p>People Manager Induction</p> <p>Mandatory Training programme</p>
<p>3. We have skilled people managers who ensure that the right people are in the right roles with the right skills to deliver our objectives. Everyone is expected to take personal responsibility for their performance and personal development.</p>	<p>Vacancy rates</p> <p>Learning & Development data</p> <p>Performance data</p>	<p>Workforce Planning</p> <p>Training Needs Analysis</p> <p>Continuous Professional Development</p>
<p>4. As our challenge increases it becomes even more important that we attract, retain and develop the best possible staff.</p>	<p>Recruitment data</p> <ul style="list-style-type: none"> ▪ <i>Increase number of apprentices</i> ▪ <i>Increase participation rates re Employee opinion survey</i> ▪ <i>Improve EOS results</i> <p>Rate of turnover relating to resignations.</p>	<p>Attraction & Recruitment Strategy</p> <p>Employee Engagement – develop and implement local action plans following feedback from the Employee Opinion Survey</p>
<p>5. We have a flexible and responsive workforce capable of working effectively across team and organisational boundaries with a 'can do attitude' that is customer and outcome focussed.</p>	<p>Customer feedback</p> <p>Performance data</p>	<p>Better Ways of Working programme – continue to implement and embed.</p>

Workforce Outcome	Measures	Projects
6. Our managers are great at supporting their team members to lead healthy lives and to have a good work/life balance.	<p>Employee Survey (specific questions to be identified)</p> <ul style="list-style-type: none"> ▪ <i>Reduce sickness absence levels</i> ▪ <i>Improve EOS results</i> 	Develop an employee Health & Wellbeing Strategy and action plan -including a Health & Wellbeing policy
7. Our staff experience and take personal responsibility for an effective performance culture where we are open about our performance in order that we can build on successes and learn from things that don't go so well.	<p>Employee Survey (specific questions to be identified)</p> <ul style="list-style-type: none"> ▪ <i>Increase % of staff with a performance appraisal in past year</i> 	Implement enhanced Performance Management framework including line manager development on managing performance through the People Manager Induction.
8. Our policies and processes support achievement of performance improvement.	<p>Customer feedback</p> <p>Accuracy in data integrity</p> <p>Transactional processing times reduced</p>	<p>Employee Lifecycle Programme of Work – Lean review of all HR processes.</p> <p>Further Agresso - Self-Service development & implementation</p> <p>HR Policy Refresh</p>
9. The way we pay and reward our people attracts, retains and engages in a way that positively impacts engagement and performance improvement.	<p>Employee Survey (specific questions to be identified)</p> <ul style="list-style-type: none"> ▪ <i>Cost of workforce</i> ▪ <i>Improve EOS results</i> 	<p>Reducing the Pay Bill initiative</p> <p>Recognition – Celebrating Our People</p> <p>Develop Reward Strategy and consider options/proposals to changes to reward policy and/or practice.</p>
10. Equality and diversity is embedded at the heart of our organisation.	<p>Employee Survey (identify specific questions)</p> <ul style="list-style-type: none"> ▪ <i>% of staff who are: women/ from an ethnic minority/ disabled</i> ▪ <i>% of top paid (5%) staff who are: women/from an ethnic minority/disabled</i> 	<p>Refresh Equality & Diversity objectives</p> <p>Equality & Diversity Training for all</p> <p>Policy & decision making – equality analysis</p>

Note: Measures in *italics* are the measures in the Corporate Plan

MEETING:	CABINET
DATE:	14 MARCH 2013
TITLE OF REPORT:	CHILDREN'S SAFEGUARDING - IMPROVEMENT NOTICE AND PROGRESS ON THE OFSTED RECOMMENDATIONS
REPORT BY:	DIRECTOR FOR PEOPLE'S SERVICES

1. Classification

Open

2. Key Decision

This is not a key decision.

3. Wards Affected

County-wide

4. Purpose

To report on the receipt of the Improvement Notice from the Department for Education (DfE) and progress to date on the Ofsted recommendations and next steps.

5. Recommendation(s)

THAT Cabinet:

- a) receives the Improvement Notice from the Department of Education.
- b) confirms the statement of expectation for children's safeguarding in Herefordshire and for further discussion and potential endorsement by partners.
- c) delegates to the Director for People's Services the finalisation of the statement as set out in the report.
- d) notes the progress to date in addressing the recommendations from Ofsted.

6. Key Points Summary

- As reported in the Autumn, following the Ofsted Inspection of local authority arrangements for the protection of children, Herefordshire is placed under an Improvement Notice by the DfE.

- This notice has now been received. This gives the Council the opportunity to accept the notice, confirm its expectation for safeguarding services and endorse the improvement plan which is in place.

7. Alternative Options

7.1 There are no viable alternative options.

8. Reasons for Recommendations

8.1 The Council is under a duty to accept the Improvement Notice from the DfE and address the requirement to improve the quality of services and impact on children's outcomes.

9. Introduction and Background

Improvement Notice

9.1 Following the Ofsted inspection of local authority arrangements for the protection of children in the Autumn, the Council was graded inadequate. As part of the response to this, the DfE has set out an Improvement Notice. The Council received the Final Improvement Notice on Thursday 14 February (Appendix 1).

9.2 The Notice has been developed with the Council and Improvement Board and the DfE and sets out the key areas of action which we have agreed are essential to secure good child protection services within the next two years.

9.3 One of the requirements of the Improvement Notice is a statement of expectation by the Council for safeguarding services in exercise of its lead role for Safeguarding (Appendix 2) and a plan of action (Appendix 3).

10. Key Considerations

The Statement of Expectation

10.1 The Council has not previously confirmed its expectation for safeguarding, but has placed its ambitions within its vision for children and young people in Herefordshire. The Council has a clear leadership role for Herefordshire in setting these expectations. Partners have indicated they would welcome such a statement and would wish to consider this and that there is a set of expectations within Herefordshire by all organisations.

10.2 Cabinet are asked to endorse the statement at Appendix 2. The statement is wholly in line with the Health and Wellbeing Strategy and the Corporate Plan. Once endorsed, the statement will be taken to the Boards of the relevant partners agencies for consideration. This may mean some changes are suggested, and it is proposed it is delegated to the Director for People's Services to finalise the statement by the end of June, should there be any changes

10.3 It is also suggested that the Director for People's Services be asked to work with Children in Care and the Shadow Children's Board to ensure that the statement is easily understood by and communicated to children and young people.

The Improvement Plan

10.4 The Improvement Plan has been developed since November. The executive summary is

attached at Appendix 3. The Full Improvement Plan can be accessed as a background paper from a link attached to this agenda item on the Council's website. The Plan is a live document as the learning from implementing the plan is built into it.

- 10.5 There has been very active engagement by staff from a number of organisations in this first phase of improvement and credit should be given to them for the intensive work which has been done.
- 10.6 Monitoring of the plan and challenging of progress is undertaken at workstream meetings which happen at least monthly at present and the Improvement Board which also meets monthly. As it improves, the Safeguarding Board will gradually take over the role of the Improvement Board. The Council activities and performance are monitored on a weekly basis by managers, and then monthly through the senior management and cabinet arrangements, culminating in the quarterly performance report. This frequency alters if there are significant performance concerns. The quality assurance and performance monitoring arrangements are themselves under review to ensure that staff and managers have access to performance and quality information on a much more developed basis.

Progress to Date

- 10.7 The Ofsted report contained a number of recommendations for immediate three and six month actions. A progress report is attached at Appendix 4.
- 10.8 It has been well rehearsed that whilst it is possible to action all the recommendations, they cannot be considered completed until the actions are clearly embedded as evidenced through day to day practice, systematic implementation and confirmed through audit. Furthermore, the ultimate test will be considering the impact these actions are having on the experience of children and families and their outcomes. Whilst it is pleasing therefore to be able to report that all the recommendations have been actioned, there is still a significant way to go until there can be confidence that there has been a corresponding improvement in practice and outcomes.
- 10.9 Staff and managers have worked exceptionally hard over the past three months. The priorities have been:
- undertaking an audit of 1,440 cases and responding to findings
 - investing in more staff and supporting our teams
 - addressing performance issues and identifying good and outstanding practice
 - refreshing and developing approaches to practices

At the same time as this, the child protection teams have seen a rise in activity so have been dealing with an increase in workload and addressing performance issues. This has placed a strain on those teams.

- 10.10 The biggest risk to improvement is having a stable experienced workforce. Since Ofsted, the staffing position has changed, so that there are now more agency staff than there were when Ofsted inspected. This is a common experience in authorities in intervention, through a combination of increased number of cases being referred, leading to a growth in staff needed and staff turnover. Although we have many high quality agency staff, this creates a destabilising effect in its own right, on both permanent staff, partners and families. The Council has agreed a recruitment package and a national recruitment campaign started on 13 February. Competition between authorities for high calibre staff is very high.

- 10.11 Equally important are the retention arrangements; the Council has been developing its career structures and professional development and support arrangements. We have many excellent staff in Herefordshire and we want to ensure they are supported and challenged to perform their best. Although there is much the Council needs to do, staff also need to be able to establish effective and enduring professional relationships with staff throughout the safeguarding system. The Safeguarding Board will want to consider what the stability and effectiveness of staffing is in all organisations over the course of the next few months.
- 10.12 The influx of work combined with dealing with backlogs has seen a significant increase in assessments done. There is some pleasing evidence of improvements in the performance around visits and the speed with which assessments are undertaken although not yet at target. The revised team arrangements which have been put in place will improve the position in the next three month period; the teams are also focusing on the improvements in quality which has to go hand in hand with this.

Other Developments

- 10.13 The Council and its partners have also had an inspection of the Fostering Service. The outcomes are yet to be verified but are positive. There is some clear evidence of actions taken since the Ofsted inspection, beginning to take effect. What is equally clear is the collation of performance and quality data and analysis by managers to identify themes and take action is still requiring development work not just by the Council, but by other partners also.
- 10.14 Risk and Resilience training has been received very favourably, which bodes well for a more systematic collective understanding of risk and response to it, which is a key plank of the Improvement Plan.

Conclusion

- 10.15 Significant activity and investment has taken place since the inspection in September. Whilst we cannot be assured about systemic improvements until the staffing situation is more stable, the groundwork and preparation which is being undertaken enable us to improve practice meanwhile.

11. Community Impact

- 11.1 An effective approach to child protection ensures children are not placed at risk and are protected from harm. This plan is designed to secure this.

12. Equality and Human Rights

- 12.1 The improvement work will pay due regard to our public sector equality duty.

13. Financial Implications

- 13.1 For 2012/13 funds have been made available through the People's Services directorate contingency budget (£50k) and additional one off funding from the regional and national improvement boards which have covered the initial case audit and some interim staffing costs.
- 13.2 In setting the Children's Safeguarding budget for 2013/14 an estimate of the recurrent additional costs required to invest in and develop the social care workforce has been made and an additional £650k allowed within the FRM to cover the additional costs. The final

staffing structure is still under development and will require financial evaluation as part of the sign off process.

- 13.3 Critical to delivering the workforce improvement within the financial budget is the recruitment of a permanent experienced workforce quickly to minimise the additional costs incurred from the employment of agency / interim staff. Staffing has to be in place in service areas, including business support and the use of agency inevitably increases the costs to the Council. The Council is addressing this through a revised package for recruitment and retention.

14. Legal Implications

- 14.1 Currently there are no legal implications.

15. Risk Management

- 15.1 The risks are:

- Inability to secure stable experienced workforce leads to ineffective safeguarding services which leave children at risk of harm.
- The financial consequences mean early help services are not available leading to more costly arrangements.
- These are included in the directorate and corporate risk register. The Improvement Notice and Plan are mechanisms to mitigate the risk.
- There are reputational risks to the council if progress is not achieved. This is mitigated through the work of the Improvement Board and Improvement Plan.

16. Consultees

- 16.1 Herefordshire Safeguarding Children's Improvement Board.

17. Appendices

- 17.1 Appendix 1 - Improvement Notice

Appendix 2 - Ambition Statement

Appendix 3 - Executive Summary of the Improvement Plan

Appendix 4 - Progress Report

18. Background Papers

- 18.1 Herefordshire's Ofsted Report.

Improvement Notice

To: Name **Herefordshire Council** ("the Council")
Address Brockington, 35 Hafod Road, Hereford, HR1 1SH

This Improvement Notice ("the Notice") is being issued due to poor performance in arrangements for the protection of children. On the basis of evidence contained in the report of the inspection of local authority arrangements for the protection of children, carried out by Ofsted dated 19 October 2012 ("the inspection report") which judged the overall effectiveness of the Council's child protection arrangements to be 'inadequate'.

The following measures are needed for the Council to comply with this Notice:

The Council must take action to:

- (i) improve areas of weakness identified in the Ofsted inspection report and ensure child protection arrangements meet all legislative requirements; and
- (ii) put in place arrangements to sustain and build on the improvement secured.

In respect of the above the Council, working with its partner agencies, as identified by the Council, ("the Council's partners") must demonstrate evidence of improvement in outcomes by:

Leadership and Governance

1. In line with '*Working Together to Safeguard Children: A guide to inter-agency working to safeguard and promote the welfare of children*'¹ ensure that across the partnership and within the Council assurance arrangements are in place to assess that the Lead Member and the DCS and senior leaders have the capacity to give Children's Services sufficient priority and focus.
2. Ensure the Council sets out a statement of their vision and ambition and plan, including targets and timescales for children's safeguarding services regarding the improvements planned as a result of this Notice by 31 March 2013. Ensure this statement is communicated to and implemented by staff and partners such that they have a clear understanding of their roles and responsibilities and are held to account in delivering this vision, ambition and improvements expected by the Council.
3. Review the membership, structure and operation of Herefordshire's Local Safeguarding Children Board by 31 March 2013 to ensure the Board provides rigorous scrutiny, monitoring and challenge of services and outcomes for vulnerable children, and meets all statutory requirements and statutory guidance requirements as set out in '*Working Together*'.

¹ This is included in the '*Framework for the Assessment of Children in Need and Their Families*' (figure 2 page 17).

4. Ensure that individual children, families and staff are engaged and provide regular feedback to improve the quality of service and shape practice.
5. Ensure that the views of staff are considered in relation to their work and workplace using appropriate feedback mechanisms. To support this, consideration should be given to the Children's Safeguarding Performance Information Framework (published 12 June 2012).²

Decision making, escalation management oversight and supervision

6. Ensure that all management oversight and decision-making by the Council is conducted in line with standards set out in '*Working Together*' and the Framework for Assessment and in local standards, and that evidence of such management oversight and decision making is set out in detail on each case file. Action must be taken to address areas of practice where performance does not meet standards.
7. Ensure professionals from all agencies understand their responsibilities with regard to child protection and make use of escalation procedures if they believe that children are not receiving appropriate services from any agency or organisation.
8. Ensure those with responsibility for supervising social workers and other social care staff have relevant experience and the opportunity to access training and support to fulfil this responsibility.
9. Ensure that supervision is regular, reflective, comprehensive and up to date, and robustly identifies any needs, risks or protective factors so that supervision is effective and leads to managers taking appropriate and timely action. Ensure that the Improvement Board receive management information to confirm that this is achieved and sustained.

Effectiveness of practice and risk assessment

10. Develop and implement a whole systems framework to manage family pathways from early help to statutory intervention. This should include the thresholds and referral mechanisms to step up to and down from specialist safeguarding services; and the criteria to assess whether a child is in need under S17(10) of the Children Act 1989. The framework should be communicated, understood and applied consistently across all partners working together to safeguard children. This will ensure that children, young people and their families receive support at the earliest opportunity and get the right help at the right time.
11. Develop and implement a system of risk assessment that informs the development of all child protection and children in need plans to ensure consistent judgments are made about the levels of risk, following the

²<http://www.education.gov.uk/childrenandyoungpeople/safeguardingchildren/protection/b00209694/perf-info>

“Conceptual Framework”³. Ensure that all relevant staff apply this Framework in their practice and that management information and the audit of the case files provide evidence that this is being done and the quality of social work practice is improving.

12. Ensure improvement in the timeliness of decision making on all referrals, that they are appropriately risk assessed and prioritised within the appropriate referral and assessment team.

Assessment quality and timeliness

13. Ensure all assessments are analytical, timely, comprehensive, regularly updated and are in line with the statutory guidance ‘*Working Together*’⁴ and the ‘*Framework for the Assessment of Children in Need and Their Families*’⁵. Assessments must identify needs, risks and protective factors and lead to appropriate and timely action and take account of and record the views, experience and needs of children and families. New information or concerns must lead to a review of the current plan for the child and when required, additional action taken.

Care Planning

14. Improve the quality, delivery and management of child protection and children in need plans by ensuring that all plans comply with ‘*Working Together*’ and the *Assessment Framework* including setting out the actions that must be taken and by whom and the outcomes to be achieved with timescales.
15. Ensure that children in need and those subject to child protection plans are visited regularly by social workers in line with ‘*Working Together*’ and local policy.
16. Ensure that legal advice is consistently sought in a timely way, and that this leads to timely legal planning meetings and legal intervention where necessary.
17. Ensure that assessments and child protection case conferences effectively involve parents and children and ensure that parents are able to understand the purpose of children in need and child protection plans.
18. Ensure sustained improvement of the quality of core group meetings by holding them on a regular basis and effectively developing and implementing the child protection plan, which must be monitored by child protection conferences.

³ This is included in the ‘*Framework for the Assessment of Children in Need and Their Families*’ (figure 2 page 17).

⁴ Statutory Guidance: ‘*Working Together to Safeguard Children: A guide to inter-agency working to safeguard and promote the welfare of children*’
<https://www.education.gov.uk/publications/standard/publicationDetail/Page1/DCSF-00305-2010>

⁵ Guidance: ‘*Framework for the Assessment of Children in Need and Their Families*’
<https://www.education.gov.uk/publications/standard/publicationDetail/Page1/DH-4014430>

19. When making plans for offenders who have significant contact with children and other young people who are known to them, ensure effective communication takes place between all partners, but in particular relevant probation services and children's social care services.

Quality Assurance, LSCB and Audit

20. Conduct within one month of this Notice an audit of all cases closed in the last three months and risk assess all current cases within children's social care services, to assess whether children and young people are at risk and whether any further action is required. If action is required take the appropriate action to safeguard the child.
21. Ensure the Council's quality assurance systems are prepared in line with the Children's Safeguarding Performance Information Framework⁶ and the quality assurance processes that are referred to in '*Working Together*'. Alongside any quantitative information, an understanding of qualitative evidence should be demonstrated including the experience of the child and family.
22. Ensure regular qualitative auditing arrangements of case files, with periodic independent oversight and challenge to ensure the quality and timeliness of recording and compliance with the guidance on recording in individual case records (as set out in '*Working Together*') and that an assessment of risk to the child is recorded in the case file.
23. Ensure the performance information and evidence from the audits are analysed and reported to the Improvement Board in accordance with the report published by Ofsted '*Good practice by LSCB children boards*'⁷. Analysis of the audits must be used to inform action taken by the Council and partners to bring about improvements in safeguarding social work practice and casework.
24. Ensure effective assurance arrangements are in place within the Council and across the partnership in line with 'Statutory guidance on the roles and responsibilities of the Director of Children's Services and the Lead Member for Children's Services'⁸.
25. Ensure that multi-agency audits are undertaken by the Hereford Safeguarding Children's Board and reported to the Improvement Board outlining the key lessons to be learnt and improvements to be made.

Workforce, training and workloads

Attention must be paid to the eight standards for employers of social workers⁹.

⁶The Children's Safeguarding Performance Information Framework can be found at <http://www.education.gov.uk/childrenandyoungpeople/safeguardingchildren/protection/b00209694/perf-info>

⁷<http://www.ofsted.gov.uk/resources/good-practice-local-safeguarding-children-boards>

⁸<https://www.education.gov.uk/publications/standard/publicationDetail/Page1/DFE-00034-2012>

⁹http://www.local.gov.uk/web/guest/workforce/-/journal_content/56/10171/3511605/ARTICLE-TEMPLATE

26. Implement a programme of induction, training, mentoring and continuous professional development for all social care staff including managers to improve the quality of front line social work. In particular, ensure that this programme includes training for staff and first line managers on risk analysis. The Council should report the impact of the training on improving outcomes for children to the Improvement Board.
27. Following an analysis of the needs of the service, develop and implement an overall workforce strategy. The strategy should provide clear evidence of impact in creating a capable, stable and sustainable workforce which requires fewer agency staff and which includes clear recruitment and retention plans. The aim should be to improve the quality and continuity of social care staff experienced by children and families.
28. Review and monitor social workers' responsibilities and workloads to ensure staff have a manageable range of work and a caseload consistent with their level of experience and competence. Ensure that the Improvement Board receives workforce management information to confirm that this is achieved and sustained.

Improvement Support

Delivering improvement places additional pressures and higher expectations in terms of the performance of both senior officers and members. Therefore the Council must:

29. Work with representatives of the Children's Improvement Board to formalise a package of sector support to address the issues set out in the inspections or raised through any sector peer review or challenge activities. This is to help support delivery of improvement in outcomes for children, young people and families in Herefordshire and to increase the skills, knowledge and professional practice of staff.

Taking account of the measures set out in this Notice

30. Put in place an Improvement Board which shall have an independent Chair ("Board Chair") and which will meet every 4 weeks initially. If in the future the Improvement Board wishes to vary the frequency of meetings this must first be agreed by the Department for Education. The Improvement Board should include in its membership the Council's partners. An official from the Department for Education will attend as a participant observer.
31. Develop an Improvement Plan with the Council's partners to carry out the recommendations identified in the Ofsted inspection report of 19 October 2012 and those set out in this Notice. With Improvement Board members, the Council must agree a dataset of performance targets with clear and realistic targets and timescales. Regular qualitative feedback reports must also be made available to the Improvement Board which demonstrate continuing improvement in quality and effectiveness of management and


decision making so that no child or young person is left at risk of harm and that children and families receive the most appropriate support and help at the most appropriate time. The Council must report to the Improvement Board on progress against these, and reporting must include analysis of performance trends that are failing to meet the targets and timescales set. The Council should aim for all targets to be met by 18 months from the start of this Notice. The performance targets will form part of the discussion at the formal review meetings with the Department for Education.

Improvement against the above measures will be assessed as follows:

32. The Board Chair must provide to the Parliamentary Under Secretary of State for Children and Families a written 6 monthly report including specific commentary against the targets set out in this Notice. The Board Chair must also provide an initial report 2 months after the commencement of this Notice. Additional external validation of progress, such as a peer review, should be commissioned and carried out before the end of this Notice to inform decisions on next steps.
33. The progress reports from the Board Chair will inform reviews of progress which will be conducted by Department for Education officials and take place after 6, 12 and 18 months from the start of this Notice, or at the specific request of the Department. The Board Chair's report will be supplemented by a report on progress from the Leader of the Council. Such reviews may result in an amendment to this Notice and further action being required.

Failure to comply with this Improvement Notice by the assessment dates may lead to:

34. The Secretary of State for Education using statutory powers of intervention (s497A Education Act 1996) directing the Council to enter into an appropriate arrangement to secure the necessary and rapid improvements required in children's services.

Signed:  Date: 14 Feb 2013

**Edward Timpson MP
Parliamentary Under Secretary of State for Children and Families**

OUR EXPECTATIONS FOR SAFEGUARDING CHILDREN

We want every child and young person to grow up happy, healthy and safe, brought up by supportive families and carers and living in caring communities with plenty of opportunities for both learning and other activities.

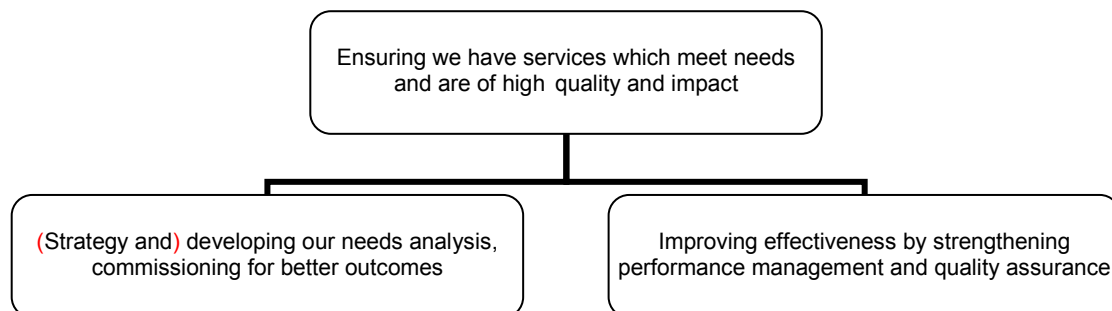
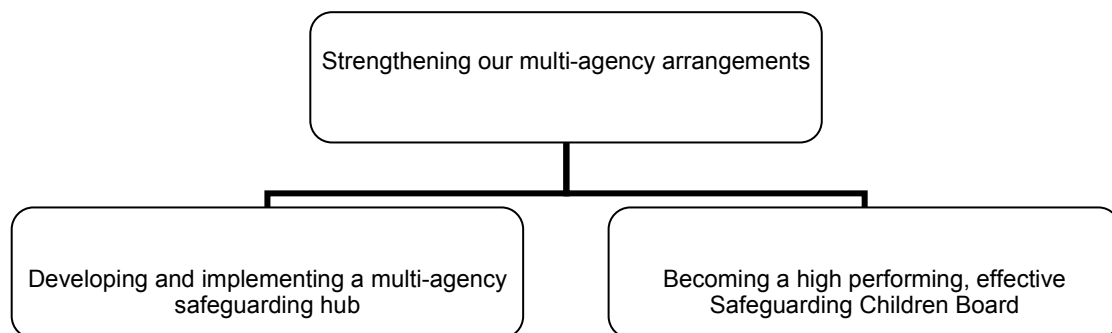
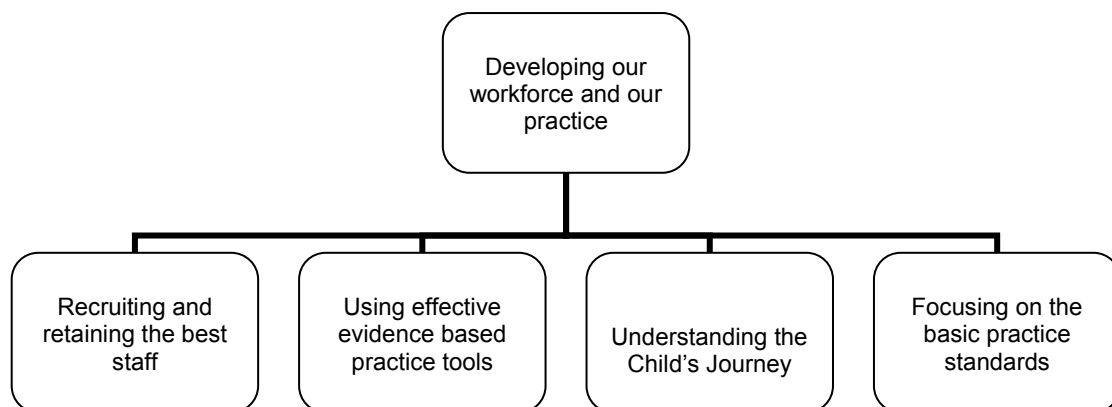
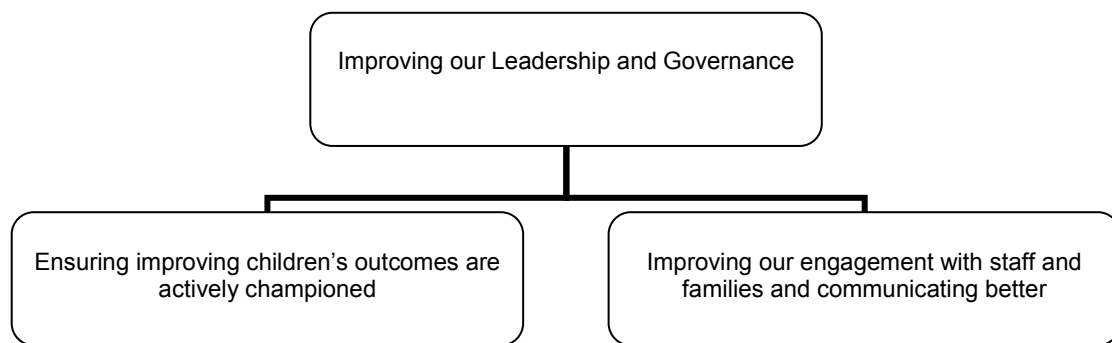
To achieve this, we want:

- Every family to take responsibility themselves for protecting their children.
- High quality universal services and thriving communities supporting every child and family so they rarely need extra support.
- Parents and carers to be able to get support from integrated early help services and approaches, which respond when concerns first emerge no matter where families access that support from.
- Specialised integrated safeguarding services of the highest quality, using the most up to date practice tools, evidence and management information, so the basics are done extraordinarily well and problems are quickly identified and resolved.
- A workforce which is supported, stable, well qualified, talented, confident, creative and highly regarded.
- Views and experiences of children and families at the heart of service development, practice and strategic thinking.

What success looks like:

- Children regularly reporting:
 - I know who to talk to and I am listened to
 - I feel I am getting the help I need
 - I am protected from harm
 - I am helped by people who know what they are doing
 - My family are getting the help they need
- Performance and children's outcomes are in the top quartile nationally and in the top three against statistical neighbours. We want to be the best we can be.
- Internal and external judgements scoring consistently against the Ofsted "Good" criteria.

To achieve this expectation, we are:



Herefordshire Supporting and Protecting Children Improvement Plan

Executive Summary

V2.2

Outline and context

Following on from the recent Ofsted inspection of the arrangements for the protection of children (September 2012), this plan has been produced to bring forward improvements identified in Herefordshire Children's Services Quality and Improvement Action Plan 2012-13 and Herefordshire Safeguarding Children Board Business Plan 2012-13, in addition to the improvements highlighted by Ofsted. Our aim is to ensure Herefordshire's Child Protection practices and procedures are good, and staff in every agency, at every level, communicate effectively to ensure this. The plan sets out to ensure that the underlying causes of children being safe are impacted on by all sides of the system, from safeguarding practice to commissioning and to ensure that there is governance and holding to account between policy, practice and commissioning.

The Plan identifies the improvements required, and the outcomes we will be measuring, in the arrangements for the protection of children in Herefordshire. We will enhance:

- The quality of practice
- The effectiveness of help and protection provided to children, young people, families and carers
- Leadership and governance
- Multi agency working and integration
- Outcomes for children, young people and their families.

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It is important to note that this plan does not relate to the generality of Herefordshire's children, as the vast majority of our children are safe, but is part of a narrative indicating our priority of improving Child Protection practices.

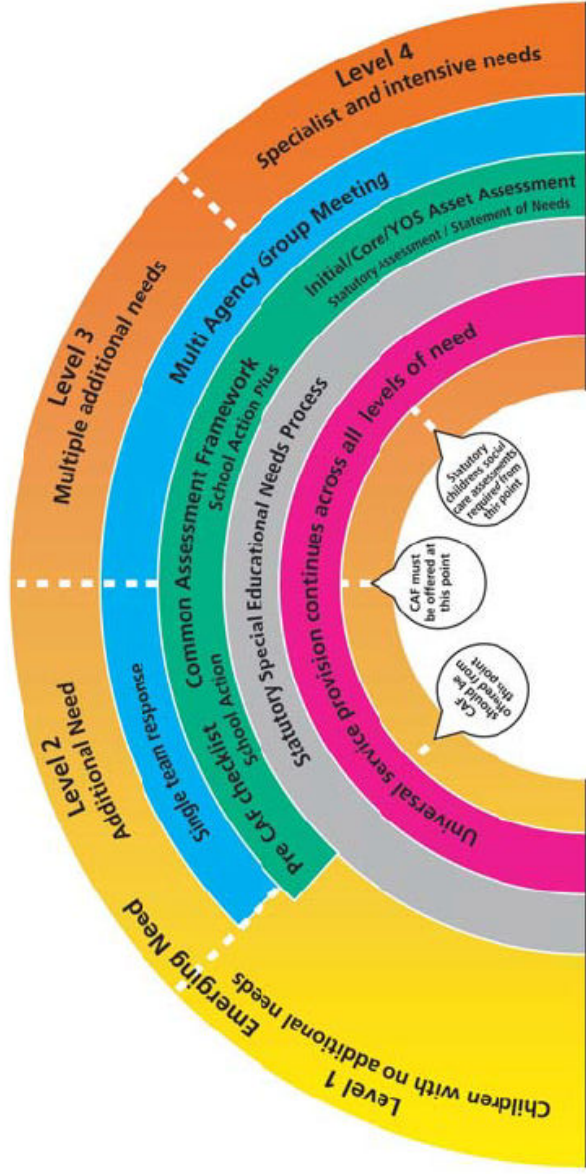
The Plan will tackle the areas of greatest risk first and lay the foundations for more effective practice. This will include monitoring targets set out in the plan and checking that improvements are embedded through quality assurance and scrutiny.

The plan will have an unwavering focus on securing the necessary rapid and sustainable improvements needed in safeguarding services for Herefordshire's children, young people and their families. With this in mind, the aims and outcome measures of this plan are child-centred.

The plan is a living document and is reviewed regularly through the Improvement Board. In addition to this, progress will be monitored by both the Lead Member and DCS on a bi-weekly basis

The plan is linked to The Herefordshire Levels of Need Pathway below.

The Herefordshire Levels of Need Pathway



Ensuring children and young people are safeguarded by:

- Understanding needs
- Co-ordinating responses
- Placing Common Assessment at the heart
- Assessment of risk whenever needed
- 'Drawing-in' advice and guidance
- Effective information sharing
- Whole family and multi-agency approaches

Priority Aims

- I am safe and happy
- I am healthy and well
- I enjoy life and there is lots to do and learn

Outcome measures

- I know who to talk to and I am listened to
- I feel I am getting the help I need
- I am protected from harm
- I am helped by people who know what they are doing
- My family are getting the help they need

Evidence for performance indicators

1. Stakeholder and service user consultations
2. Consultation, audit, surveys
3. Child Protection (CP) data, audit, Looked After Child (LAC) data
4. Workforce data, supervision, quality assurance, career professional development (CPD) data
5. Commissioning data, multi-agency data audit

A performance framework will be established to this effect.

Reference key

- AA1: Quality and improvement action plan 2012-2013 – Herefordshire Children’s Services
- AA2: Improvement Plan – priority list v3
- AA3: Areas for improvement based on observations of Ofsted judgments
- AA4: Audit of cases – Action plan final submitted v2
- AA5: Herefordshire Safeguarding Children Board (HSCB) Business Plan 2012-13
- AA6: Ofsted report: Inspection of local authority arrangements for the protection of children in Herefordshire
- AA7: Keeping Children Safe Strategy

The outcomes are RAG rated and the descriptors are outlined in the following table:

RAG table	
RED	Tasks and or outcomes have not been met or timescale slipped.
AMBER	Tasks and outcomes are on track, milestones met but not completed.
GREEN	Tasks and outcomes are completed or performance is on target.
GREY	Not yet started
BLUE	Completed

Actions have been separated into work streams. These are colour-coded as follows:

Practice	Commissioning
HSCB	LAC
Workforce	QA
MASH	Strengthening Governance

Ofsted Recommendation	Action	Progress
<p><u>Recommendation 1</u> required, an audit of all cases closed in the last 3 months and to risk assess all current cases; ensuring this leads to appropriate action to protect children effectively.</p>	<p>An independent audit of all 1,400 cases, using OFSTED criteria was carried out in November 2012 to January 2013. Key themes found through the audit mirror those found in the Ofsted inspection including frontline management decision and oversight; eligibility for service; lack of analysis or enquiry; supervision skills; interagency working, casework practice and recording.</p> <p>The summary report gives a good baseline position and will lead to further improvement actions. Immediate action on individual cases has been taken and individual members of staff have had feedback. As anticipated, the audit identified a range of quality of practice ranging from inadequate to outstanding. Actions in the Improvement Plan are already addressing areas found by the inspection and this audit, with the aim of ensuring all practice becomes at least good.</p> <p>As part of our improvement programme a comprehensive audit plan is in development through the Herefordshire Safeguarding Children Board. This will ensure that a robust quality assurance framework is in place and carried out, leading to reflection on and improvement of outcomes for children and young people, with learning informing improvements in practice.</p>	<p>The recommendation has been fully actioned.</p>
<p><u>Recommendation 2</u> required the authority to ensure that statutory child protection guidance is followed for all strategy discussions and S47 (child protection) enquiries.</p>	<p>Multi-agency workshops with frontline practitioners and managers, have taken place to agree a consistent approach to strategy discussions, strategy meetings and child protection enquiries.</p> <p>Procedures underpinning this new approach are written and</p>	<p>This recommendation has been fully actioned</p>

<p><u>Recommendation 3</u> required the authority to ensure thresholds for child protection enquiries are consistently and appropriately applied, leading to sound assessment of risk and effective information sharing.</p>	<p>being implemented.</p> <p>The action taken is the same as in recommendation 2</p>	<p>This action has been fully actioned.</p>
<p><u>Recommendation 4</u> required the authority to ensure that legal advice is consistently sought in a timely way and that this leads to timely legal planning meetings and interventions.</p>	<p>Minutes of previous meetings have been reviewed to ensure that all previous responses were timely and that there were no cases lacking a timely response. Further training for frontline staff and managers on developments related to the Family Justice Review, was undertaken on 14th February, 2013. The Service Manager of the Planning and Review team will provide training on the Family and Friends and Connected persons guidance.</p> <p>All Public Law Outline cases are clearly tracked and the Legal Planning Panel have a maximum standard period of no longer than 4 months for a child to be in the legal planning phase.</p> <p>Legal planning panels are now happening on a weekly rather than fortnightly basis, and staff are aware that emergency panels can also be held at short notice to avoid any unnecessary delays. All staff have been reminded of the need to be timely, and amendments have been made to legal planning processes to tighten up decision making and timescales for action</p>	<p>This recommendation has been fully actioned</p>
<p><u>Recommendation 5</u> required the authority to ensure that children in need and those subject to child protection enquiries are</p>	<p>Frontline managers now have access to daily information alerting them to when visits are due related to children subject to child protection plans and looked after children. A Framework mechanism for monitoring how often children are</p>	<p>This recommendation has been fully actioned. Due to the significant additional workload from September to</p>

<p>visited regularly by social workers.</p>	<p>seen between the initiation of a child protection concern and a child protection conference taking place is in development, with manual systems being used currently.</p> <p>These new systems tell us that in January, 2013 49.5% of all referred cases had a visit within 5 working days.</p> <p>The system will be further developed to report on frequency of pre-child protection plan visits for children subject to Child Protection Plans and the last three months indicate an improving trend following a significant dip in November 2012. The current percentage of children seen within 30 days of a snapshot end of month date is 55.9% (January 2013). Multi-agency workshops have reinforced the importance of this practice. Social Workers have been reminded of requirements, reinforced by simplification of recording and reporting in Fwi. Managers have been tasked with focusing on improvement in supervision and team meetings.</p> <p>Visits in other social work teams are improving month on month and are very close to target.</p>	<p>November 2012, it was not possible to enhance the regularity of visits immediately.</p> <p>New enhanced team arrangements are in place in the FAST team which is now evidencing improvement</p>
<p><u>Recommendation 6</u> required the authority to ensure that inter-agency thresholds for statutory intervention are understood and applied by all agencies, leading to children and their families receiving appropriate and timely services in accordance with their assessed.</p>	<p>This is being addressed through a number of areas of activity. The Levels of Need document has been widely circulated and used in a variety of single and multi-agency training for some time. To ensure and demonstrate a consistently high level of common understanding across all agencies will only be achieved over a longer time scale than set out in the recommendation. The Quality Assurance sub-group of the Herefordshire Safeguarding Children Board (HSCB) is establishing a rigorous programme of Single agency reviews and audits reporting back to the HSCB. A programme of themed multi-agency audits will test common understanding and application of Levels of Need through CAF, CIN and CP processes. The HSCB training strategy is being amended to</p>	<p>This recommendation has been fully actioned.</p>

<p><u>Recommendation 7</u> required the authority to improve the quality and consistency of management oversight and decision making to ensure that the child's experience, risk and their needs are well considered, and lead to appropriate and timely action.</p>	<p>ensure that understanding of 'Levels of Need' is a key priority in all safeguarding training.</p>	<p>This recommendation has been actioned. A more stable permanent management group needs to be in place as soon as possible to secure long term improvement.</p>
<p><u>Recommendation 8</u> required the authority to ensure that supervision is regular, reflective, challenging and monitors social workers' and their managers' compliance with statutory guidance policy and</p>	<p>External coaching and mentoring was delivered to frontline managers during November and December ahead of the introduction of a further professional development framework and support in place so that it can be delivered to frontline managers as they are recruited to the authority.</p> <p>A recruitment and retention strategy in relation to frontline managers has been agreed and a recruitment programme is underway with an expected timeline of having new recruits in place between May and July 2013. Reports on strengthening interim management arrangements in frontline teams have been completed and approved. Implementation is underway, and a restructure associated with recruitment activity is planned.</p> <p>Training for all frontline staff on the Risk and Resilience model of assessing families is taking place. This model provides a clear and consistent framework for analysing families where children may be at risk of harm. The Safeguarding Board will be considering the further extension of this across the partnership, following the training. Further file audits will demonstrate whether or not these actions impact on the quality of management oversight and decision making</p> <p>A new supervision approach has been agreed and circulated, with clear guidance on how to record this on Frameworki in a simplified process. Audit will clearly benchmark improvements.</p>	<p>This recommendation has been fully actioned.</p> <p>A permanent management group needs to be in place to secure long term</p>

<p>procedure</p> <p><u>Recommendation 9</u> required the authority to ensure that assessments are analytical, timely, comprehensive and up to date, and robustly identify needs, risks and protective factors leading to appropriate and timely action.</p>	<p>A training programme based upon The Risk and Resilience model has been commissioned and started. A training programme has been developed for delivery to frontline practitioners from February, 2013.</p>	<p>improvement.</p> <p>Action to address this recommendation has commenced.</p>
<p><u>Recommendation 10</u> required the authority to ensure that assessments of children and families are dynamic and that new information or concerns lead to a review of the current plan for the child and when required additional action.</p>	<p>The response is as in recommendation 9</p>	<p>As above.</p>
<p><u>Recommendation 11</u> required the authority to ensure that child protection case conferences effectively involve parents and children.</p>	<p>A new model called, 'Strengthening Families' is in development as an approach at child protection conferences to involve families. This will be operational from August, 2013. A consultation document for child protection conferences for children and parents has been completed in draft and will be operational in February 2013. A feedback letter will also be sent to parents.</p>	<p>All the building blocks for this recommendation are in place, this recommendation has not yet been completed.</p>
<p><u>Recommendation 12</u> required the authority to ensure that child protection and child in need plans are specific and measurable and focus on the key needs and risks and include robust contingency arrangements that are understood by parents as well as professionals.</p>	<p>The training programme referred to above is starting in February 2013 and is a focus area for new Advanced Practitioner group. Good practice from other Local Authorities is currently being considered to complete a new child protection plan format, which is more focussed and will make more sense for families. This links into the Strengthening Families approach and will be operational from August 2013.</p>	<p>As comment above</p>

<p><u>Recommendation 13</u> required the authority to ensure that core groups are regular and effectively develop and implement the child protection plan, and that these plans are monitored by child protection conferences.</p>	<p>Action has been taken to increase business support in order to build in systems to support core groups. The additional business support recruitment is underway with workers expected to commence in March 2013. Workshops on core groups were also held with staff in December 2012 and the performance monitoring system has also been amended.</p>	<p>All the necessary preparatory action has taken place, all the mechanisms will be in place by April 2013 and reports following this will indicate the success of the training and developments.</p>
<p><u>Recommendation 14</u> required the authority to ensure that first line managers have sufficient skills, knowledge and experience to effectively undertake their role.</p>	<p>ILM training for all first line managers, and recruitment strategy to ensure high calibre managers. See recommendation 7 and additionally, ILM training for all first line managers is in place.</p>	<p>See recommendation 7 and additionally, ILM training for all first line managers is in place.</p>
<p><u>Recommendation 15</u> required the authority to ensure that referrals are appropriately risk assessed and prioritised within the family assessment and safeguarding team (FAST).</p>	<p>Interim FAST arrangements approved for additional staff, and are being implemented resulting in smaller teams with a 1 to 4 manager : worker ratio and increased capacity at the contact desk. This will also address issues of timeliness. A specific Risk Assessment Model is being delivered via training commencing in February 2013. Meanwhile the Multi-Agency Safeguarding Hub is in development and will be implemented on a phased basis from April, with full implementation by July 2013. This will lead to more effective multi-agency risk assessment and prioritisation.</p>	<p>This action is therefore completed with further developments will take place this year to strengthen and embed these improvements.</p>
<p><u>Recommendation 16</u> required the authority to establish a robust quality assurance framework for child protection enquiries, which monitors the quality of decision making.</p>	<p>Performance management reporting is being developed in a number of areas, for example supervision and child protection visits as referred to above. Increased management capacity in FAST as referred to above, has been agreed. A quality assurance programme is being established that will see agencies presenting on their internal safeguarding performance and quality assurance monitoring activity at the</p>	<p>All the necessary building blocks are in place for this recommendation although not yet embedded.</p>

<p><u>Recommendation 17</u> required the authority to ensure professionals from all agencies, including children's social care understand their responsibilities with regard to child protection and make use of escalation procedures if they believe that children are not receiving appropriate services.</p>	<p>HSCB Quality Assurance sub-group meetings. This will involve robust critical evaluation of what is presented and challenged where necessary. In addition, there will be a programme of multi-agency themed audits throughout the year 2013-14. A process of sampling service user views and incorporating them into quality assurance activity is being established. A service user involvement strategy 2012-14 has been produced.</p>	
<p><u>Recommendation 18</u> required the authority to ensure effective communication takes place between probation services and children's social care services when making plans for offenders who have significant contact with children and young people known to them.</p>	<p>The recently completed independent audit will inform what activity is required to develop the common understanding that all agencies have concerning their child protection responsibilities. Awareness of the 'Levels of Need' document and West Mercia Child Protection Procedures will be key priorities for the training strategy under development currently and next year's HSCB Business Plan. It is not currently possible to identify the extent to which the current escalation policy is being used and this is being addressed by the Quality Assurance sub-group of the HSCB so that use of the policy can be monitored.</p>	<p>This recommendation has been progressed through several strands of activity.</p>
<p><u>Recommendation 19</u> required the authority to reduce the number of changes of social workers experienced by children and their families and improve the</p>	<p>Multi Agency Risk Assessment Committee (MARAC) and Multi Agency Public Protection Arrangements (MAPPA) arrangements have been clarified in November, 2012 and the new Multi-Agency Safeguarding Hub (MASH) will also support this action.</p>	<p>This action recommendation has been fully actioned.</p>
	<p>Three areas of work are addressing this recommendation, Firstly a 'Child's Journey' 6 week project is underway to analyse safeguarding and social work through Lean Systems Thinking in order to inform the organisational structure and practice. Secondly an improved career structure is being</p>	<p>The range of actions taken will address this recommendation. However, until there is a more stable permanent workforce, the number of changes of</p>

<p>consistency and quality of direct work.</p>	<p>developed to complement the recruitment and retention plan to create greater stability within the workforce, and thirdly a risk and resilience plan is in development. The department is also piloting a social worker apprenticeship scheme with the aim of encouraging local people to join the department on a long term basis.</p>	<p>social worker will remain an issue.</p>
<p><u>Recommendation 20</u> required the authority to ensure that the Herefordshire Safeguarding Children Board has sufficient, high quality information so that it can effectively monitor and challenge the effectiveness of child protection practice.</p>	<p>In terms of performance, this development is being managed by the development of a HSCB data set that informs the Board on how effective it is being in managing core responsibilities and priority areas of activity.</p> <p>The series of audits currently being managed will inform the Board on the quality of the work being done, as will the internal review processes being managed within all agencies.</p>	<p>Action has commenced for this recommendation.</p>
<p><u>Recommendation 21</u> required the authority to ensure that effective performance monitoring and quality assurance arrangements are put in place which includes sufficient qualitative information including service users' views, to enable a clear understanding of current practice and performance in child protection, including the impact of services on children and their families.</p>	<p>The development of this framework will be informed by the current process of audits and reviews being undertaken. The Chair of the HSCB presented to The Shadow Board of the Children and Young Peoples Partnership Forum in December 2012 with a view to enabling Children and Young People to have a strategic development influence. A performance monitoring framework has been developed and was first presented to HSCB at their meeting on 28th January 2013. Not all measures are currently available and it is anticipated that this will continue to evolve. A quality assurance programme has been established that will see agencies presenting on their internal safeguarding performance and quality assurance monitoring activity at HSCB QA sub-group meetings. There will then be robust critical evaluation of what is presented and challenge where necessary. In addition, there will be a programme of multi-agency themed audits throughout the year 2013-14. To date, there has been no</p>	<p>This recommendation has been actioned with a developing programme of work.</p>

<p><u>Recommendation 22</u> required the authority to ensure that there is a robust auditing programme that includes a focus on the experience of the child and the impact and outcomes of service provision and that this leads to the identification of themes and clear action plans which are robustly monitored and implemented.</p>	<p>service user involvement in the quality assurance process and the need for the experience of children and families receiving services to be included in quality assurance activity has been recognised. A process of sampling service user views and incorporating them into quality assurance activity is being established. A service user involvement strategy 2012-14 has been produced. A quality assurance framework incorporating service user feedback strategy pilot, to develop a series of tools to track user involvement is planned.</p>	
<p>Whilst a quality assurance programme was already in place prior to the inspection, a quality assurance programme is being established that will see agencies presenting on their internal safeguarding performance and quality assurance monitoring activity at HSCB quality assurance sub-group meetings. There will then be robust critical evaluation of what is presented and challenge where necessary. In addition, there will be a programme of multi-agency themed audits throughout the year 2013-14.</p> <p>The themes and action plans will be monitored through the Safeguarding Board.</p> <p>The first multi-agency audit took place in February 2013 and a report on this is in development.</p>	<p>This recommendation has been fully actioned.</p>	

MEETING:	CABINET
DATE:	14 MARCH 2013
TITLE OF REPORT:	DIRECTOR OF PUBLIC HEALTH ANNUAL REPORT 2012
REPORT BY:	DIRECTOR OF PUBLIC HEALTH

1. Classification

Open

2. Key Decision

This is not a key decision.

3. Wards Affected

County-wide.

4. Purpose

1. To inform the Cabinet of the changes to public health and transition process as set out in the Annual Report of the Director of Public Health which looks back at 2012 and forward to changes in ways of working from 2013 to include the Living and Wellbeing Review.
2. To seek support from the Cabinet that the recommended approach and actions highlighted in the report will inform service development and commissioning aimed at improving health and wellbeing of the population of Herefordshire.

5. Recommendation(s)

THAT Cabinet:

- (a) **receive the Director of Public Health's Annual Report 2012;**
- (b) **support 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; and**
- (c) **support the dissemination of the report and cascade of key messages.**

6. Key Points Summary

Council members and senior officers will need to:

- Understand the full range of the Council's public health responsibilities across all three domains of health improvement, health protection and healthcare public health;
- Understand the Council's general duty to improve health and reduce health inequalities and the potential to address this through a range of approaches, lifestyle behaviour change and wider health determinants;
- Understand their own role and the role of the democratic process in improving and protecting the health of local people and in the local Council meeting its public health responsibilities;
- Understand how the three domains of public health operate and how these are underpinned by the discipline of health intelligence;
- Understand the role of the Director of Public Health supported by the Public Health team and its consultants, specialists and practitioners in achieving health and wellbeing outcomes;
- Understand the role of the Director of Public Health as "accountable officer";
- Understand the potential for the Council's new public health role to transform the way in which it approaches all of its functions;
- Be familiar with roles of the new organisations established by the Health and Social Care Act 2012 including the CCG and Public Health England and with how these interact with each other;
- Understand the Council's role in the co-ordination of the local health and social care system including the role of the Health and Wellbeing Board;
- Understand the successful use of the ladder of intervention in Herefordshire to develop an integrated approach to alcohol harm reduction and extend this to tobacco control and promoting a healthy diet;
- Be aware of the crucial importance for health and wellbeing and economic prosperity for a good start in the first few years of life needs to be widely understood and considered when funding decisions are being made;
- Support development of a plan through the new system to support schools to promote healthy lifestyle choices and to develop a culture that supports children and young people to make healthy choices;
- Be familiar with new health protection responsibilities placed on the Council by the Health and Social Care Act 2012;
- Be familiar with the new health protection functions of the Director of Public Health in the Council and the arrangements being put in place to discharge these functions such as the proposed health protection committee; and
- Understand the responsibilities of the NHS Commissioning Board, CCG and Public Health England in relation to health protection functions of the local Council.

7. Alternative Options

- 7.1 There are no Alternative Options as the Annual Report of the Director of Public Health is a statutory requirement.

8. Reasons for Recommendations

- 8.1 The report is required to provide an overview of public health in the County and is the view of the Director of Public Health. The Cabinet is asked to support the recommended approach and actions to implement the transfer of public health from the PCT to the local authority.

9. Introduction and Background

- 9.1 This report identifies key issues for the transition of public health to the local authority under the Health and Social Care Act 2012. We look back over 2012 and describe the public health function to date, and then project our vision of the public health function from within the local authority from 2013. The public health team in Herefordshire has been progressing the transfer of public health into the Council as described in Chapter 1 of the report. Much planning has gone into this to ensure that the three key functions described in Chapters 2-4 remain safe and effective throughout the period of transfer. Ensuring the population continues to receive good quality interventions that work to reduce health inequalities, improve and protect health and provide good value for money is paramount.

10. Key Considerations

- 10.1 This will be the fourth Annual Report of the Director of Public Health since the appointment of a Joint Director of Public Health for the County;
- Progress has been made in implementing the recommendations from the 2011 report and the longer term strategic actions from that report are now embedded in current strategic and operational plans across the health and social care community;
 - The topics highlighted in the outline for the report are important to the decision making process about local priorities for public health for the next planning cycle and beyond;
 - This year, the report outlines:
 - Public health transition;
 - Health improvement;
 - Health Protection; and
 - Health Care Public Health.

11. Community Impact

- 11.1 The report highlights the different key areas of public health and begins to identify where key impacts will occur for the County's population.

12. Equality and Human Rights

- 12.1 The report is the view of the Director of Public Health of the needs of the County's population in terms of public health and future work will take into consideration issues around access to services and support.

13. Financial Implications

- 13.1 The report itself has no financial implications.

14. Legal Implications

- 14.1 This report, and recommendations therein, are provided to ensure that Herefordshire Council meets the requirements of the Health and Social Care Act 2012.

15. Risk Management

- 15.1 If not addressed, issues raised in the report will have an impact on the achievement of health and wellbeing targets to reduce inequalities in health.
- 15.2 The main risks revolve around the implementation of service transformation and challenge to traditional practices.

16. Consultees

- 16.1 Health and Wellbeing Leadership Team; Health and Wellbeing Board; Public Health officers.

17. Appendices

- 17.1 DPH Annual Report 2012.

18. Background Papers

- 18.1 None identified.

Public Health Annual Report 2012

From transition to transformation: public health in the local authority



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Foreword

As the cabinet member for health and wellbeing it gives me great pleasure to write a foreword for this annual report.

The health of the Herefordshire population is influenced by many factors, including housing, economic prosperity, physical activity, educational attainment, genetics, age, and access to health services. The health and wellbeing of the population is the responsibility of all our public services as well as those in the health and social care system. The move of public health from the Primary Care Trust to Herefordshire Council will give us an ability to be more joined up in our thinking around health and wellbeing.

This report helpfully looks at the aspects of public health involved in the transition to the local council, that is, health improvement, health protection, healthcare public health, and begins with a review of the transition process. I hope that you will enjoy reading the report and learn much about the both the legacy and future of public health in Herefordshire.

Councillor Patricia Morgan

Cabinet member for health and wellbeing

Introduction

This year's director of public health annual report will be different from a traditional report, in that it will focus less on the health status of the population and more on the impact of the Health and Social Care Act 2012 on public health. From April 2013, the Act moves the public health function from the National Health Service's Primary Care Trusts into local government. It describes three main domains of public health: health protection, health improvement, and population healthcare, or healthcare public health. These are new responsibilities for local authorities. This report will look specifically at our vision for public health as it moves into Herefordshire Council in April 2013.

The following chapters will define and describe what those three domains are. We will reflect on what these areas have been like and what they have accomplished over the past year or so in Herefordshire, but also set out how we think they will operate and deliver in 2013/14.

But first we will spend some time describing the transition itself of the public health function into the local council. This is important because it tells us much about the value we add to the work of the democratic process as well as to the community's services that are delivered by the council and its health and social care partners.

The aim is to describe clearly and simply for all of our partners what public health is and what the function will look like after it comes into the council. For all of the domains, public health's key contributions include:

1. Understanding key determinants of health and wellbeing, and interventions that can improve population health
2. Designing structured and integrated needs assessments
3. Finding, assessing and applying evidence to decision making
4. Understanding the role of policy making and democratic processes in improving health and preventing ill-health
5. Analysing the relationship between resource allocation and policy and how together these things support healthy communities
6. Understanding the impact and outcomes of intervention to determine value for money and return on investment
7. Understanding targeting action and interventions to bring most benefit
8. Illustrating the effects of inequality in service provision and quality and resource distribution on health
9. Supporting effective commissioning of services
10. Evaluating the resource allocation and commissioning decisions we make against health outcomes

Or, to put it even more simply, the public health cycle includes:

- Identifying need
- Identifying greatest inequality
- Agreeing priorities
- Identifying effective interventions to address the need and reduce the inequality in the priority areas
- Supporting commissioning of services that address them
- Evaluating what difference our actions made

So, whether it's an outbreak of a foodborne illness, reducing the rates of obesity in children, or supporting GP practices to maintain a standard of managing long term conditions like diabetes, public health has a key role to play across the health and social care system, no matter where we sit.

I hope you find this report useful.

Elizabeth Shassere

Director of public health

NHS Herefordshire and Herefordshire Council

Chapter 1

A new framework for public health

Background

The Health and Social Care Act 2012 fundamentally reforms the NHS and creates a new “system architecture” for public health. During 2012 considerable progress has been made, both locally and nationally, in the establishment of the new public health system, including local preparations for the transition of public health functions from the NHS to local government. Extensive preparations for the implementation of the Act’s wider NHS reforms have also taken place over the past year, including the establishment of Clinical Commissioning Groups (CCGs), Public Health England, HealthWatch and the NHS Commissioning Board.

From 1 April 2013, the legal responsibility for a wide range of public health duties will transfer from the NHS to local government. Local councils’ responsibilities will include improving and protecting the health of their local residents together with various new duties relating to the coordination of the local health and social care system. In giving local councils the lead responsibility for improving and protecting the health of their local population the Health and Social Care Act increases the role of local democracy and decision-making in health and healthcare. Strengthening democratic and local accountability for the health of local people moves public health up the political agenda and reinforces the need for political and corporate ownership and leadership in achieving success. The challenges for Herefordshire Council will include gaining a rapid understanding of its new public health duties, putting health and wellbeing at the heart of everything it does and supporting the development of a local public health system in which all partners are focused on improving health and wellbeing outcomes.

The outcomes that the new health and social care system will be charged with achieving are set out in the national public health outcomes framework along with the indicators that will be used to measure whether these have been achieved. The public health outcomes framework contains two over-arching outcomes: increasing healthy life expectancy, and reducing the differences in life expectancy and healthy life expectancy between communities. Thus the framework focuses not only on how long people live, but also on ways of achieving health and wellbeing throughout every stage of life, and ways of reducing avoidable differences in health and wellbeing between different groups of people.

Herefordshire Council will form the core of the county’s public health system and as such has a central role to play in achieving the desired public health outcomes both through the services that it commissions and provides, and through influencing the local system to contribute to public health outcomes. The council’s health and wellbeing board has a pivotal role in shaping the local system and in ensuring that partners work together effectively to achieve shared goals. Existing public health resources will transfer into the council to support it in meeting its new responsibilities, including the public health team who will bring skills and experience in achieving health outcomes through, for example, system leadership, partnership working and advocacy.

The indicators within the public health outcomes framework cover a wide range of the council’s areas of business in recognition of their impact on health and wellbeing. This opens the doors to new ways of working for public health and for the wider council. The indicators are grouped into four domains:

- Improving the wider determinants of health
- Health improvement
- Health protection
- Healthcare public health and preventing premature mortality

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Whilst most of the public health functions transferring to councils have previously been undertaken by Primary Care Trust (PCT) public health departments, councils will also gain a number of additional public health duties including the commissioning of drug and alcohol misuse services. On the other hand, a number of the PCT's public health functions, for example, strategic planning and management of screening and immunisation services, will transfer to Public Health England and other organisations.

The process of transferring public health functions from PCTs – the “sender” organisations - to local councils and other “receiver” organisations is complex. In Herefordshire, preparations have been taking place for this transfer throughout 2012/13 in the lead up to the new public health system “going live” on 1 April 2013.

This chapter focuses on the transition of public health in Herefordshire from the NHS to the local council. It looks at what the implications of this are for Herefordshire Council, the progress made during 2012/13 for the safe, smooth transfer of public health responsibilities and functions from NHS Herefordshire (PCT), to Herefordshire Council, and our plans for the first year following transition as the new system becomes established.

More importantly, this chapter looks beyond transition to transformation. It describes how the council's new focus on public health will enable it both to achieve better health outcomes for local people by addressing the wider determinants of health, and to improve outcomes in other areas of its business by embedding public health principles across all service areas.

Public health transition – progress update

Preparations for public health transition have been taking place throughout 2012/13 in advance of the formal transfer of the new public health responsibilities to Herefordshire Council on 1 April 2013. The transition is a complex process involving, for example:

- the transfer of public health staff and their contracts
- relocation of public health staff to council premises
- review and novation of contracts for existing commissioned public health services
- preparation for commissioning new public health services
- communication and engagement with staff and stakeholders
- budgetary and financial work to establish and transfer the associated budget
- ensuring that NHS and local council governance requirements are met

And all whilst ensuring the continuation of public health work and commissioned public health services throughout.

In order to keep this complex work on track, a project management structure is in place with seven workstreams reporting to a project management group with sender and receiver representation. The workstreams are tasked with the following aspects of transition:

1. Human resources, workforce and accommodation
2. Commissioning and contracting
3. Finance, assets and resources
4. The public health “core offer” to the CCG and health intelligence
5. Governance and assurance
6. Communications and engagement
7. Public health functions transferring to the NHS Commissioning Board and Public Health England (for example, screening and immunisation)

Photo: The local authority will be responsible for commissioning drug treatment services



Chapter 1

Many aspects of transition planning are dependent on national guidance and decisions, some of which is still awaited and there are multiple interdependencies between the workstreams which further complicate this work. For example, commissioning plans are dependent on the final value of the ring-fenced public health grant and human resources plans depend on successful communications and engagement strategies for staff. This affects details of the “core offer” between the council’s public health function and the CCG. However, good progress has been made despite these challenges, and we are on track for the safe, legal transfer of public health functions to the council and, where appropriate, to Public Health England and other parts of the new system.

Key milestones in transition achieved to date

- Under the transition process, the future destination of staff within the public health team mirrors the destination of the primary functions they undertake. The majority of public health staff will transfer into the council; the role of one member of the team will move to Public Health England. Human resources processes are progressing well and arrangements for the transfer of public health to their new employers are ahead of schedule.
- The public health team moved from PCT premises into council accommodation at Hereford Town Hall (right) in November 2012 ahead of the formal transfer of their employment in April 2013. This relocation builds on the integration of public health into the overall work of the council and brings public health staff geographically closer to their environmental health and trading standards colleagues as well as into closer contact with colleagues from across the wider council. Whilst the senior members of the public health team already work very closely with council colleagues, other members of the team have had fewer opportunities for this until now – moving before April 2013 is helping the whole team to explore the potential of their new council role.



Photo: Hereford Town Hall

- The public health team commissions services from NHS and non-NHS providers. The type, duration and size of the contracts vary between providers and some of the contracts form part of, or an addition to, much larger NHS contracts which are set to transfer to either the CCG or NHS Commissioning Board. The work involved in transferring the contracts for public health services from the PCT to their new owners is accordingly complex, but good progress has been made in preparing these for the future commissioning arrangements, including novation to the council where appropriate. A collaborative approach is being taken with specialist contracting input from both sender and receiver organisations.

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- A transition communications and engagement plan has been implemented with the aim of:
 - preparing council members and officers to understand the full scope of the council's new public health responsibilities, and helping them to understand what public health is, how the council can improve and protect residents' health and how public health can support the council in its wider work; and
 - supporting staff that are directly affected by the transition process and helping them to prepare for working in local government and/or Public Health England.
- Close cooperation between local government, Public Health England and the new health commissioners – the CCGs and the NHS Commissioning Board – will be central to the success of the new system. A “core offer” has been agreed between Herefordshire Council and Herefordshire CCG. This is a requirement of the transition process and sets out the support that each can expect from the other including, for example, the public health advice and expertise that the council's public health team will provide to the CCG to help them to commission healthcare services.
- Public health has been a PCT function for more than a decade, but the integration of the public health team into Herefordshire Council is already well advanced because of the close partnership working that has been in place over recent years between the two organisations. Herefordshire's partnership approach to public service integration and its focus on “place” has been recognised nationally. The transition process will formalise and strengthen this; however the real challenge will be to embed public health principles across the whole of the local council.

From transition to transformation

Although public health has been based in the NHS for past 30 years, its origins are in 19th and 20th century social, educational and sanitary changes and its history is entwined with that of local government. Indeed, for many people transition represents the return of public health to its roots. But a simple “lift and shift” of public health functions and resources from the NHS to local government will not achieve improved health outcomes. This will require a transformation in the way that public health is delivered so that public health thinking is embedded in every council service area and so that health and wellbeing is placed at the heart of everything that every part of the council does. Achieving this means doing things differently for both the public health team and for the wider council.



Photo: Dog walking - a form of physical activity

Health and inequalities in health are determined by a wide range of interlinked factors (Figure 1.1). These include individual and biological factors such as:

- Age
- Sex
- Genetic make-up

Lifestyle choices including:

- Smoking
- Alcohol consumption
- Diet
- Levels of physical activity

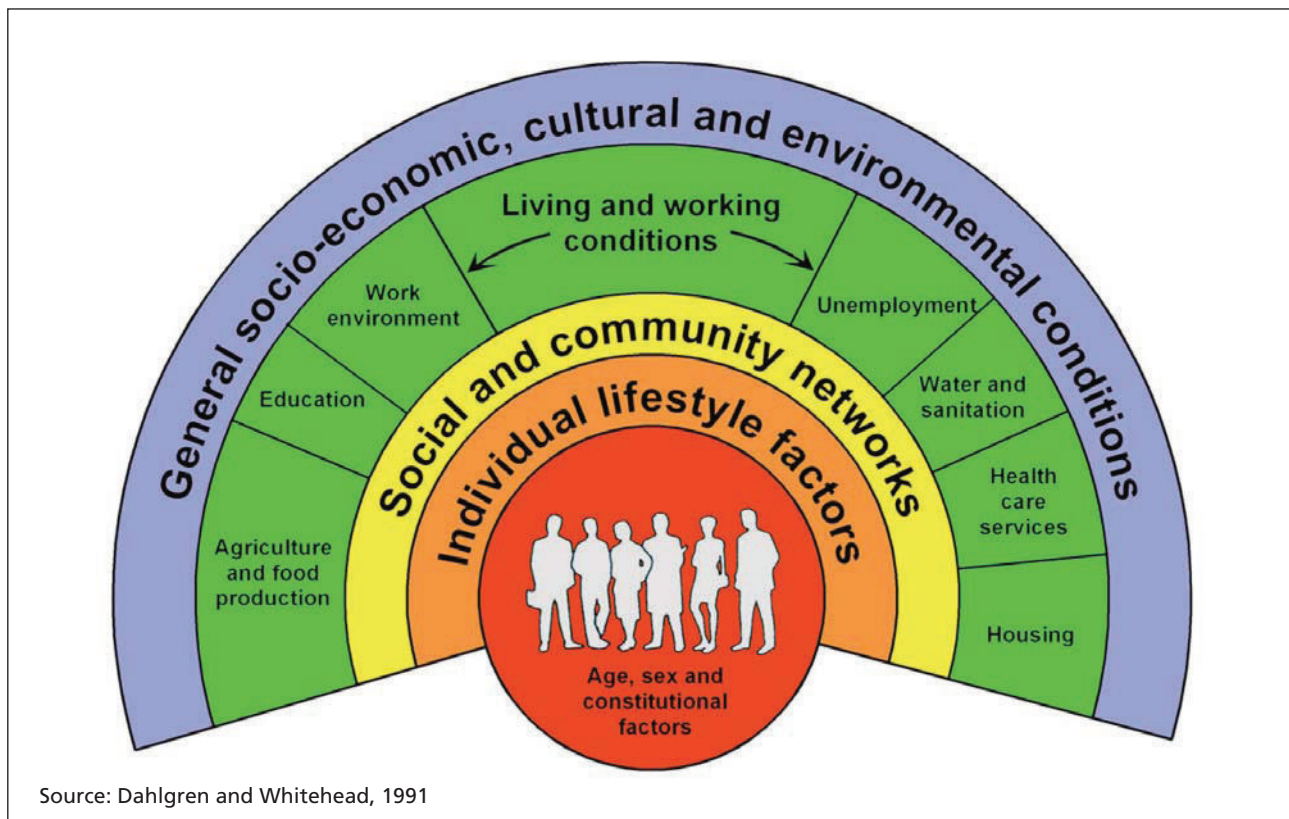
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and the “wider determinants of health” – social, economic and environmental influences such as:

- Poverty
- Housing
- Educational attainment
- Employment,
- Social connectedness
- Community safety
- Access to and quality of healthcare

The influences with the greatest impact on health are these “wider determinants”. Not only does the power to influence most of these lie outside of the NHS, many are core areas of business for local government. There is still a role for public health to play in improving healthcare services and in achieving health gains via clinical services, but there is even greater scope to improve population health by addressing the wider determinants of health from a local council base. Nearly everything that local councils do has an impact on health; consequently, taking a transformative approach to public health transition has the potential to change how the council approaches the whole of its business.

Figure 1.1
The Dahlgren and Whitehead¹ model of the wider determinants of health



¹ Dahlgren G and Whitehead M (1991) *Policies and strategies to promote social equity in health*. Institute for Future Studies, Stockholm (Mimeo)

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Photo: Hereford Retail Quarter Development

The public health team will give the council specialist skills and experience in the public health disciplines of health intelligence, health improvement, health protection and healthcare public health. Health intelligence underpins public health practice and involves the collection, analysis, interpretation and application of population health data and evidence. In addition to its contribution to public health practice, the public health team's health intelligence function is of potential value in helping the wider council to understand local communities and their health needs, to assess the impact of policies and services on health and to ensure an evidence-based approach to decision-making.

For the public health team, transformation will mean working in new ways and with a different perspective focusing, for example, more on addressing the wider determinants of health through the services commissioned and provided across the council and finding new and innovative ways to tackle health inequalities by working more closely in localities and with communities. It will mean influencing healthcare services in new ways, such as via the core offer to the CCG, building on the success of public health as an NHS function, maintaining strong links with the NHS and healthcare services and protecting the specialist skills and competencies that the public health profession has developed during its time within the NHS. Public health will commission services from a range of providers including NHS providers and will have a lead role in coordinating partnership work for example on tobacco

control and alcohol harm reduction; in some instances, such as the healthy lifestyle trainer service, council-based public health will involve the direct provision of services. The public health team will also have a key role to play in supporting elected members and council officers to develop the understanding they will need in order to fulfil the organisation's new responsibilities for public health.

For elected members and council officers, the challenges of transformation will include appreciating and grasping, not only the council's new responsibilities for public health, but more importantly, the opportunities that these bring for improving quality of life for local people. This will enable the council to make the best use of the public health team's skills and to achieve health gains across the full range of its service areas.

Conclusions

Health is perhaps the most important asset individuals can possess, but health is also a great asset for communities as it supports a wide range of other important social, economic and environmental outcomes. In turn, improvements in these wider social, economic and environmental determinants of health support improvements in health outcomes as shown in figure 1.1.

Improving and protecting health therefore has the potential to bring many other benefits to the county including:

- Reduced expenditure on health and social care
- Educational and economic benefits from reduced time off school and work
- Reductions in crime and disorder from reducing drug and alcohol misuse.

The transfer of public health to local government gives councils the opportunity to put health and wellbeing at the heart of everything that they do and this has the potential to improve outcomes across all areas of council business, including the health and wellbeing of local people.

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Photo: farming, a key rural employer in Herefordshire

- Understand how the three domains of public health operate and how these are underpinned by the discipline of health intelligence
- Understand the role of the director of public health supported by the public health team and its consultants, specialists and practitioners in achieving health and wellbeing outcomes
- Understand the role of the director of public health as “accountable officer”
- Understand the potential for the council’s new public health role to transform the way in which it approaches all of its functions
- Be familiar with the roles of the new organisations established by the Health and Social Care Act 2012 including the CCG and Public Health England and with how these interact with each other
- Understand the council’s role in the coordination of the local health and social care system including the role of the health and wellbeing board

Recommendations

Recommendations for the transition and transformation of public health are that:

Council members and senior officers:

- Understand the full range of the council’s public health responsibilities across all three domains of health improvement, health protection and healthcare public health
- Understand the council’s general duty to improve health and reduce health inequalities and the potential to address this through a range of approaches to lifestyle behaviour change and wider health determinants
- Understand their own role and the role of the democratic process in improving and protecting the health of local people and in the local council meeting its public health responsibilities

Chapter 2

Health Improvement

What is Health Improvement?

Health improvement is improving health and wellbeing in the population by increasing healthy life expectancy and reducing the difference in life expectancy and healthy life expectancy between communities.

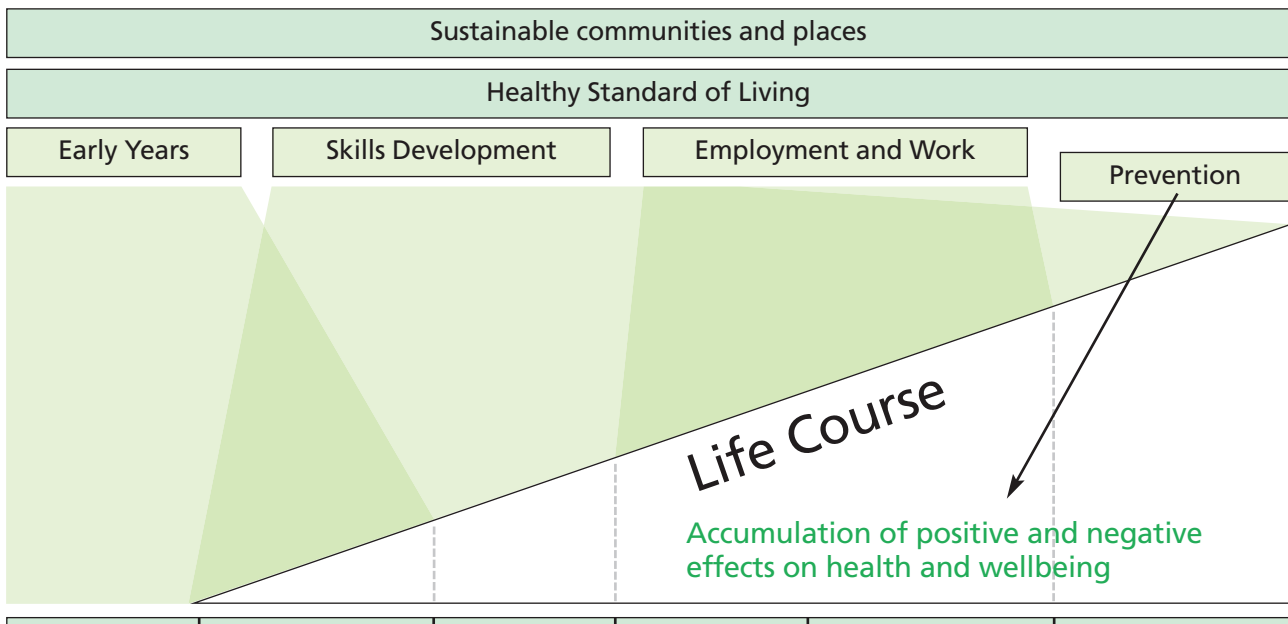
This is achieved through the Public Health Skills and Career Framework²:

- Considering the health and wellbeing of the whole population and of specific groups within the population

- Mobilising the organised efforts of society to improve the health and wellbeing of the population and acting as an advocate for the public's health
- Enabling people and communities to increase their control over their own health and wellbeing
- Acting on the social, economic, environmental and biological determinants of health and wellbeing as seen previously in Figure 1.1

Improving population health and wellbeing requires action across the life course from before birth through to older age because positive and negative effects on health start before birth and accumulate through the life course as described in the Marmot Review³ (Figure 2.1):

Figure 2.1 Life Course Approach to Health Improvement
Areas of action



² Public Health Skills and Career Framework (March 2009), Public Health Resource Unit, Oxford

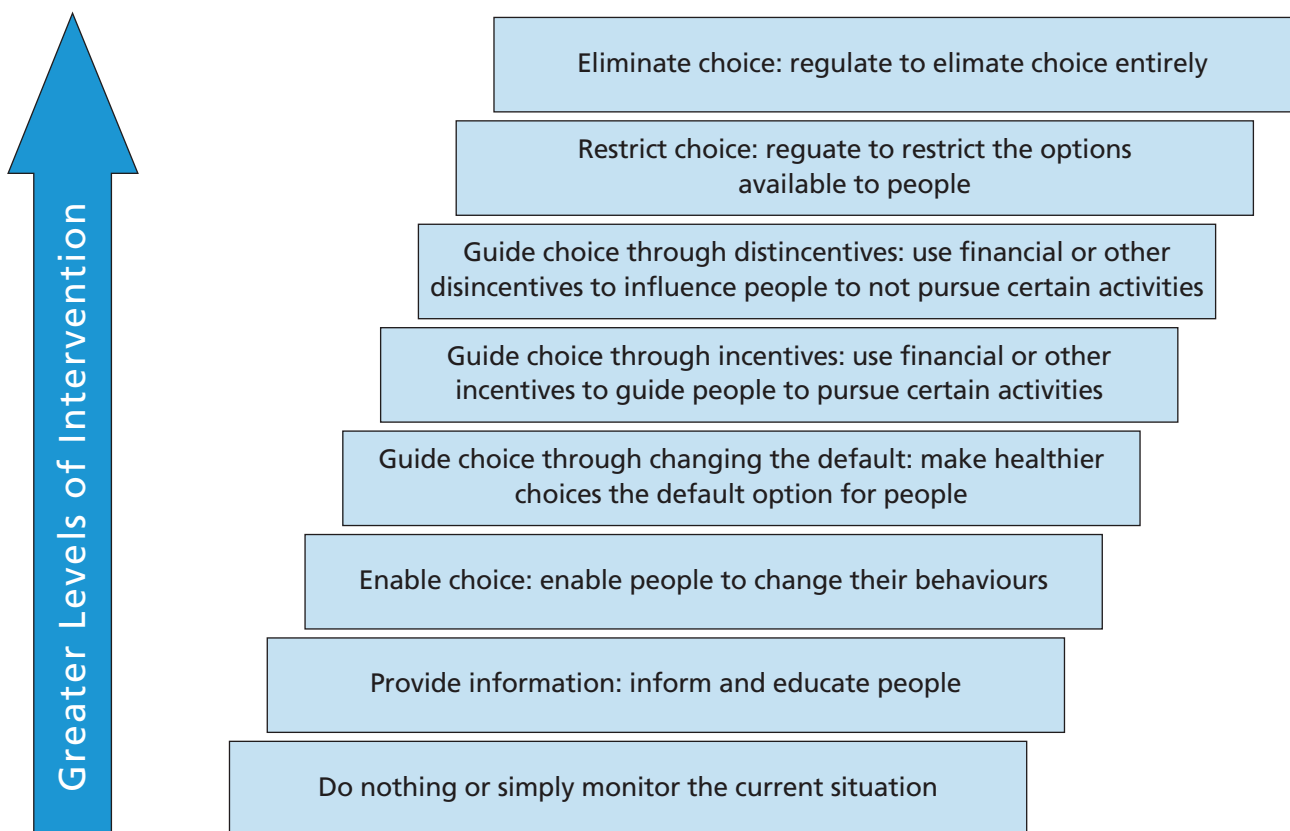
³ Marmot M et al. (2010) Fair society, healthy lives. The Marmot Review. Strategic review of health inequalities in England post 2010; www.ucl.ac.uk/marmotreview

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Reducing the difference in health and wellbeing between communities requires giving everyone in the population a fair opportunity to lead a healthy life whilst minimising restrictions on people’s freedom. The Nuffield Council on Bioethics’s “intervention ladder” (Figure 2.2) is a useful

way of thinking about the different ways that health improvement interventions can affect people’s choices. Interventions that are higher up the ladder are more intrusive and therefore require a stronger justification.

Figure 2.2
The Nuffield Council on Bioethics intervention ladder⁴



⁴ Nuffield Council on Bioethics (2009) Public health: ethical issues. Cambridge; www.nuffieldbioethics.org

Chapter 2

The core skills of a specialist health improvement team

To improve population health and wellbeing by increasing healthy life expectancy and reducing the difference between communities, a public health function needs a number of health improvement core skills and competencies as set out in the Public Health Skills and Career Framework:

1. Surveillance and assessment of the population's health and wellbeing
2. Assessing the evidence of effectiveness of interventions, programmes and services to improve population health and wellbeing
3. Policy and strategy development and implementation for population health and wellbeing
4. Leadership and collaborative working for population health and wellbeing
5. Plan and commission programmes to improve population health and wellbeing and reduce inequalities
6. Leadership of the development, implementation and evaluation of health improvement programmes across agencies, partnerships and communities
7. Influence and shape the development of sustainable, multi-agency capacity and resources to improve population health and wellbeing and reduce inequalities
8. Engagement with strategic partners in all sectors and the public to determine goals, priorities, strategies and success criteria for improving population health and wellbeing and reducing inequalities

The health improvement function prior to April 2013

Prior to the transfer of public health to local councils in England in April 2013, improving population health and wellbeing has been the responsibility of the NHS with local responsibility being a function of Primary Care Trusts. This responsibility has been largely met in the form of NHS programmes to support individuals to change their behaviour and adopt a healthy lifestyle, the main programmes being:

- The NHS Stop Smoking Service
- The NHS Health Checks programme to determine level of risk of vascular disease
- Identification and brief advice to reduce harmful alcohol consumption
- The Making Every Contact Count programme count to offer brief advice about healthy lifestyles
- The Change4Life programme promoting a healthy diet and physical activity



Photo: Change4Life

Chapter 2

There is still much work to be done within NHS healthy lifestyle programmes as many key health challenges still exist, including⁵:

- There are approximately 32,000 adult smokers (21% of adults) in Herefordshire
- Of these between 56% to 66% would like to quit smoking
- Around two in five adults report drinking alcohol above the recommended guidelines
- A fifth of adults report binge drinking
- Around 55% of adults in Herefordshire are classified as overweight or obese
- Only 36% of adults eat five or more portions of fruit and vegetables a day
- Only a third of adults meet the guidelines for physical activity in a week
- 23% of children aged 4-5 are either obese or overweight in 2010/11 (9% are obese)
- 33% of children aged 10-11 are either obese or overweight in 2010/11 (18% are obese)
- Only 24% of children eat 5 or more portions of fruit and vegetables a day

The impact on population health and wellbeing of unhealthy lifestyles in Herefordshire is considerable with:

- 304 smoking related deaths in 2011 in those aged 35+ years
- Approximately 1,635 hospital admissions in 2011/12 related to smoking, the major causes being lung cancer, ischemic heart disease and chronic airway obstruction
- 3,530 alcohol related hospital admissions in 2011/12, a 30% rise since 2007

The cost to the NHS in Herefordshire of hospital care resulting from unhealthy lifestyles is also substantial as:

- Smoking related hospital admissions cost £3.15 million in 2011/12
- Alcohol related admissions are estimated to have cost £6.25 million in 2011/12

The health improvement function from April 2013 onwards

Under the Health and Social Care Act 2012, from April 2013 local authorities will have new responsibilities to improve and protect the health and wellbeing of their population. To support councils to fulfil their new health improvement responsibilities, specialist health improvement staff will be transferred from the NHS to local councils funded by a public health grant which will include funding for existing local healthy lifestyle programmes.

The government's intention is that the new public health system will focus on achieving positive health outcomes for the population and reducing inequalities in health rather than on process targets as previously. An example of the change in emphasis is the change from measuring the number of smokers who quit for four weeks supported by the NHS Stop Smoking Service to measuring the proportion of adults in the population who smoke. The new outcome measure takes account of success in supporting people not to start to smoke and supporting smokers to quit for good not just for a short period of time.

The new Public Health Outcomes Framework includes indicators of improvement in the wider determinants of health (Domain One) and indicators of health improvement (Domain Two) which reflect the reason why the government is transferring responsibility for improving the health of the population from the NHS to local authorities as they include a wide range of indicators for which councils are already wholly or partially responsible.

⁵ Understanding Herefordshire 2012, <http://www.herefordshire.gov.uk/factsandfigures/health.aspx>

Chapter 2

Figure 2.3
Domain One and Domain Two indicators in the Public Health Outcomes Framework⁶

Domain One - indicators of improvement in the wider determinants of health	Domain Two - indicators of health improvement
<p>Children in poverty</p> <p>School readiness</p> <p>Pupil absence</p> <p>First-time entrants to the youth justice system</p> <p>16-18 year olds Not in Education, Employment or Training (NEET)</p> <p>People with mental illness or disability in settled accommodation</p> <p>People in prison who have a mental illness or significant mental illness</p> <p>Employment for those with a long- term health condition including those with a learning difficulty/disability or mental illness</p> <p>Sickness absence rate</p> <p>Killed or seriously injured casualties on England’s roads</p> <p>Domestic abuse</p> <p>Violent crime (including sexual violence</p> <p>Re-offending</p> <p>The percentage of the population affected by noise</p> <p>Statutory homelessness</p> <p>Utilisation of green space for exercise/health reasons</p> <p>Fuel poverty</p> <p>Social contentedness</p> <p>Older people’s perception of community safety</p>	<p>Low birth weight of term babies</p> <p>Breastfeeding</p> <p>Smoking status at time of delivery</p> <p>Under 18 conceptions</p> <p>Child development at 2-2.5 years</p> <p>Excess weight in 4-5 and 10-11 year olds</p> <p>Hospital admissions caused by unintentional and deliberate injuries in under 18s</p> <p>Emotional wellbeing of looked-after children</p> <p>Smoking prevalence - 15 year olds</p> <p>Hospital admissions as a result of self-harm</p> <p>Diet</p> <p>Excess weight in adults</p> <p>Proportion of physically active and inactive adults</p> <p>Smoking prevalence – adult (over 18)</p> <p>Successful completion of drug treatment</p> <p>People entering prison with substance dependence issues who are previously not known to community treatment</p> <p>Recorded diabetes</p> <p>Alcohol-related admissions to hospital</p> <p>Cancer diagnosed at Stage 1 and Stage 2</p> <p>Cancer screening coverage</p> <p>Access to non-cancer screening programmes</p> <p>Take up of the NHS Health Check Programme – by those eligible</p> <p>Self-reported wellbeing</p> <p>Falls and injuries in the over 65s</p>

⁶ <http://www.phoutcomes.info/>

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The new public health system creates the opportunity to develop a completely new approach to the wider determinants of health. Transforming council policies and services to increase their impact on health and wellbeing has the potential to reduce the difference in life expectancy and healthy life expectancy between communities in a way that NHS healthy lifestyle programmes alone have not been able to.

Action taken to improve healthy life expectancy will benefit society in many ways. It will have economic benefits in reducing losses from illness associated with health inequalities. These currently account for productivity losses, reduced tax revenue, higher welfare payments and increased treatment costs, as described in the Marmot Review. Improving the healthy life expectancy of working age adults is economically essential if people are going to be expected to work to an older age before they can draw their pension to balance the costs of people living longer.

Focusing solely on the most disadvantaged will not reduce the difference in healthy life expectancy sufficiently because the difference exists across the whole of the socio-economic spectrum of the population and is proportionate to the level of disadvantage that people are experiencing. The Marmot Review states that this action to reduce this 'social gradient' in health actions must be universal, but with a scale and intensity that is proportionate to the level of disadvantage or 'proportionate universalism'.

Reducing the difference in healthy life expectancy will require action on five policy objectives:

- Start well: give every child the best start in life
- Develop well: enable all children, young people and adults to maximise their capabilities and have control over their lives

- Work well: create fair employment and good work for all
- Live well: ensure a healthy standard of living for all and develop healthy and sustainable places and communities
- Age well: strengthen the role and impact of ill health prevention



Photo: Diamond Jubilee lunch for older people at the Kindle Centre, Hereford

The impact of NHS healthy lifestyle programmes can be increased if integrated with other approaches to support people to lead healthy lifestyles. The Nuffield Council on Bioethics public health intervention ladder previously described has been successfully used in Herefordshire to develop an integrated approach to alcohol harm reduction and achieve a greater impact than individual by integrating educational activities, healthy lifestyle services and enforcement activity, including the council's trading standards, environmental health and licensing powers.

Chapter 2

Recommendations

- The fact that Herefordshire Council has unanimously welcomed its new responsibilities for improving and protecting health needs to be built upon
- The successful use of the ladder of intervention in Herefordshire to develop an integrated approach to alcohol harm reduction should be extended to tobacco control and promoting a healthy diet
- The crucial importance for health and wellbeing and economic prosperity of a good start in the first few years of life needs to be widely understood and considered when funding decisions are being made
- A plan needs to be developed through the new system to support schools to promote healthy lifestyle choices and to develop a culture that supports children and young people to make healthy choices
- Programmes should be developed to achieve the council's ambition to demonstrate leadership through promoting the health and wellbeing of staff and their families.
- The experience of the NHS should be built on to develop a programme for council staff and contractors to Making Every Contact Count to give brief advice on healthy lifestyles and to provide information about the support available to people wanting help to change their lifestyle
- The connection that has been made between the ambition of the Local Transport Plan to promote active transport and the ambition of the NHS Health Checks programme to encourage people to increase their physical activity through walking and cycling should be built on.
- The opportunity should be taken to increase adult participation in sport through directing people from the NHS Health Checks programme to an expanded network of sports clubs offering return to sport sessions for adults.
- Healthy lifestyle services need to be expanded to include programmes to support people drinking harmful amounts of alcohol to reduce their consumption, and to support people who are overweight or obese to reduce their weight.
- The role of the new Healthy Lifestyle Trainer Service needs to be developed to support people who are unlikely to access universal healthy lifestyle services, and to undertake community development work to promote healthy lifestyles in communities where a high proportion of people have unhealthy lifestyles.
- Programmes should be developed to support people to enjoy good health and wellbeing in older age which should include opportunities to be socially engaged in their community, to be physically active to maintain their muscle strength to prevent falls and to maintain good nutrition by eating a healthy diet.

Chapter 3

Protecting people's health

What is health protection?

Protecting people's health means provision of a broad spectrum of services ranging from screening and immunisation to managing infectious disease outbreaks and other public health incidents, and is one of the three main domains of the public health function. PCTs have had the statutory responsibility for ensuring that the health of the population in the area they cover is protected. Herefordshire PCT has discharged this responsibility through the director of public health.

From April 2013, the public health function, along with the director of public health, is being transferred to the local council as set out in the Health and Social Care Act 2012 described in previous chapters. This chapter provides a description of the current state of health protection services in Herefordshire. It goes on to describe how health protection will be delivered within the future configuration of health agencies. It broadly sets out an outline of organisational responsibilities in relation to health protection services post April 2013. It specifically describes public health's role for health protection when it becomes the responsibility within the local council.

The core skills of health protection

In order to protect the health of the public, the public health function uses a number of core skills and competencies. These include:

- Strategically lead and direct multidisciplinary policy or programmes to protect population health, wellbeing and safety and achieve specified health goals
- Lead programmes of short- and long-term risk analysis in relation to actual or perceived major threats to health and wellbeing
- Lead improvement of capability, contingency planning and resilience in order to monitor and respond to an increasing variety of infectious and environmental hazards
- Lead complex risk communication (particularly with the public) on issues considered or perceived to be major threats to population health, wellbeing or safety
- Lead the epidemiological investigation of priority problems affecting health, wellbeing and safety
- Lead the management and investigation of incidents and outbreaks of infection
- Lead the planning, implementation and review of multi-agency measures to prevent, ameliorate or control risks to population health, wellbeing and safety

The health protection function prior to April 2013

Prior to April 2013 PCTs had the statutory responsibility for ensuring that the health of the local population in the area was protected and improved and that it complied with the requirements set out in the Civil Contingencies Act 2004, with a duty to assess, plan and advise in relation to emergencies and the risk of emergencies. PCT chief executives discharged their duties through a board level executive director, which in Herefordshire has been the director of public health.



Photo: flooding in the Lugg Valley

Chapter 3

Across the West Midlands NHS Emergency Preparedness, Resilience and Response (EPRR) governance and partnership arrangements have been configured on Local Resilience Forum (LRF) footprints. In total there five NHS EPRR governance structures in the West Midlands (West Midlands have existed overall, West Mercia, Birmingham, Staffordshire and Warwickshire) with the regional director of public health chairing a strategic level meeting comprising of the chief executive officers from each lead PCT, public health, the Health Protection Agency and ambulance service.

The West Mercia structure was called the West Mercia Health Resilience Network Board and was chaired by the Telford and Wrekin PCT chief executive officer acting on behalf of the Strategic Health Authority as lead PCT. Sitting under this board were three Health Resilience Forums; one each for Hereford and Worcester and the third combined one for Shropshire and Telford and Wrekin. Each Health Resilience Forum had responsibility to ensure that robust and duly tested inter-agency plans and response arrangements were in place to protect people's health from major incidents and other threats. It worked in partnership with the local multi-agency silver group and provided assurance to the West Mercia Health Resilience Network Board in this regard.

Herefordshire PCT had a framework agreement with the Health Protection Agency to provide specialist health protection services to the PCT, local council and people of Herefordshire. All suspected or confirmed sporadic cases or outbreaks of notifiable diseases and other communicable diseases were reported to the Health Protection Agency. Similarly, public health incidents such as chemical incidents were also reported to the Health Protection Agency. It would manage both sporadic cases and outbreaks and public health incidents during office hours. A West Mercia wide public health on-call rota also operated to cover this function out-of-hours. The director of public health

provided local leadership in management of infectious disease outbreaks and public health incidents and was responsible for mobilisation of NHS resources and communicating with the public, key partners and stakeholders.

The PCT had the responsibility of commissioning immunisation and screening programmes. GP practices provide the childhood immunisation and flu vaccination programmes, whereas Human Papillomavirus (HPV) vaccine and school leaver booster are provided by the school nursing service.



Photo: Breast Screening Service

Broadly, there are two groups of screening programmes: cancer and non-cancer. Cancer screening programmes includes breast, bowel and cervical cancer screening. Non-cancer screening programmes include abdominal aortic aneurysm, diabetic eye and antenatal newborn and child health screening. Each programme has different service components and has been provided by a range of providers including primary care and NHS acute trusts. Each programme had a set of quality assurance standards and performance indicators to meet. They have been monitored through local multi-agency programme boards and working groups, and West Midlands Quality Assurance Reference Centres and Programme Regional Office.

Chapter 3

The Health Protection function from April 2013 onwards

The Health and Social Care Act 2012 abolishes primary care trusts, Strategic Health Authorities and the Health Protection Agency and establishes two new commissioning bodies: CCGs and the NHS Commissioning Board. Public Health England has been established and takes over the current functions of the Health Protection Agency in addition to other broader public health responsibilities.

The NHS Commissioning Board has a Local Area Team covering Coventry, Warwickshire, Worcestershire and Herefordshire. It is responsible for commissioning health protection services including immunisation and screening. It is ultimately responsible for emergency planning resilience and response arrangements across the four counties it serves. Herefordshire CCG has delegated commissioning responsibilities in relation to health protection services such as commissioning an antenatal newborn and child health screening programme, and has a key role in local emergency arrangements. Public Health England provides specialist public health services to local authorities, the NHS and the public, working in partnership with the Commissioning Board and director of public health.

The Health and Social Care Act 2012 also places a new responsibility on local authorities to protect and improve the health of their geographical population. Herefordshire Council will discharge these new responsibilities through the director of public health, who will provide leadership for the public health system in Herefordshire by providing advice, challenge and advocacy to protect and improve the local population. The health protection function of the local council from 1 April 2013 includes:

- ensuring that robust inter-agency plans are in place to protect the health of the local population from threats ranging from relatively minor outbreaks and health protection incidents to full-scale emergencies
- providing scrutiny and challenge to the Commissioning

Board on its performance on screening and immunisation in relation to meeting the needs of the population

- maintaining oversight of population health and ensuring effective communication with local communities

Public Health Outcomes Framework (2013/16)

As previously mentioned, the local council's new functions will be monitored through a range of national indicators set out in the Public Health Outcomes Framework. The key indicators pertinent to health protection are as follows:

- Comprehensive, agreed inter-agency plans for responding to public health incidents
- The percentage of the population affected by noise
- Air pollution
- Mortality from communicable diseases
- Treatment completion for tuberculosis (TB)
- Chlamydia diagnosis (15 - 24)
- People presenting with HIV at a late stage of infection
- Population vaccination coverage
- Cancer screening coverage

Chapter 3

Herefordshire health protection committee

It is proposed that a health protection committee will be established as a sub-committee of the Herefordshire health and wellbeing board. The director of public health would chair the committee and membership will include senior managers from the key organisations holding health protection responsibilities. The overarching aim of this committee will be to provide assurance to the health and wellbeing board that there are robust inter-agency plans in place to protect the health of the population. This includes strategic plans for communicable disease control, infection prevention and control, emergency planning resilience and response, environmental health, sexual health and TB services, screening and immunisation services. The committee's work will feed into the health and wellbeing strategy and Integrated Needs Assessment and will utilise this appropriately to inform health protection commissioning and delivery. Figure 3.1 summarises the proposed integrated health protection model for Herefordshire.

The committee would have an oversight of the delivery of health protection services including screening and immunisation programmes to ensure that services meet the needs of the local population. It will receive performance reports from the Local Area Team, CCG and service providers. It will provide a platform to discuss performance issues and develop multi-agency action plans to improve performance. The committee will produce formal reports on significant health protection issues for the health and wellbeing board on a quarterly basis; and will escalate urgent matters to the Herefordshire public health leadership team and Local Area Team. Figure 3.2 shows the accountability arrangements for the proposed health protection committee.



Photo: Gaol Street Health Centre and Sexual Health Clinic

Chapter 3

Figure 3.1
Proposed integrated health protection model for Herefordshire

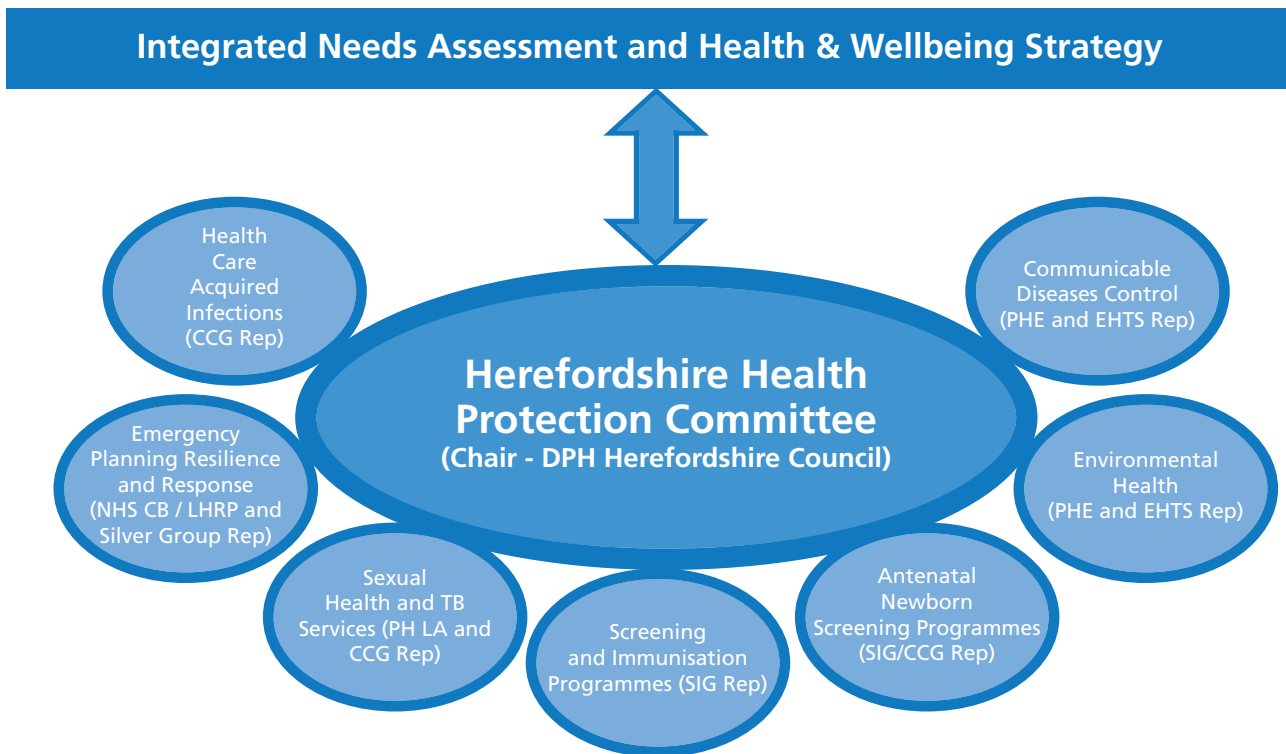
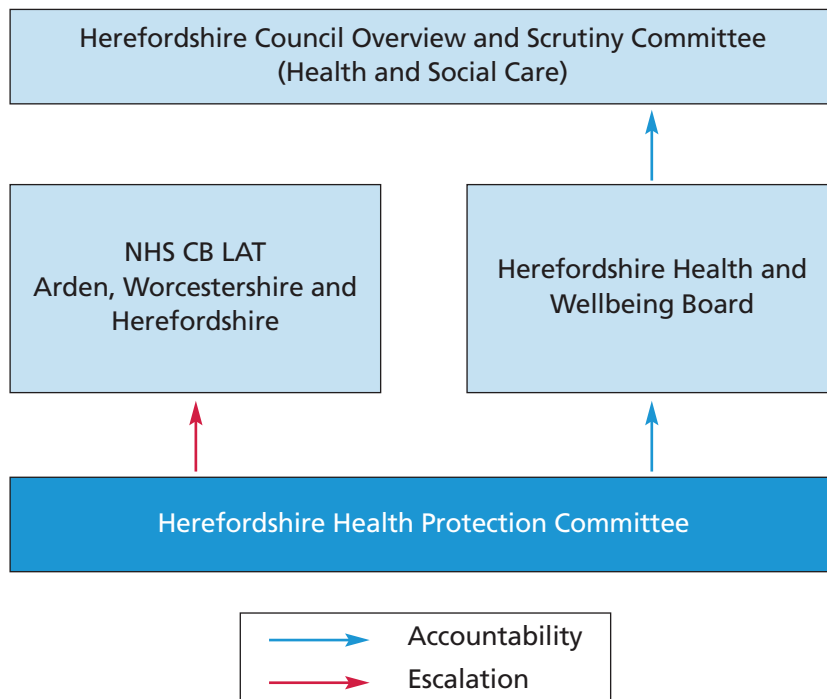


Figure 3.2
Proposed health protection committee accountability arrangements



Chapter 3

Emergency planning resilience and response (EPRR) arrangements

From April 2013 there are changes to the roles and responsibilities in relation to the emergency planning function. Overall the Secretary of State for Health will be ultimately accountable for emergency response, supported by the Chief Medical Officer and the Department of Health with a direct line of sight to the front line through the NHS Commissioning Board and Public Health England. The Department of Health will support the Secretary of State in the discharge of his/her responsibilities for assuring a 'whole system' accountable response. The Department will continue to have policy responsibility for EPRR across the health system in line with Cabinet Office requirements.

The NHS Commissioning Board is a Category 1 responder under the Civil Contingencies Act 2004 and is responsible for ensuring and assuring a comprehensive, risk-based, fit-for-purpose EPRR system is in place throughout the NHS for having authority to mobilise NHS resources when needed. It works closely with the Department of Health and Public Health England to achieve this⁷, through a National Support Centre and four regional offices co-terminous with regional offices of Public Health England. There are eight Local Area Teams in the Midlands and East region.

CCGs have responsibility for assuring that the NHS and all NHS funded providers have duly tested plans in place to deal with major incidents and public health emergencies and are able to demonstrate resilience by having robust business continuity plans. CCGs also ensure that mobilisation of resources (both clinical and non-clinical), in the event of major incidents and public health emergencies, is built into the commissioning contracts with all NHS and non-NHS providers.

Public Health England is a new executive agency of the Department of Health and has responsibility to deliver specialist public health services to national and local government, the NHS and the public. PHE works in partnership with the NHS Commissioning Board and the local director of public health to protect the public against infectious diseases, minimise the health impact from hazards, and provide national leadership and coordination of the public health response to the emergency preparedness, resilience and response system⁸.

At a national level, Public Health England supports the Department of Health to fulfil its role in the UK central government's national risk assessment process and ensures the delivery of the national EPRR strategy across the country. There are four regional offices of Public Health England; each ensures the delivery of national EPRR strategy in their region. There are 15 Public Health England centres, West Midlands being one of them. Local Authorities (upper tier and unitary), through the role of the director of public health, have an additional responsibility to ensure that plans are in place to protect the health of the local population from threats ranging from relatively minor outbreaks to full-scale emergencies, and to prevent, as far as possible, those threats arising in the first place⁹.

NHS funded providers are required to appoint an accountable Emergency Officer to lead EPRR, cooperating and collaborating across organisations, in accordance with their own contracts, national guidelines and the provisions of the Civil Contingencies Act 2004 where appropriate. Individual organisations are required to cooperate and take part in multi-agency planning and response at the Local Resilience Forum level. Organisations are expected to manage incidents that affect only them, with escalation where necessary following agreed protocols¹⁰.

7 Arrangements for Health EPRR (DH Communication dated 7th February 2012)

8 Public Health England Operating Model (2012)

9 Public Health in Local Government – Commissioning Responsibilities; Health Protection (DH December 2011)

10 Health and Social Care Act 2012 (Section 46)

Chapter 3

Recommendations

Council and elected members:

- Be familiar with new health protection responsibilities placed on the council by the Health and Social Care Act 2012
- Be familiar with the new health protection functions of the director of public health in the council and the arrangements being put in place to discharge these functions such as the proposed health protection committee
- Understand the responsibilities of the NHS Commissioning Board, CCG and Public Health England in relation to health protection functions of the local council

NHS Commissioning Board Local Area Team and Herefordshire Clinical Commissioning Group

- Understand the new role and responsibilities of Herefordshire Council and the director of public health in relation to health protection
- Understand the EPRR functions and responsibilities in handling wider health protection issues
- Develop standard operating procedures with local partners in relation to responding to public health incidents

Public Health England West Midlands:

- Understand the new role and responsibilities of the council and director of public health in relation to health protection
- Develop a framework seeking local agreement on how Public Health England will provide health protection services to the NHS Commissioning Board Local Area Team, CCGs and local authorities

Local key partner organisations

- Understand the new role and responsibilities of the council and director of public health in relation to health protection
- Be familiar that the director of public health role in relation to emergency planning resilience and response is a leadership function, requiring assurance, and the NHS Commissioning Board Local Area Team is ultimately responsible for EPRR arrangements and for providing that assurance

Chapter 4

Healthcare public health

What is healthcare public health?

The UK Faculty of Public Health defines public health as: “The science and art of promoting and protecting health and well-being, preventing ill-health and prolonging life through the organised efforts of society.” Within this the Faculty identifies three key domains of public health practice: health improvement; improving services; and health protection. This chapter focuses upon the core domain of improving services, otherwise known as healthcare public health.

The aim of healthcare public health is to embed a population approach into NHS commissioning, to maximise population health and wellbeing outcomes and reduce health inequalities. To achieve this healthcare public health needs to input into all areas of the commissioning cycle (Figure 4.1). This input can best be described as ensuring an evidence based approach is used.

Figure 4.1 The NHS commissioning cycle



Courtesy of The NHS Information Centre for health and social care. Full diagram available at: www.nhs.uk/commissioning

This means using public health skills to plan, procure, monitor and evaluate services on the basis of evidence of:

- Population need for services
- Clinical effectiveness of services – to maximise the health gain individuals receive from individual interventions
- Cost-effectiveness – to maximise the health gain achieved from the allocation of resources and range of services provided at a population level
- Service quality, understanding variations in practice in terms of structures, processes and outcomes
- Service outcomes and how they influence population outcomes
- Health inequalities and how to address them - in both access to services and outcomes from services

In addition, the healthcare public health function includes embedding prevention, health improvement and health protection functions into NHS commissioning.

The core skills of healthcare public health

In order to achieve its aims healthcare public health needs to have a number of core skills and competencies:

- The ability to comprehensively search for, and critically appraise, the research literature on both clinical effectiveness and cost-effectiveness of interventions or of models of service provision
- The ability to comprehensively search for, and critically appraise, the evidence of clinical effectiveness and cost-effectiveness from examples of “best practice”
- The ability to robustly evaluate the effectiveness of commissioned services – to identify how well they achieve their desired outcomes
- The ability to robustly evaluate the efficiency of commissioned services – to identify how many resources they require to achieve their desired outcomes
- The ability to evaluate and monitor population health outcomes
- The ability to evaluate and monitor population health inequalities

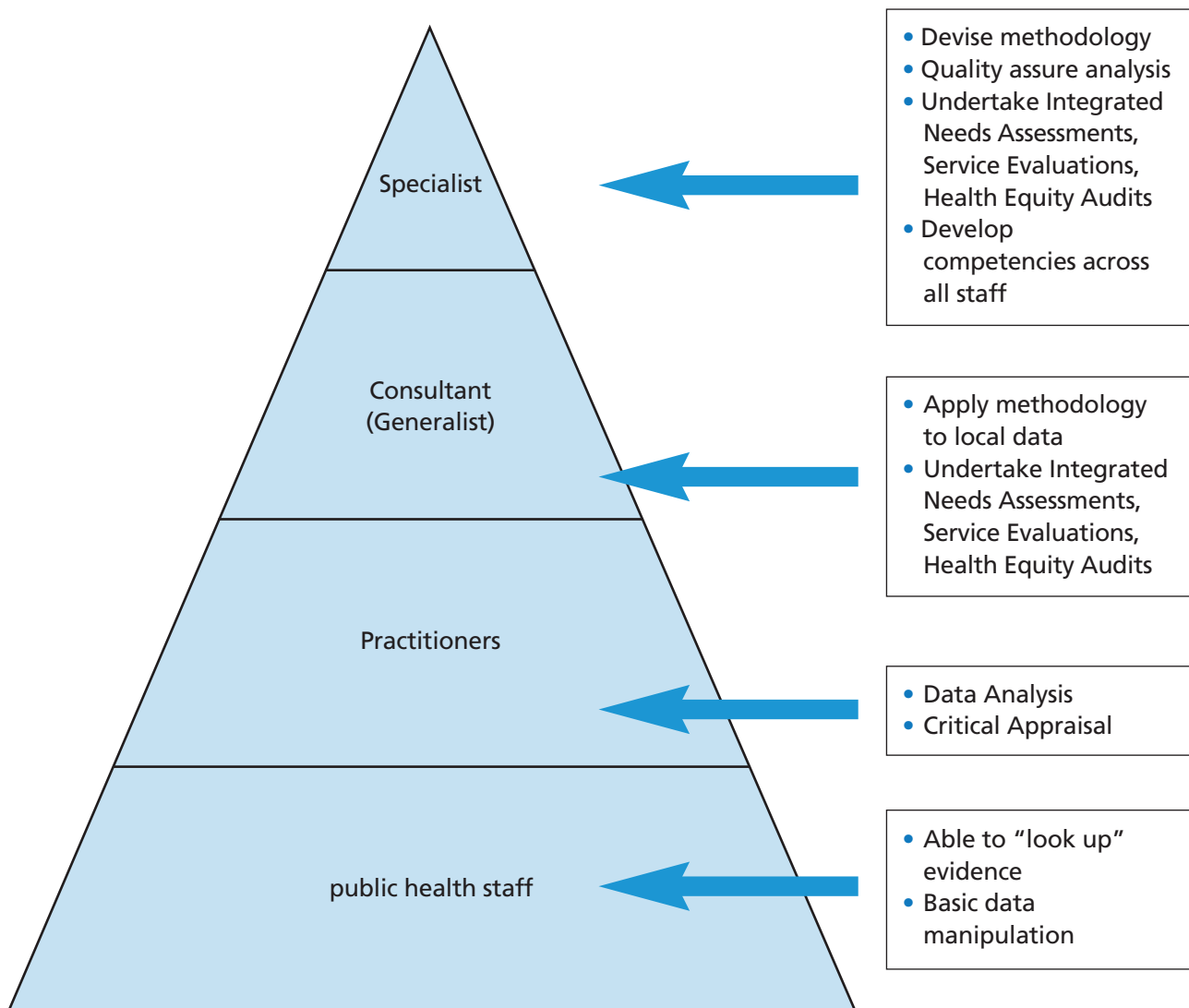
Chapter 4

- The ability to robustly assess population need for healthcare interventions - triangulating intelligence on the size of the problem, the current provision of services and the evidence of "what works", to identify solutions, resources required and priorities for action
- The ability to robustly "audit" health equity: understanding existing health inequalities and the solutions and partnership actions needed to address them

- Prioritisation - the ability to apply prioritisation methodologies to identify priority areas and the interventions that will have:
 - the maximal health gain
 - minimal health gain (low clinical effectiveness)

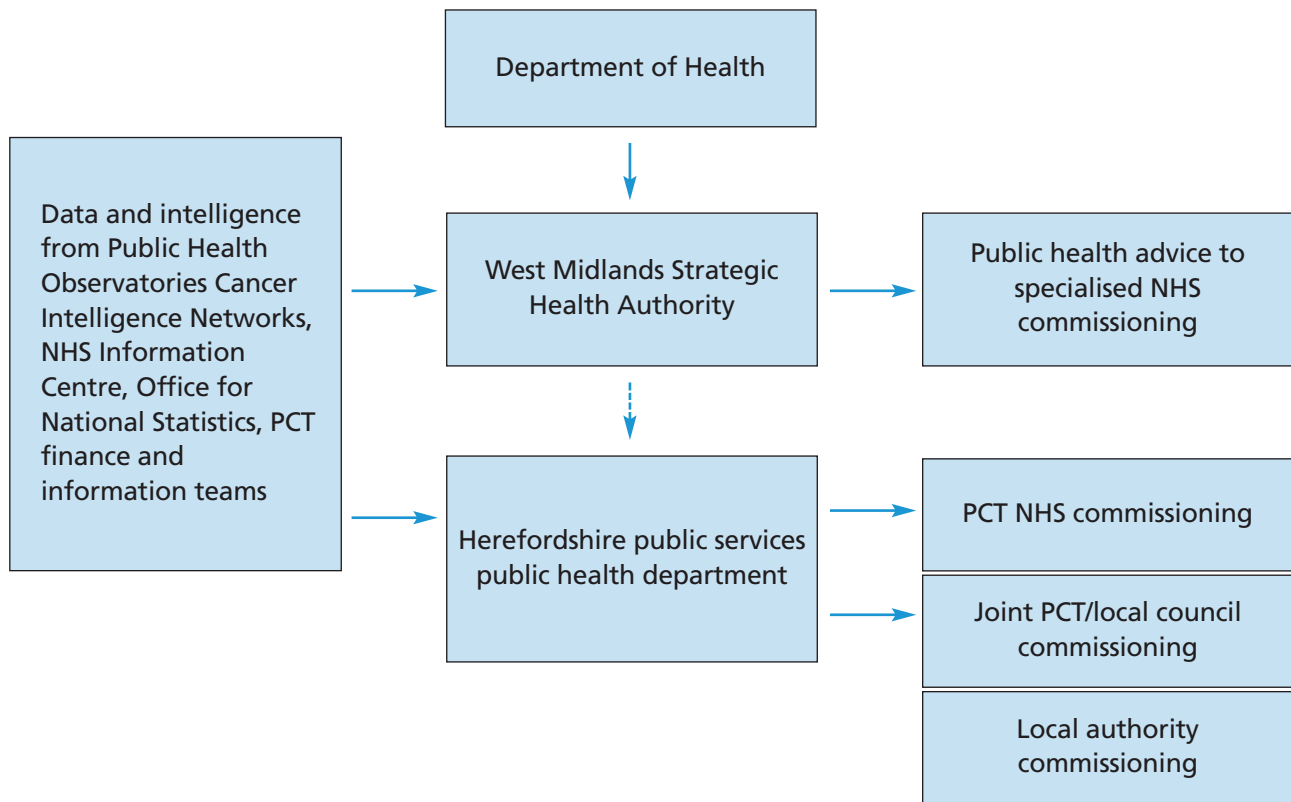
This requires a robust and resilient healthcare public health function, which we have described as our "pyramid of public health intelligence" (Figure 4.2).

Figure 4.2 Herefordshire pyramid of public health intelligence



Chapter 4

Figure 4.3 The healthcare public health delivery system prior to April 2013



The healthcare public health function prior to April 2013

Prior to April 2013 the delivery system for local healthcare public health was sited within Primary Care Trusts. It provided its functions to the PCT for the commissioning of NHS services and of services jointly commissioned with the local council. As well as producing its own and data and intelligence it received some from the Public Health Observatories, Cancer Intelligence Networks and Office for National Statistics. Limited oversight and support was provided from Strategic Health Authorities who were responsible for providing healthcare public health to the commissioning of specialised NHS services (Figure 4.3).

The specific role and functions of healthcare public health differed from area to area depending upon local structural configurations, skill-mix and relationships within Primary Care Trusts. Within Herefordshire the Primary Care Trust was part of a “deep partnership arrangement” with the local council, meaning that healthcare public health provided direct input to the commissioning of NHS services and services jointly funded with the local council.

Chapter 4

Particular aspects of the function also inputted into local council commissioned services and functions. These were to:

1. Lead strategic prioritisation and investment planning across the PCT and council
2. Lead the technical input into commissioning of NHS and other health and wellbeing services, to ensure that strategic investment planning and commissioning decisions were underpinned by a robust evidence base for clinical effectiveness and cost-effectiveness. This included clinical and non-clinical options for health improvement to ensure a shift in focus towards prevention locally
3. Lead the technical input and public health advice into the quality and performance management infrastructure of local NHS and other health and wellbeing services
4. Create robust processes for care pathway and service development and support the development, implementation and evaluation of clinically effective and cost-effective service developments
5. Develop and support a methodology to enable the PCT to understand the financial “return on investment” from interventions and programs of care
6. Develop ethically sound and operationally robust processes for disinvesting from interventions of limited clinical value
7. Develop and support ethically sound and operationally robust processes to consider individual funding requests for interventions not normally funded by the PCT
8. Lead the public health intelligence function to ensure monitoring of population and health and wellbeing trends and production of a robust evidence base to underpin commissioning and strategic investment decisions
9. Provide public health input into the assessment of overall population health and wellbeing needs through the Joint Strategic Needs Assessment. This was done locally through a partnership approach as the Integrated Needs Assessment.



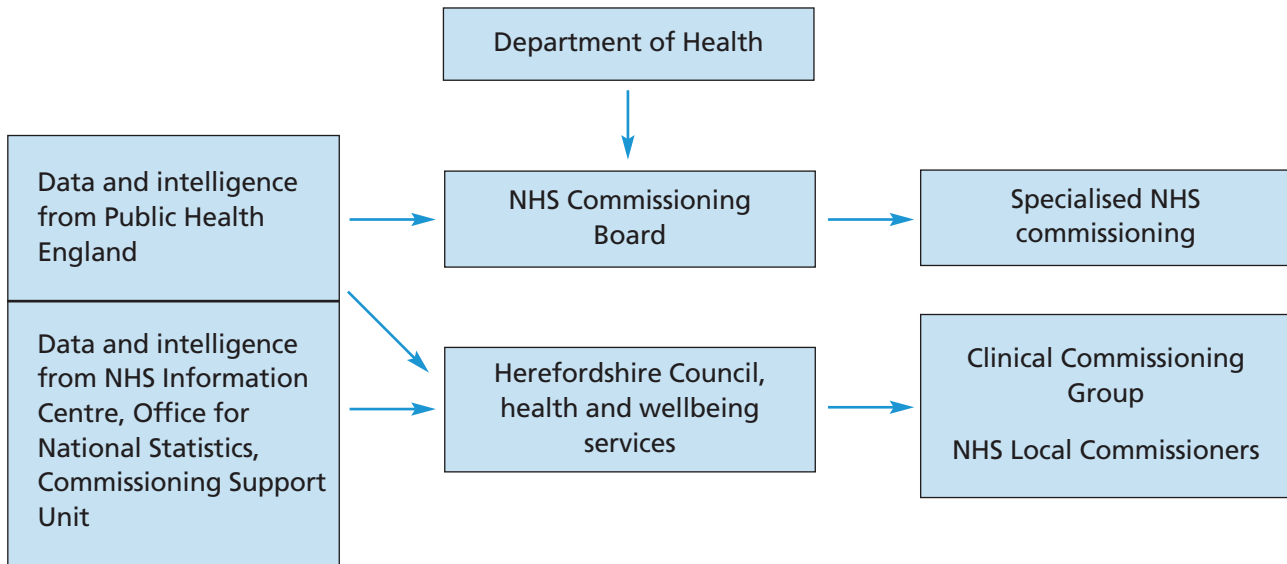
The healthcare public health function from April 2013 onwards

Under the Health and Social Care Act 2012 and the transfer of public health to local councils in April 2013, local councils will have a duty to provide healthcare public health. This will be in the form of providing specialist public health expertise and advice to NHS commissioners through a public health “core offer”. In general this will be public health advice to CCGs which is described in more detail below. In certain circumstances the NHS Commissioning Board may exercise functions on behalf of CCGs and in these instances it may also include providing public health advice to the NHS Commissioning Board. In addition, the NHS Commissioning Board may request support and advice to address local issues in commissioning of primary care, immunisation or screening programmes.

Local authority public health teams will receive data and analysis from a number of sources which they will synthesise into intelligence to inform decisions and partnership working. Such sources include Public Health England, the Office for National Statistics, Commissioning Support Units, local council research teams and NHS information sources.

Chapter 4

Figure 4.4 The healthcare public health delivery system after April 2013



Local authority public health teams will be expected to provide support to CCGs in relation to strategic planning, procurement and monitoring and evaluation of services². The level and type of support that Herefordshire Council's public health team will be expected to provide to Herefordshire Clinical Commissioning Group are set out in a Service Level Agreement between the two organisations. This also details the support that the CCG will agree to provide to Herefordshire Council and its public health team. Both parties will agree an annual work programme in advance.

The following section describes the areas where public health advice has an important role in supporting high quality commissioning:

1. Strategic planning: assessing needs

- Supporting clinical commissioning groups to make inputs to the joint strategic needs assessment and to use it in their commissioning plans;
- Development and interpretation of neighbourhood/locality/practice health profiles, in collaboration with the clinical commissioning groups and local authorities;

- Input to the development, analysis and interpretation of health related data sets including the determinants of health, monitoring of patterns of disease and mortality
- Health needs assessments for particular; conditions/disease groups - triangulating intelligence on the size of the problem, the current provision of services and the evidence of "what works", to identify solutions, resources required and priorities for action.

2. Strategic planning: reviewing service provision

- Identifying vulnerable populations, marginalised groups and local health inequalities and advising on commissioning to meet their health needs;
- Support on interpreting and understanding data on clinical variation in both primary and secondary care. Includes public health support to discussions with primary and secondary care clinicians if requested;
- Public health recommendations on reducing inappropriate variation;
- Public health support and advice to clinical commissioning groups on appropriate service review methodology.

² Public Health in Local Government. Public Health Advice to NHS Commissioners. Department of Health, December 2011. Gateway Reference 16747

Chapter 4

3. Strategic planning: deciding priorities

- Applying health economics and a population perspective, including programme budgeting, to provide a legitimate context and technical evidence base for the setting of priorities;
- Advising clinical commissioning groups on prioritisation processes – governance and best practice;
- Working with clinical commissioners to identify areas for disinvestment and to enable the relative value of competing demands to be assessed;
- Critically appraising the evidence to support development of clinical prioritisation policies for populations and individuals;
- Horizon scanning: identifying likely impact of new National Institute for Health and Clinical Excellence guidance, new drugs/technologies in development and other innovations within the local health economy and assist with prioritisation.

4. Procuring services: designing shape and structure of supply

- Providing public health specialist advice on the effectiveness of interventions, including clinical and cost-effectiveness (for both commissioning and de-commissioning);
- Providing public health specialist advice on appropriate service review methodology;
- Providing public health specialist advice to the medicines management function of clinical commissioning group.

5. Procuring services: planning capacity and managing demand

- Providing specialist input to the development of evidence-based care pathways, service specifications and quality indicators to improve patient outcomes;
- Public health advice on modelling the contribution that interventions make to defined outcomes for locally designed and populated care pathways and current and future health needs.

6. Monitoring and evaluation: supporting patient choice, managing performance and seeking public and patient views

- Public health advice on the design of monitoring and evaluation frameworks and establishing and evaluating indicators and benchmarks to map service performance;
- Working with clinicians and drawing on comparative clinical information to understand the relationship between patient needs, clinical performance and wider quality and financial outcomes;
- Providing the necessary skills and knowledge, and population relevant health service intelligence to carry out health equity audits and to advise on health impact assessments;
- Interpreting service data outputs, including clinical outputs.

Recommendations

Work has taken place during 2012/13 to agree the “core offer” of support that Herefordshire Council’s public health team will provide to Herefordshire Clinical Commissioning Group and the support that the council can expect from the CCG.

Examples of the support that the public health team will provide to Herefordshire Clinical Commissioning Group include:

- the production of needs assessments on agreed topic areas;
- evaluations of existing services;
- evidence on clinical and cost-effectiveness of interventions to inform both commissioning and de-commissioning decisions;
- advice on how to identify and address health inequalities.

The Service Level Agreement sets out details of the amount of support that can be provided within an agreed annual work programme.

Herefordshire Council and Herefordshire CCG will need to continue to work together in order to:

- implement a public health approach to health service commissioning across Herefordshire which seeks to improve population health and reduce health inequalities and which takes account of the public health skills and capacity available locally;
- ensure that commissioning decisions are informed by the Joint Strategic Needs Assessment and by the advice and support provided by the public health team;
- ensure a collaborative approach to the development of the Joint Strategic Needs Assessment and implementation of its recommendations.

Conclusion

The public health team in Herefordshire has been making good progress towards transferring essential public health functions to the local council and other organisations in the health system. Much planning has gone into this to ensure that those functions remain safe and effective throughout the period of transfer. Ensuring the population continues to receive good quality interventions that work to reduce health inequalities, improve and protect health and provide good value for money is paramount.

The recommendations from the individual chapters are given below in summary form to act as quick reference for checking progress as the public health team becomes embedded in the local council.

Recommendations

Chapter 1: A new framework for public health Council members and senior officers

- Understand the full range of the council's public health responsibilities across all three domains of health improvement, health protection and healthcare public health
- Understand the council's general duty to improve health and reduce health inequalities and the potential to address this through a range of approaches lifestyle behaviour change and wider health determinants
- Understand their own role and the role of the democratic process in improving and protecting the health of local people and in the local council meeting its public health responsibilities
- Understand how the three domains of public health operate and how these are underpinned by the discipline of health intelligence
- Understand the role of the director of public health supported by the public health team and its consultants, specialists and practitioners in achieving health and wellbeing outcomes
- Understand the role of the director of public health as "accountable officer"
- Understand the potential for the council's new public health role to transform the way in which it approaches all of its functions
- Be familiar with roles of the new organisations established by the Health and Social Care Act 2012 including the CCG and Public Health England and with how these interact with each other
- Understand the council's role in the co-ordination of the local health and social care system including the role of the health and wellbeing board
- Understand the new arrangements for health protection during and after transition and the council's statutory responsibility to ensure that health protection plans are in place for the local population

Chapter 2: Health improvement

- The fact that Herefordshire Council has unanimously welcomed their new responsibilities for improving and protecting health needs to be built upon
- The successful use of the ladder of intervention in Herefordshire to develop an integrated approach to alcohol harm reduction should be extended to tobacco control and promoting a healthy diet
- Council members and senior staff need to be made aware of the crucial importance for health and wellbeing and economic prosperity for a good start in the first few years of life needs to be widely understood and considered when funding decisions are being made
- A plan needs to be developed through the new system to support schools to promote healthy lifestyle choices and to develop a culture that supports children and young people to make healthy choices

Chapter 3: Protecting peoples' health Council and elected members

- Be familiar with new health protection responsibilities placed on the council by the Health and Social Care Act 2012
- Be familiar with the new health protection functions of the director of public health in the council and the arrangements being put in place to discharge these functions such as the proposed health protection committee
- Understand the responsibilities of the NHS Commissioning Board, CCG and Public Health England in relation to health protection functions of the local council

NHS Commissioning Board Local Area Team and Herefordshire Clinical Commissioning Group

- Understand the new role and responsibilities of Herefordshire Council and the director of public health in relation to health protection
- Understand the EPRR functions and responsibilities in handling wider health protection issues
- Develop standard operating procedures with local partners in relation to responding to public health incidents and seek agreement from them

Public Health England West Midlands

- Understand the new role and responsibilities of the council and director of public health in relation to health protection
- Develop a framework seeking local agreement on how Public Health England will provide health protection services to the NHS Commissioning Board Local Area Team, CCGs and local authorities

Local key partner organisations

- Understand the new role and responsibilities of the council and director of public health in relation to health protection
- Be familiar that the director of public health role in relation to emergency planning resilience and response is a leadership function, requiring assurance, and the NHS Commissioning Board Local Area Team is ultimately responsible for EPRR arrangements and for providing that assurance

Acknowledgements

This report would not have been possible without the efforts of Clare Wichbold MBE who ensured its timely production and publication. Thanks are also due to the authors for each chapter: Dr Alison Merry, Dr Sarah Aitken, Dr Arif Mahmood and Dr Alison Talbot-Smith. The chapter authors have been supported by other colleagues in Health and Wellbeing Services and their contributions are greatly appreciated. Peter Stebbings contributed health intelligence information for the report. All photographs, unless otherwise acknowledged, were taken by Clare Wichbold MBE.

To prevent waste and save costs, only a small number of copies of the full report are being printed. The full Public Health Annual Report 2012 can be downloaded from the NHS Herefordshire and Herefordshire Council websites. If you require a paper copy of the full report, please contact Louise Harper, email louise.harper@herefordpct.nhs.uk.

Understanding Herefordshire is an annual summary document containing the key issues for Herefordshire as a whole. It replaces the State of Herefordshire report and the Joint Strategic Needs Assessment of Health and Well-being, and can be downloaded from the Facts and Figures website <http://www.herefordshire.gov.uk/factsandfigures/1922.aspx>.



MEETING:	CABINET
DATE:	14 MARCH 2013
TITLE OF REPORT:	BUDGET MONITORING REPORT 2012/13
REPORT BY:	CHIEF OFFICER: FINANCE & COMMERCIAL

1. Classification

Open.

2. Key Decision

This is not a key decision.

3. Wards Affected

County-wide.

4. Purpose

To report the financial position for both Revenue and Capital budgets to 31 January 2013. The Treasury Management position is also included.

5. Recommendation(s)

THAT Cabinet:

- (a) notes the report and the forecast position;
- (b) notes that the Leadership Team continues to deliver a further level of savings for 2012/13 in order to minimise any impact on reserves at year end; and
- (c) notes the Treasury Management report at Appendix C.

6. Key Points Summary

- As at 31st January 2013 the overall revenue budget position showed a projected overspend of £3.9m by the end of the financial year, as shown in Appendix A. This is approximately 2.7% of the Council's £143.4m revenue budget. Details of spending and actions taken by Directorates are included in Appendix A.
- The general fund reserve balance as at 31st March 2012 was £6.1m. Any overspend on the revenue account at the year-end would have to be met largely from this reserve.

- At 1st April 2012 the Council held £13.5m of earmarked reserves, which are detailed in Appendix A. The specific nature of those reserves means that some are not available for reclassification as general reserves, for example the balance held for schools. However, the requirement for other reserves is being reviewed as part of the recovery plan.
- Under the current medium term financial plan, any use of reserves would need to be “paid back” as part of the 2013/14 budget.
- In addition to the revenue overview the forecast outturn spend on capital schemes is £41.9m compared to the original budget of £44m. Further details are attached in Appendix B.
- The overall position is mitigated by projected savings on borrowing and investments (£780k net).

7. Alternative Options

7.1 There are no alternative options, as this report is for information purposes.

8. Reasons for Recommendations

8.1 To keep Cabinet informed about the projected revenue and capital out-turn position for 2012/13 including Treasury Management activities.

9. Introduction and Background

9.1 Cabinet receives regular budget monitoring reports. The last report was presented to Cabinet on 21st February 2013, which included the revenue and capital projected out-turn as at December 2012.

10. Key Considerations

10.1 The projected overspend is £3.9m by the end of the financial year 2012/13. This is approximately 2.7% of the Council’s £143.4m revenue budget.

10.2 The main movements from the December projected spend of £3.8m are shown in the table below;

	£000
Projected out-turn as at December	(3,819)
Emergency works in relation to flood damage from September, November & December 2012 (15% Bellwin grant claim)	(356)
Adult social care – increase in backdated packages for residential and nursing placements.	(354)
Adult social care – increase in learning disability packages	(243)
Adult social care – reduction in other packages (mental health and Physical disabilities)	91

Adult social care – contract and other savings	117
Children’s commissioning – vacancy savings and use of grants	82
Reduction in discretionary spend within children’s services	47
Schools severance costs	(23)
Other changes within children’s services	66
Children’s safeguarding, including looked after children residential placements	(215)
Reduced commitment towards Public Health consultants	26
Additional capitalised interest	50
Improvement on investment income	20
Transferring Revenue funded capital to borrowing	320
West Mercia Energy – estimated distribution notified	230
Other centrally held budgets	28
Projected out-turn as at January 2013	(3,933)

- 10.3 The 2012/13 budget agreed by Council in February 2012 reflects the overall savings of £10.8m required to meet the reduced funding levels from central government and budget pressures, particularly on Adult Social Care budgets.
- 10.4 The Leadership Team continues to deliver a recovery plan including actions such as the lock-down of discretionary spend, use of unspent grants, review of reserves, reviewing use of agency staff and vacancy management. Further details of actions taken by Directorates are included in Appendix A.
- 10.5 The People’s Directorate is currently projecting a £6.8m overspend. This includes a projected overspend of £8.1m on the Adult Social Care budget. The Directorate’s overall position is assisted by savings within Children’s Services, where reductions in spend have been identified.
- 10.6 The Places & Communities Directorate is currently showing an underspend of £187k for the year. The reduction in underspend for the Directorate since the last report reflects the pressure on the highways maintenance budgets in relation to emergency works in response to flooding in September, November and December 2012.
- 10.7 The Corporate Services Directorate has reviewed its budgets and put in place actions to deliver a £1m contribution to mitigate the position.
- 10.8 The Treasury Management projected out-turn is an underspend of £850k on borrowing costs largely achieved through delaying taking out PWLB loans by utilising internal reserves and short-term borrowing from other local authorities. It also includes estimated capitalised interest on schemes over 12 months’ duration. Investment income is anticipated to underachieve by £70k as investment balances are less than budgeted due to the delay in borrowing, but the savings on borrowings exceed the reduced investment income. Appendix C includes a detailed analysis of Treasury management activities.

- 10.9 Further mitigation is from the £1m revenue contingency agreed as part of the budget. This is only available in 2012/13 as it is funded from the Council Tax Freeze Grant.
- 10.10 The general fund reserve balance as at 31st March 2012 was £6.1m. This amount is above the Council's policy of maintaining a minimum of £4.5m of general reserves as a contingency against unforeseen emergencies and events. Any overspend on the revenue account at the year-end would have to be met largely from this reserve.
- 10.11 At 1st April 2012 the Council held £13.5m of earmarked reserves, which are detailed in Appendix A. The specific nature of those reserves means that some are not available for reclassification as general reserves, for example the balance held for schools. However, the requirement for other reserves is being reviewed as part of the recovery plan.
- 10.12 In accordance with the current medium term planning assumptions, any use of reserves to balance the 2012/13 budget would need to be repaid as part of the 2013/14 budget.

11. Community Impact

- 11.1 The actions being taken to reduce in-year spend are likely to have some impact on the public, including service levels and response times etc. Every effort is being made to keep this to a minimum.

12. Equality and Human Rights

- 12.1 There are no specific implications in the report and recommendations.

13. Financial Implications

- 13.1 These are contained within the report.

14. Legal Implications

- 14.1 None.

15. Risk Management

- 15.1 it is important that regular budget monitoring reports are presented to outline the financial position. This allows mitigating actions to be put in place to protect the Council's overall financial standing.

16. Consultees

- 16.1 None

17. Appendices

17.1 Appendix A - Revenue Budget Monitoring

17.2 Appendix B - Capital Monitoring

17.3 Appendix C - Treasury Management

18. Background Papers

18.1 None identified.

REVENUE BUDGET MONITORING
Summary

1. The following table summarises the 2012/13 projected outturn based on the financial position as at 31st January 2013.

£'000	Pay/Non Pay Budget	Income Budget	Net Budget	Projected (over) or under spend
People's Services	195,682	(123,156)	72,526	(6,762)
Places and Communities	50,820	(13,799)	37,021	187
Corporate Services	88,803	(67,040)	21,763	1,036
Directorate Position	335,305	(203,995)	131,310	(5,539)
Capital funding			16,072	850
Investments			(352)	(70)
Revenue Contribution to Capital			336	320
WMS Profit Share			(624)	(394)
Centrally Held Budgets (net)			545	(335)
Government grants			(4,623)	235
Contingency			1,000	1,000
Transfer to/from Reserves			(305)	
Total			143,359	(3,933)

2. As of the end of January 2013 the overall revenue budget position for 2012/13 shows a projected £3.933m overspend, which is approximately 2.7% of the council's £143.4m revenue budget. The main movements from the December projected spend of £3.819m are shown in the table below;

	£000
Projected out-turn as at December	(3,819)
Emergency works in relation to flood damage from September, November & December 2012 (15% Bellwin grant claim)	(356)
Adult social care – increase in backdated packages for residential and nursing placements.	(354)
Adult social care – increase in learning disability packages	(243)

Adult social care – reduction in other packages (mental health and Physical disabilities)	91
Adult social care – contract and other savings	117
Children’s commissioning – vacancy savings and use of grants	82
Reduction in discretionary spend within children’s services	47
Schools severance costs	(23)
Other changes within children’s services	66
Children’s safeguarding, including looked after children residential placements	(215)
Reduced commitment towards Public Health consultants	26
Additional capitalised interest	50
Improvement on investment income	20
Transferring Revenue funded capital to borrowing	320
West Mercia Energy – estimated distribution notified	230
Other centrally held budgets	28
Projected out-turn as at January 2013	(3,933)

3. The 2012/13 budget includes savings requirements of £10.8m, approved in the council’s Financial Resource Model as part of the budget setting process. A further target of £5.6m was allocated to adult social care as part of the recovery plan to bring the budget into balance, resulting in a savings plan for adult social care of £7.9m. In addition, there was slippage on the procurement savings programme from 2011/12 of £1.5m plus a top-slice to cover consultancy costs. The £1.5m procurement target includes £483k of social care projects which are being monitored as part of the £7.9m recovery plan. These targets are included in the Directorate budget monitoring projections detailed in this Appendix.
4. The Treasury Management projected out-turn is an underspend of £850k on borrowing costs. This is mainly through delaying taking out PWLB loans by utilising internal reserves and short-term borrowing from other local authorities and estimated capitalised interest on schemes over 12 months duration. Investment income is anticipated to underachieve by £70k as investment balances are less than budgeted due to the delay in borrowing, but the savings on borrowings exceed the reduced investment income. Appendix C includes a detailed analysis of Treasury management activities.

Revenue Reserves Position

5. The general reserve balance as at 31st March 2012 was £6.1m. This amount is above the council’s policy of maintaining a minimum of £4.5m of general reserves as a contingency against unforeseen emergencies and events.
6. At 1st April 2012 the council held £13.5m 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

	31 Mar 2012
	£000
Schools balances	5,789
Grange Court	83
Commuted sums	36
Industrial Estates - maintenance	413
Schools Insurance	495
Schools sickness	84
ICT	91
Members ICT	40
Planning	24
Community Centre	180
Waste Disposal	2,407
Hereford Futures	125
Whitecross school PFI	321
Schools Rates Reserve	106
Economic Development	163
Pool car reserve	10
Three Elms Industrial Estate	362
Unused Grants carried forward	2,729
	13,458

PEOPLE'S SERVICES DIRECTORATE

Overall Projected Outturn

£'000	Exp Budget	(Income) Budget	Annual Budget	Under / (Over) Spend
Directorate costs *	1,017	(15,053)	(14,036)	384
Children's Safeguarding	12,203	(27)	12,176	(232)
Other Children's Provider Services	10,190	(429)	9761	635
Total CYP Provider Services	22,393	(456)	21,937	403
Learning and Achievement	7,511	(1,308)	6,203	228
Children's Commissioning	1,882	0	1,882	113
Other Children's Services	9,655	(1,896)	7,759	204
Total Children's Commissioned Services	19,048	(3,204)	15,844	545
Total Adult Social Care	65,686	(18,583)	47,103	(8,124)
Health & Wellbeing- EHTS	2,737	(859)	1,878	230
Root and Branch Savings Target -HERS	(200)		(200)	(200)
Total Health and Wellbeing	2,537	(859)	1,678	30
Total Local Authority	110,681	(38,155)	72,526	(6,762)
Schools	71,332	(71,332)	0	0
Total Peoples Services	182,013	(109,487)	72,526	(6,762)

*The report for Peoples' Services has been updated to reflect the separation of directorate costs, which includes the central Dedicated Schools Grant (DSG) and Early Intervention grant for the directorate.

Headlines

- The last reported outturn to Cabinet for December was £6.356m overspend. The January outturn reflects a worsening of this position by £406k. The key changes have been within Children's Safeguarding where external agency and residential placements have increased by £242k and in Adult social care Older People costs have increased by £354k as a result of backdated packages.
- To date within the Adult Social Care savings plan £2.9m of savings have been confirmed, leaving £816k of the projected out-turn to be achieved. However, the balance to be achieved includes the majority of the additional charging income which started to come through in January.
- The directorate leadership team continues to meet weekly to ensure that essential expenditure only is being approved and reviews an updated list of all commitments as part of the cost control process. Minimal expenditure is being reported across all services areas each week. Weekly finance meetings also take place with the interim Assistant Director for Adult Social Care to review and monitor financial issues.

Directorate Costs

Key Points

10. The directorate costs are broadly unchanged from the previous position of £407k and anticipate an underspend of £384k. The savings have arisen from an expected reduction in severance costs for schools as more schools convert to academies and cease to be eligible for funding from the LA.

Risks

11. The schools which remain with the LA are the more vulnerable ones and may have additional calls to support redundancy programmes.

Opportunities

12. Further opportunities to utilise available grants will be explored as part of year end processes where appropriate to do so.

Children's Provider Services

Key Points

13. Safeguarding services forecast has worsened by £215k since December from an overspend of £17k to a predicted overspend of £232k. The main movements are;
 - a. An increase in placements and the extension of some existing placements to the year end. This is an anticipated consequence of the Ofsted outcome resulting in additional costs of £242k compared to the position reported in December.
 - b. An increase in the cost estimate for agency staff in the fieldwork teams and interim management costs of £25k.
 - c. The pressures have in part be mitigated by savings within adoption and other LAC services totalling £64k
14. Other Children's Provider Services has now had directorate costs and central grant income disaggregated since the December Cabinet report. The current forecast is for an underspend of £635k which is broadly unchanged from last month. The key components of the under spend are:
 - a. Children's centres - £171k arising from vacancy management and cost control
 - b. Integrated youth support - £238k arising from vacancy management and cost control
 - c. Additional Needs and Education Psychology as above - £116k
 - d. Complex Needs case - £84k
 - e. Other savings principally arising from management of vacant posts - £26k

Risks

15. After the sharp rise in agency foster placements in December and February there remains a risk of additional costs estimated at up to £50k
16. There are no significant risks across other children's provider services to report.

Opportunities

17. There are potential further opportunities in adoption / other services of up to £30k, which should offset most of the risk on placements.

Children's Commissioning

Key Points

18. The Children's commissioning budget now includes the Learning and Achievement services following the realignment of services across the Assistant Directors. The projected under spend is now £545k.
19. The key components of the underspend are Learning and Achievement total saving predicted of £228k, Sufficiency and Capital savings of £200k and Children's Commissioning savings of £113k. The savings have been achieved through a combination of holding vacant posts, cost control and effective utilisation of available grants.

Risks

20. A known data protection breach in Children's Services is likely to mean a fine in the region of £100k. It has been confirmed that fines are not covered by the insurance policy although claims for damages may be covered under the public liability insurance. There is still some uncertainty as to when the fine will be levied.

Opportunities

21. There may be savings on school transport as a result of schools closures from snow, but a saving will only be achieved if routes were not operated.

Adult Social Care and Commissioning

Key Points

22. The forecast overspend now stands at £8.124m, a net increase of £389k. The key additional pressures include:
 - Older People costs have increased by a further £354k largely as a result of back dated package costs being identified.
 - An increase in Learning Disabilities forecast of £243k
23. The pressures have been partly mitigated by
 - Reductions in the projected outturns of Physical Disabilities and Mental Health totalling £91k.
 - The inclusion of an anticipated refund to the local authority of slippage within the reablement project, within the Wye Valley Section 75 agreement, and some savings identified within central costs, £117k in total.

Risks

24. The improvement plan still includes £847k of savings to be achieved in the last two months. At particular risk are the savings from reviews / transfers to supported accommodation and Care Funding Calculator (CFC) clients, the estimated risk is £500k-£600k.

25. Some of the winter pressures funding (£274k) may be required to cover additional costs and therefore not all available to offset pressures. The hospital is currently experiencing a peak in admissions and is at risk of delayed discharges for which the winter pressures money may well be needed.
26. There may still be further back dated packages to come through but this should be a declining risk as the new procedures become embedded.
27. There is a risk of bad debt on non payment by PCT/ DoH on disputed invoices at year end, agreement has been reached on payment of 11/12 and 12/13 invoices relating to the Equipment Store and Social Workers in hospitals, but only on a one off basis. The underlying issue has not yet been resolved.
28. There is a risk that £190k of the assumed £470k capitalisation is achievable based upon relevant items identified to date.

Health and Wellbeing – Environmental Health and Trading Standards

Key Points

29. Overall savings in this area now total £230k and this meets the £200k savings target set at the beginning of the year. Savings have been achieved across all services through a combination of vacancy management, charging for services and cost control.

Opportunities

30. No additional opportunities above those included in the forecast at present.

PLACES AND COMMUNITIES DIRECTORATE

Overall Projected Outturn

£'000	Pay/Non Pay Budget	Income Budget	Annual Budget	Under / (Over) Spend
Economic, Environment and Cultural Services	11,192	(4,071)	7,121	26
Homes and Community Services	7,784	(4,483)	3,301	134
Place Based Commissioning	31,496	(5,188)	26,308	(80)
Director and Management	348	(57)	291	107
Total	50,820	(13,799)	37,021	187

Summary

31. The Directorate is currently showing an underspend of £187k for the year. The reduction in underspend for the Directorate reflects the pressure on the highways maintenance budgets in relation to emergency works in response to wet weather events in September, November and December 2012.
32. This position also incorporates the Directorate Savings Plan of £2.81m, of which £1.94m has been achieved and £870k remain at medium risk. The majority of the medium risk savings relates to Streetscene Review described below under Place Based Commissioning and the remaining savings are expected to be met by in year savings.
33. Whilst in year pressures on income budgets in relation to Planning Fees and Car Parking will be met by in year savings, the Directorate carries the risk of further bad winter conditions.

Economic, Environment & Cultural Services

34. Planning Fee income remains considerable lower than the same period in 2011/12. Current forecasts are a shortfall of income of £500k for the year. This pressure is mitigated by a planned underspend in the services through the halt on discretionary spend and use of unused grant reserves.
35. Planning fees are currently set by the Government and have not been increased since 2008. For fees from 23 November 2012 the Government has proposed a one-off adjustment to "up-rate" fees in line with inflation, which amounts to around 15%. Based on the income levels in previous years, this would mean an additional £50k income in 2012/13.

Homes & Communities

36. There is currently a pressure on parking budgets of £185k which mainly reflects the shortfall in income on car parking charges. This includes projections of increased income from changes to parking fees introduced in November 2012. As previously reported the pressure partly reflects the closure of 58 spaces on the Garrick Surface Car Park and the wet weather conditions.

37. There are in year savings to mitigate this position from the discretionary spend budgets and the use of previous years grant reserves.

Place Based Commissioning

38. The estimated pressure on the 2012/13 winter budget remains at £120k. If there is another bout of severe weather or a prolonged period of marginal weather conditions, this will put further pressure on the budget.
39. There is also a risk in relation to disputed items in the Amey contract. These disputed items total £3m and impact on both capital and revenue items, some which will be met within the current annual budgets managed by Amey through the MAC contract. The next step is to take a sample of disputes to go to adjudication in February 2013 and although this should give an indication of the likely outcome, it is not expected to be fully settled before the end of this financial year.
40. There remains risk in the achievement of the 2012/13 annual savings in relation to Streetscene Root and Branch review. Revenue savings have previously been identified in excess of £1m within the Amey contract and are mainly expected to be achieved through the re prioritisation of annual routine works to capital works and one off contract dispute settlements, dependent on the resolution above These contract variations are expected to meet the £650k savings targets, previously reported at high risk and the 2012/13 Bellwin threshold liability.
41. Following confirmation by DCLG that Bellwin grant funding for September, November and December wet weather events have been agreed by the Secretary of State. It is now clear from recently received grant claim guidance that only 85% of the works will be met by the grant for these events Previous claims, June and July 2012, have been 100% funded in excess of the annual threshold liability of £459k. Works for these 3 events are estimated to total £2.37m therefore Herefordshire Council will have to meet a further £356k from its own budget in 2012/13. The directorate has already made in year savings through the Amey contract to meet the threshold amount of £459k.
42. The expected outturn for the joint Waste Disposal contract with Worcestershire County Council for 2012/13 is £9.5m. Previous estimates were based on disposal tonnages to date, earlier in the year, being lower than originally expected however latest tonnage info from WCC shows this has increased and moving nearer to the original estimate. This outturn position would require utilisation of £300k of the waste contingency budgets, thereby releasing the remaining £490k as an in year saving reflected in the central budgets.

Director and Management

43. There is currently underspend in relation to the Directorate's annual non pay inflation budget which is will be used to mitigate the pressures within the Directorate.

CORPORATE SERVICES DIRECTORATE

Overall Projected Outturn

£'000	Pay/Non Pay Budget	Income Budget	Annual Budget	Under / (Over) Spend
Customer Services and Communications	3,231	(287)	2,944	202
People, Policy and Partnership	9,414	(1,520)	7,894	519
Law, Governance and Resilience	3,744	(931)	2,813	(126)
Chief Finance Officer and Commercial	69,552	(64,092)	5,460	538
Corporate Management	2,428	0	2,428	0
Chief and Deputy Chief Executive	434	(210)	224	(97)
Total	88,803	(67,040)	21,763	1,036

Summary

44. The Directorate is expected to underspend by £1.036m for the year, as reported last month. There are a number of significant risks already identified which are also being managed within the Directorate in the year.
45. This position includes achievement of the Directorate Savings Plan, totalling £1.8m, of which the following are at high risk of not being achieved and will therefore be met from other in year savings.

Service Area	Principles	Risk	Savings Target 2012/13 £000
Legal (HC)	Building capacity to deliver to partners in the Health Sector, in sourcing and delivering to new clients in the local community third sector at competitive rates	Additional work not requested by WVT & PCT and HWFRA appointed own legal staff.	30
Support Services	Root & Branch Review	Savings unlikely to be identified through reviews for 2012/13.	150
Total			180

46. Of the remaining savings target £1.29m has a low risk rating and £330k has medium risk of not being achieved, however, any savings not achieved in 2012/13 will be met from in year savings.

Customer Services & Communications

47. The Customer Organisation project continues in 2012/13 introducing a new system and look at business processes for delivering front line services. It is estimated that staff costs of £50k are attributable to the projects and will therefore be funded from capital as part of the 2012/13 Capital programme.
48. The service is expected to deliver in year savings on management costs in excess of the £100k 2012/13 Customer Services target as part of the Root and Branch Review. Whilst in 2012/13 this excess will be used to meet in year service pressures and contribute to the council's overall deficit position, these savings will contribute to the 2013/14 Root & Branch savings target.

People, Policy and Partnership

49. The service has identified further in year savings on discretionary spend budgets. This includes the hold on spend on ICT Strategy Projects, governed by the Information Management and Technology Board realising £400k in year savings.
50. A further review of spend on ICT projects is currently underway to identify capital expenditure which can be funded from capital budgets in the year thereby releasing revenue budget savings to help address the Council overall deficit position.

Law, Governance and Resilience

51. Along with the high risk of not being able to achieve £30k income from partners, noted above, there is a further risk of £50k of the service total savings target of £125k from staff savings. This is due to slippage in Legal Services restructure.
52. These pressures will be managed within the directorate budgets.

Chief Finance Officer and Commercial

53. Through a review and further control of discretionary spend budgets and use of previous years grant reserves, the service is expected to make annual savings of £238k which includes a hold on emergency maintenance.
54. A review of expenditure in Property Services has also identified £300k which can be classified as capital spend. A further review will be carried out before the end of the financial year.
55. Pressure remains on the Property budgets in relation to the Corporate Accommodation Project, meaning maintenance costs of vacated building continue to be incurred, and the impact of the disaggregation of PCT staff from council offices, resulting in loss of income.

Chief and Deputy Chief Executive

56. Whilst in year savings of £150k have been identified from the Chief Executive and Deputy Chief Executive's annual budget. This will be utilised in year to meet pressures identified above in relation to the Directorate's annual savings plan.
57. The pressure of £97k reflect the 2012/13 savings target for the Business Support Review that will be met within the services from in year discretionary spend savings. These saving are expected to be met on a more permanent basis across the Directorate in 2013/14.

Capital Forecast

- The capital outturn forecast for 2012/13 as at the end of January totals £41.9 million, a decrease of £1.8 million reported at the end of December. The main changes represent the slippage of forecast spend into 13/14;-
 - £500k prudential borrowing towards the Garrick House multi-storey improvements slipping into 13/14 due to the next phase of works starting in March.
 - £500k Borders broadband forecast spend in 12/13 slipping into 13/14 as a result of the confirmation of the supplier first claim for funding to be submitted in June.
 - £440k disabled facilities grant forecast spend is expected to fall into 13/14 as referrals and approvals come on line.
 - £300k prudential borrowing towards the moving or refurbishment of the community equipment store for which plans are yet to be agreed.
 - £200k housing revolving loans forecast will be carried forward into 13/14 as a result of finalising agreements between registered social landlords and the HCA.
- There is a continued overspend on the new livestock market due to the facility encountering problems regarding on site drainage. The 12/13 overspend is currently £170k for which no funding resource has yet been identified, although the increase rentals expected from the site could be used to fund the cost of borrowing this sum.
- A summary by directorate and funding source is provided in Table A below.

Table A – Funding of 2012/13 Capital Outturn Forecast

Directorate	2012/13 Forecast £'000	Prudential Borrowing £'000	Grants & Contributions £'000	Capital Receipts Reserves £'000
People's Services	8,760	347	8,349	64
Places & Communities	28,331	9,238	15,907	3,186
Corporate Services	4,789	4,332	84	373
Contingency	38	38	-	-
Total	41,918	13,955	24,340	3,623

4. Table B - Schemes with an outturn forecast exceeding £500k in 2012/13

Scheme	Spend to end Jan £'000	2012/13 Original Forecast £'000	2012/13 Current Forecast £'000	Comments
People's Services				
Blackmarstons Special School	1,140	3,000	2,425	SEN school extension in progress
Condition property works	913	1,807	1,267	Annual programme of works at various sites committed on a highest need first basis. The funding has decreased in 12/13

				as a result of a number of schools converting to academies
Basic Need – Schools	601	-	1,217	This funding has been allocated to schools through a structured bidding process. This relates to grant funding brought forward from previous years.
Hampton Dene	603	750	708	SEN school specialist unit works complete
Leominster Primary school	221	6,807	520	Scheme in planning phase
Places & Communities				
Local Transport Plan	5,919	9,985	9,985	Annual programme of capital works to highways, footways and bridges, This funding has been cut by 5% from the 2011/12 funding allocation
Link Road	6,233	4,593	6,270	Key property purchase complete
Connect 2	186	1,779	1,736	Cycle footpath connection between the city centre and Rotherwas, site works have commenced
Grange Court	567	-	1,152	Refurbishment works complete
Rotherwas Enterprise Zone	696	-	1,100	To enable the provision of serviced plots to private sector inward investors
Disabled Facilities Grant	540	-	1,000	There is a large demand for these grants, processing is dependent on the rate of referrals. This represents grant funding (unknown when original budget set) plus match funding brought forward.
Rotherwas Relief Road	584	-	806	Final compensation payments falling due
Putson Community Building	462	-	765	S106 funded new build
Affordable Housing Grants	113	-	729	Various grants awarded to approved schemes, budget fully committed
Hereford Active Travel Schemes	68	-	623	Detailed travel schemes recently agreed
Ledbury Library	482	2,537	591	Awaiting confirmation of potential grant funding towards the next phase of works
Street Lighting	572	-	539	Self-financed capital works generating carbon reductions and energy cost savings
Corporate Services				
Corporate accommodation	1,990	4,580	3,265	Works underway at Plough Lane, the civic hub and the better ways of working project. The new heritage, archive and record centre (HARC) has been granted planning permission
Hereford Leisure Pool	994	-	911	Scheme complete, forecast represents budget brought forward from 2011/12
Sub Total	22,884	35,838	35,609	
Schemes with a budget <£500k in 2012/13	3,826	8,191	6,309	
Total	26,710	44,029	41,918	

Prudential Borrowing

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

	£'000	£'000
2012/13 Original Prudential Borrowing Forecast		11,905
Less: Slippage into 2013/14	(763)	
Removal of Halo driving range funding	(346)	
Add: Revenue financed IKEN capital scheme	65	
Funding resource swap	320	
Slippage from 2011/12	<u>2,774</u>	
		2,050
Expected use of Prudential Borrowing in 2012/13		13,955

Capital Receipts Reserve

4. The opening capital receipts reserve balance was £2.8 million as at 1st April 2012. This has been increased by £1.4 million by the capital receipt share from the sale of West Mercia Supplies and £1.5 million from the sale of the old livestock market (£0.5m of this receipt is anticipated to become repayable). Of this total £3.6 million will be used to fund capital expenditure in 2012/13 with the balance remaining earmarked to fund future year's capital expenditure.

This report ensures the Council demonstrates best practice in accordance with CIPFA's recommendations in their Code of Practice for Treasury Management, by keeping members informed of treasury management activity.

1. The Economy

1.1. Recent economic events and statistics show the following:

- The second estimate of economic growth for the fourth quarter of 2012 confirmed the first estimate with the economy contracting by 0.30% over the quarter. However, upward revisions to growth data in earlier quarters of 2012 lifted year on year growth in GDP from zero to 0.30%.
- The weakness in growth was a major factor in the credit rating agency Moody's downgrading the UK's long term rating from Aaa to Aa1.
- The year-on-year Consumer Price Index (CPI) for January 2013 stayed constant at 2.70% for the fourth month in succession.
- Members of the Monetary Policy Committee voted unanimously to hold the Bank Rate at 0.50% at their meeting in February but were split 6-3 on maintaining the stock of asset purchases at £375 billion. Three members voted to increase the size of the asset purchase programme by £25 billion to £400 billion.
- Political events in Italy cast a shadow over markets as concerns over the Eurozone were raised again.
- The IMF has said that the global economy will slow this year unless the United States averts the spending cuts due to start on 1st March.

2. The Council's Investments

2.1 At 31st January 2013 the Council held the following investments:

Investment	Term	Maturity Date	Interest Rate	Amount invested	
				£m	£m
<u>Instant Access Bank Accounts:</u>					
National Westminster	N/A	N/A	1.10%	5.00	
Santander	N/A	N/A	0.50%	4.49	9.49
<u>Instant access Money Market Funds:</u>					
Prime Rate	N/A	N/A	0.47%	2.48	2.48
<u>Fixed Term Deposits:</u>					
Lloyds	100 days	07/02/13	1.40%	2.00	
Lancashire C C	364 days	06/03/13	0.85%	2.00	
Bank of Scotland	120 days	15/03/13	1.20%	2.00	
Bank of Scotland	120 days	20/03/13	1.20%	1.00	
Bank of Scotland	136 days	22/03/13	1.40%	2.00	
Lloyds	182 days	31/05/13	1.00%	0.50	
Nationwide	273 days	11/09/13	0.76%	2.00	
Barclays	365 days	01/11/13	1.07%	2.00	
Gateshead Council	549 days	18/11/13	1.10%	2.00	
Barclays	364 days	29/11/13	1.00%	1.00	
Barclays	365 days	05/12/13	1.00%	1.00	17.50
Total			0.96%		29.47

- 2.2 Due to the cessation of Council Tax receipts, and the need to keep funds liquid in February and March, no new term deposits were placed in January.
- 2.3 The Council's current eligible UK counterparties, together with the maximum maturity periods (as recommended by the Council's treasury advisers, Arlingclose) are as follows:

	Date counterparty added or maturity limits revised						
	1st Apr	3rd May	18th May	1st Jun	30th Jul	31st Oct	1st Mar
Close Brothers Ltd							100 days
Santander UK	35 days	35 days	overnight	overnight	35 days	100 days	100 days
Nat West and RBS	100 days	35 days	35 days	overnight	35 days	6 mnths	6 mnths
Bank of Scotland and Lloyds TSB	100 days	35 days	35 days	overnight	100 days	6 mnths	6 mnths
Nationwide	100 days	100 days	100 days	100 days	100 days	12 mnths	12 mnths
Barclays	100 days	100 days	100 days	100 days	100 days	12 mnths	12 mnths
HSBC and Standard Chartered Bank	6 mnths	6 mnths	6 mnths	6 mnths	12 mnths	12 mnths	12 mnths

- 2.4 Following a sustained stabilisation in UK credit markets, with effect from 1st March Arlingclose have added Close Brothers as a counterparty for short-term, liquid investments. Close Brothers has a long-term credit rating of A and has maintained a relatively stable credit rating throughout the financial crisis. With the UK government keen to reduce the banking sector's reliance on government support Arlingclose are undertaking a detailed analysis of other financial institutions with a standalone strong long term credit rating which does not factor in any government assistance.
- 2.5 The rates of interest receivable on the Council's investments have reduced during 2012/13. For example, as noted in the previous report, rates on the following investments have been as follows:

Investment	2nd Apr	2nd Jul	28th Sep	27th Dec	
Prime Rate Money Market Fund (instant access)	0.87%	0.69%	0.61%	0.46%	
Ignis Money Market Fund (instant access)	0.82%	0.72%	0.65%	0.50%	
Nationwide	E.g. 3 month term deposit	0.98%	0.60%	0.51%	0.44%
Barclays	E.g. 3 month term deposit	0.91%	0.83%	0.53%	0.46%
Lloyds Group	E.g. 3 month term deposit	1.40%	1.40%	1.35%	0.70%

- 2.6 The interest rates on the Council's instant access bank accounts have also fallen recently as follows:

Bank	With effect from	Old rate	New rate
Santander	4 th December 2012	0.80%	0.50%
Nat West	12 th February 2013	1.10%	0.60%
Bank of Scotland	22 nd April 2013	0.85%	0.40%

- 2.7 Arlingclose has issued the following forecast of the Bank Base Rate (issued 15th February 2013). As previously noted, Arlingclose believe that it could be 2016 before the first increase in the Bank Base Rate.

Bank Rate	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun 15
Upside risk					+0.25	+0.25	+0.50	+0.50	+0.50	+0.50
Central case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk		-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

The only slight change from their previous forecast is that there is now no upside risk until March 2014.

2.8 The Council has earned interest on its investments as follows:

Month	Amount invested		Average rate of interest earned		Amount of interest earned £	Budget £	Short-fall £
	Actual £m	Budget £m	Actual %	Budget %			
Apr-12	22.11	30	1.15	0.90%	20,643	22,500	(1,857)
May-12	31.94	40	1.09	0.90%	29,247	30,000	(753)
Jun-12	32.57	45	1.07	0.90%	28,657	33,750	(5,093)
Jul-12	32.34	50	0.93	0.90%	25,676	37,500	(11,824)
Aug-12	31.33	45	0.98	0.90%	26,190	33,750	(7,560)
Sep-12	28.82	45	1.00	0.90%	23,542	33,750	(10,208)
Oct-12	28.00	45	1.00	0.90%	23,760	33,750	(9,990)
Nov-12	25.61	40	0.98	0.90%	20,505	30,000	(9,495)
Dec-12	31.17	35	0.92	0.90%	24,386	26,250	(1,864)
Jan-13	32.04	35	0.92	0.90%	24,831	26,250	(1,419)
Total to 31st January 2013					247,437	307,500	(60,063)
Feb-13	28.88	30	0.86	0.90%	19,124	22,500	(3,376)
Mar-13	24.00	30	0.80	0.90%	16,000	22,500	(6,500)
Projected outturn					282,561	352,500	(69,939)

2.9 The interest received in the ten months to 31st January 2013 has fallen short of the amounts budgeted by £60,063. Whilst the average rates achieved in this period have been higher than the budgeted rate of 0.90%, the average amounts invested have been lower.

2.10 The investment budget was set on a consistent basis with the borrowing budget assuming that the Council may take out further borrowing totalling £11.5 million at the end of 2011/12 and/or at the beginning of 2012/13. The postponement of this borrowing has caused investment income to fall but the reduction in income is outweighed by savings made on the borrowing side. Recent short-term borrowing from other local authorities will reduce the gap between projected and actual investment balances but falling Council reserves have the opposite effect.

2.11 In view of falling interest rates, actual investment income is anticipated to fall short of the amount budgeted by around £70,000.

3. The Council's Borrowing

Short-term borrowing

3.1 During the year to date the Council has taken out short-term loans from other local authorities. This is good practice as the rates are below levels available from other sources.

Date Borrowed	Local Authority	£m	Period (days)	Date Repayable	Interest Rate – gross including brokers commission	Interest Payable (including brokers commission)
01/05/12	Worcestershire	3.00	7	08/05/12	0.39%	£224.38
02/05/12	Rhondda	3.97	8	10/05/12	0.39%	£339.35
08/05/12	Worcestershire	3.50	7	15/05/12	0.39%	£261.78
10/05/12	Coventry	3.50	21	31/05/12	0.38%	£765.21
28/05/12	Caerphilly	3.00	10	07/06/12	0.38%	£312.33
24/08/12	Leicester	2.00	83	15/11/12	0.36%	£1,637.27
24/08/12	London Borough of Hammersmith & Fulham	2.00	52	15/10/12	0.37%	£1,054.25
12/09/12	East Renfrewshire	2.00	50	01/11/12	0.37%	£1,013.70
15/10/12	Worcestershire	2.00	50	04/12/12	0.37%	£1,013.70
19/11/12	Leicester City	1.50	28	17/12/12	0.37%	£425.75
20/11/12	West Mercia Police	1.00	56	12/01/13	0.37%	£567.68
26/11/12	Merseyside Transport	2.00	224	08/07/13	0.40%	£4,909.59
30/11/12	South Yorkshire	2.00	255	12/08/13	0.42%	£5,868.49
30/11/12	Merseyside Transport	2.00	283	09/09/13	0.44%	£6,823.02
04/01/13	City & County of Swansea	2.00	97	11/04/13	0.35%	£1,860.27
05/01/13	City & County of Swansea	2.00	92	08/05/13	0.40%	£2,016.43
06/02/13	Kent Police Authority	2.00	119	05/06/13	0.40%	£2,608.22
Total interest and commission payable on the above loans						£25,216.50
Less interest and commission relating to 2013/14						£11,517.81
Total short-term interest for 2012/13 on loans taken out to date						£16,126.09
Shaded lines are those loans both taken out and repaid in 2012/13						

- 3.2 Short-term loans taken out during the year have either been to provide additional liquidity (at times when it was cheaper to use short-term loans rather than keep instant access to the required investment balances) or, more recently, to fund capital expenditure.
- 3.3 The Council can only borrow up to its Capital Financing Requirement and cannot borrow beyond this to finance the revenue budget.
- 3.4 The Council's existing longer term loans from the Public Works Loan Board (PWLB) are all at fixed rates with an average interest rate payable of 4.04%. Short-term loans are currently available at very low rates and remove the cost of carry (the differential between investment and borrowing rates) associated with longer term loans.
- 3.5 At the present time, with the bank base rate anticipated to stay at 0.50% for the next few years, it is intended to use short-term borrowing from other local authorities to fund both this year's capital expenditure and a significant part of the capital expenditure in 2013-14. It can be seen from the above table that the short-term borrowing has been taken out so that £2 million matures each month from April to September inclusive. This is to spread interest rate risk and give the Council the opportunity to renew the loans at a time when other local authorities balances should be relatively high resulting in advantageous interest rates. It is stressed that using other local authorities is sound financial management given the very favourable rates available.

Long-term borrowing

- 3.6 No long-term loans have been taken out in the year to date.
- 3.7 As noted previously, there are currently good reasons to postpone further borrowing from the PWLB, including:
- The expectation that PWLB rates will remain relatively low for the foreseeable future;
 - The large differential between PWLB rates and those currently earned on the Council's investments;
 - The availability of cheap short-term loans from other local authorities; and
 - The flexibility offered by short-term borrowing in terms of repaying loans and reducing investments should financial conditions deteriorate.
- 3.8 The costs and benefits of longer term borrowing, relative to shorter term borrowing, continue to be monitored and discussed with the Council's treasury adviser Arlingclose. At present their advice is to continue using short-term loans and delay taking out more expensive longer-term finance.
- 3.9 It is anticipated that at the year end the Council will have £12 million of short-term loans outstanding (as shown in the table above) but the difference in the budgeted PWLB interest rate of 4.00% and the interest rates payable on the short-term loans (less than 0.44% or less) will result in significant budget savings. The current underspend can be estimated as follows:

Summary of Borrowing Budget	Budget	Forecast	Saving
	£m	£m	£m
Minimum Revenue Provision	9.95	9.79	0.16
Interest on existing loans (January 2012 position)	5.76	5.76	-
Provision for borrowing of £5.50m to be taken out before the end of 2011/12 at 4.00%	0.22	-	0.22
Borrowing requirement for 2012/13 of £6m, included at an interest rate of 4.00%	0.24	-	0.24
Interest payable on short-term borrowing in lieu of longer-term loans		0.02	(0.02)
Additional budget towards property disposal costs	0.05	0.05	-
Original budget	16.22	15.62	0.60
Budget adjustment relating to a reduction in capital financing contributions from directorates	(0.15)	-	(0.15)
Capitalised interest		(0.40)	0.40
Forecast budget surplus as at 31 March 2013	16.07	15.22	0.85

4. Summary of Borrowing Outturn Position

- 4.1 It is anticipated that no PWLB borrowing will be taken out before the year end and all borrowing will consist of short-term loans from other local authorities. The current forecast is for an underspend of £850,000.
- 4.2 The Council is able to capitalise interest costs relating to interest paid on borrowing used to fund large capital schemes that take substantial periods of time to get to the point at which the assets may be utilised. Such interest, incurred at the construction or installation phase, may be added to the cost of the associated asset. At this stage capitalised interest is estimated to be £400,000, as shown above.
- 4.3 The use of short term loans will continue to be a key part of our treasury management and means we are able to deliver savings against this year's revenue budget for funding the capital programme.

MEETING :	CABINET
DATE:	14 MARCH 2013
TITLE OF REPORT:	COMMISSIONING AND COMMERCIAL STRATEGY 2013-2016
REPORT BY:	HEAD OF COMMERCIAL SERVICES

1. Classification

Open.

2. Key Decision

This is not a key decision.

3. Wards Affected

County-wide.

4. Purpose

To ask Cabinet to approve the new Commissioning and Commercial Strategy which sets out the Council's approach to Commissioning, Procurement and Contract Management and our future strategic commissioning and commercial objectives to support the delivery of Corporate Plan priorities.

5. Recommendation(s)

THAT:

- (a) **Cabinet approves the new Commissioning & Commercial Strategy 2013-2016 (Appendix A)**

6. Key Points Summary

- The Strategy is intended to increase the Council's capability to operate as a Commissioning Organisation to secure better outcomes for residents.
- The document builds on the Commercial Strategy approved by Cabinet in July 2010 and sets out the Council's approach to Commissioning, Procurement, Contract Monitoring and Management.

- It supports the Council's key strategic priorities of **supporting residents to remain independent and lead fulfilling lives**, and also **create and maintain a successful economy**.
- It sets out the Council's Key Commissioning Principles of:
 - **Outcomes** - we will focus on **Commissioning for Outcomes** rather than commissioning of services, using the assessment of needs in *Understanding Herefordshire*.
 - **Monitoring** – we will apply a robust contract and supplier monitoring and management regime to ensure benefits realisation and maximise continuous improvement.
 - **Self-reliance** – we will work with residents, service users, volunteers and voluntary groups, community bodies, business and our partners to help people to be more self-reliant, devolve services and build stronger communities.
 - **Local delivery** – we will focus on community engagement, service delivery and public access in our nine localities, working with parish councils, local businesses and the third sector.
 - **Valued Services** – we prioritise services that deliver outcomes for a better Herefordshire and focuses on vulnerable groups.
- The strategy sets out a methodology to undertake strategic commissioning and decommissioning across the Council.
- It promotes the implementation of the Category Management approach to Procurement.
- It includes the implementation of a single, common principles approach to Contract Monitoring and Management to ensure a continued focus on costs and quality throughout the life of contracts.
- It incorporates a local supplier engagement programme to drive increased use of local suppliers and the implementation of principles to support economic, social and environment wellbeing of the county of Herefordshire.
- It includes Delivery Plans for Strategic Commissioning and Commercial projects which will use to monitor and manage process of the strategies ambitions over the next three years.

7. Alternative Options

- 7.1 There are no alternative options, although Cabinet could agree different principles and priorities for the Strategy.

8. Reasons for Recommendations

- 8.1 The Council faces increasing significant financial challenges with reduced budgets and increasing demands. This strategy is a key mechanism to address these challenges.

9. Introduction and Background

- 9.1 This report asks Cabinet to approve the new Commissioning and Commercial Strategy which is recommended by the Council's Leadership Team and the Commercial Board.

10. Key Considerations

- 10.1 The draft Commercial Strategy is attached. The key recommendations in the Strategy are to adopt the Strategy as the basis of strategic Commissioning and Commercial activity across the Council.

- 10.2 The key purpose of the Strategy is to:

- Support the Council's aim to be a strategic commissioning authority.
- Secure Member and Officer commitment to excellent Commissioning and Commercial practice.
- Put the needs of service users, residents and community groups at the heart of its decision making.
- Help align commissioning, decommissioning and commercial strategies across all service areas and promote this as a driver for transformational change.
- Promote the Council as an enabler and commissioner of services that challenges existing methods of service delivery and looks for innovative approaches.
- Encourage long term and collaborative service planning of commissioning, decommissioning and procurement projects.
- Promote market development & market shaping to meet the future needs of the Council
- Positively contribute to delivering value for money and efficiency improvements through procurement of excellent and cost effective services.
- Continue to drive value for money through the life of contracts by effective service planning and robust contract monitoring and management.
- Support the Council's objective to develop new service delivery models through engagement with parish councils and community groups.
- Support the Council's objective to develop the ability of the voluntary and community sector and local businesses to compete for local contracts and projects.
- Promote responsible and sustainable procurement that balances and supports the Council's local economic, social, and environmental priorities.

- 10.3 Central to the Strategy are two delivery plans:

- Delivering the Council's objectives in becoming a Commissioning Organisation
- Delivering the Council's key Commercial priorities over the next three years

- 10.4 The Delivery Plans will inevitably change over time and will be regularly monitored and reviewed by the Commercial and Commissioning Board. In addition, the Delivery Plans will be formally reviewed each year as part of the Corporate Plan and medium term planning processes.

- 10.5 Implementation of the Strategy will be overseen by the Commissioning and Commercial Board. The Board will ensure regular and appropriate information is provided to the Cabinet, the lead Cabinet Member for major contracts, the Leadership Team and Directorates.

11. Community Impact

- 11.1 The Council spends significant sums of money with local suppliers. The new Commissioning and Commercial Strategy includes the objectives to develop and implement a local supplier development programme which includes working with key partners such as the Chamber of Commerce, local voluntary sector support organisations to help support the Council's key priority to **create and maintain a successful economy**.

12. Equality and Human Rights

- 12.1 There are no direct Equality and Human Rights implications arising from this report. However, impact assessments are a fundamental part of the Council's commissioning framework and are undertaken for each project.

13. Financial Implications

- 13.1 There are no direct financial implications arising from this report.

14. Legal Implications

- 14.1 The Council's Contract Standing Orders will be reviewed and updated to reflect this strategy.
- 14.2 Legal support will be required for the procurement projects identified in pages 21 to 28 of the strategy document.

15. Risk Management

- 15.1 A risk exists in the recruitment of suitable professional commercial resources within the Commercial Services function to lead this strategic transformation. A number of activities are being undertaken to manage this risk, including a flexible approach to resourcing, growing our own and collaboration with other councils.

16. Consultees

- 16.1 The views of the Council's Leadership Team and Commissioning & Commercial Board have been incorporated into this strategy.

17. Appendices

- 17.1 Appendix A - Commissioning & Commercial Strategy 2013-2016

18. Background Papers

- 18.1 None



Commissioning & Commercial Strategy

2013-2016

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04/Mar/2013

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Foreword

Herefordshire Council faces unprecedented financial challenges as a result of reducing budgets and increasing demand; it therefore, needs to constantly strive to identify and implement more effective and efficient ways to deliver better outcomes for its residents and users of services whilst also seeking to maximise opportunities to support the local economy.

To support this objective the Council has set the vision to become a **Commissioning Organisation** that regularly challenges the services it provides and the delivery vehicles used to provide them.

The Council spends approximately £130m per year with external suppliers in revenue and capital expenditure and has the responsibility to use this money in the most effective way to achieve its objectives and desired outcomes.

This Commissioning and Commercial Strategy creates the framework in which the Council will work to turn its ambition into practice. This Strategy aims to;

- Support the Council's transition to be a strategic commissioning authority.
- Secure Member and Officer commitment to excellent Commissioning and Commercial practice.
- put the needs of service users, residents and community groups at the heart of its decision making;
- Help align commissioning, decommissioning and commercial strategies across all service areas and promote this as a driver for transformational change.
- Promote the Council as an enabler and commissioner of services that challenges existing methods of service delivery.
- Encourage long term service planning of commissioning, decommissioning and procurement projects.
- Promote market development & market shaping to meet the future needs of the Council
- Positively contribute to delivering value for money and efficiency improvements through procurement of excellent and cost effective services.
- Continue to drive value for money through the life of contacts by effective service planning and robust contract monitoring and management.
- Support the Council's objective to develop new service delivery models through engagement with parish councils and community groups.
- Promote responsible and sustainable procurement that balances and supports the Council's local economic, social, and environmental priorities

I look forward to the aims of this Strategy becoming embedded in our Organisation and thus, help develop a sustainable future for public services across Herefordshire.

.....
Councillor John Jarvis - Leader of the Council

Glossary of Terms

Commissioning and Decommissioning –the strategic planning process to decide how to use and prioritise the total resources available to deliver better outcomes in the most efficient, effective, equitable and sustainable way.

Commissioning Organisation – as defined in the Commissioning Vision in Section A

Commissioning Plans/Intentions – sets out the aims of the services, the outcomes sought, mechanism for delivery, i.e. in-house provision, contracted services, devolved responsibility.

Category Management - a strategic approach which groups together products and services that have similar supply chain characteristics into categories. These categories undergo regular commercial reviews to determine the categories' growth, structure, profitability, trends and future opportunities as a means of identifying ways to strategically manage or re-engineer the supply markets.

Contract Management - Contract management (and Supplier Relationship Management) is the on-going monitoring and management of contracts entered into with suppliers or partners for the provision of works, goods or services. It also includes the pursuit of increased benefits and value from supply arrangements by maximising leverage across multiple contracts, driving service improvement and exploiting innovation over the lifetime of the applicable contract(s).

Delivery Plans – the detailed document that sets out the specific projects required to meet the aims of the strategy and enables monitoring and management of those projects.

Expenditure / Spend - payment for goods, services or works. Expenditure can either be capital or revenue. Expenditure can be also result from a grant.

Outcome - the effect brought about by the work undertaken by the council and its partners

Procurement - It is the whole process of acquisition from third parties and covers goods, services and works projects. This process spans the whole life-cycle from the initial concept, and definition of business need through to the end of the useful life of an asset, or end of service contract and is generally covered by EU procurement regulations.

Sustainability - In the context of procurement, it is the process of purchasing goods and services that takes into account the social, economic and environmental impact that such purchasing has on people and communities whilst still achieving value for money.

Value for Money - The optimum combination of whole life costs and benefits to meet the customer's requirement.

Vulnerable People - a person (children, young people, adults) who is in receipt of, or may be in need of, community care services by reason of mental or other disability, age or illness and who or may be unable to take care of him or herself, or unable to protect him or herself against significant harm or exploitation

SECTION A – VISION

HEREFORDSHIRE COMMISSIONING VISION

It is Herefordshire Council's vision to be an *“innovative, agile commissioning organisation that secures better outcomes by commissioning the right services from the right provider, at the right time and at the right price”*.

Introduction

The Council's Corporate Plan 2013-2015 includes the strategic priorities of **supporting residents to remain independent and lead fulfilling lives**, and also **create and maintain a successful economy**, the Council's Strategic Commissioning and Commercial activity is a key enabler to realise these priorities.

This strategy aims to ensure that the needs of residents, service users and community groups are at the very heart of the council's decision making and the services it provides. It also reinforces the Council's objective to deliver better outcomes through a mixed economy of in-house and external service provision including private business, voluntary sector and social enterprise.

The Council has established a Commissioning and Commercial Board which will support, challenge and facilitate the substantial organisational development required to realise these strategic objectives. In addition, through the development of a small core, strategic Commercial Services function the authority will use these specialist commercial resources to develop its commercial capability and capacity to drive improved commercial performance across the organisation. Furthermore, where feasible the council will seek to use its procurement spend to drive strategies that support the social, economic and environmental wellbeing of the county of Herefordshire.

Purpose

This Commissioning and Commercial Strategy is the definitive statement of how the Council will manage its Commissioning, Decommissioning and Commercial activity. It aims to:

- provide a framework to support all areas of the Council in adopting a consistent, comprehensive and robust approach to commissioning, decommissioning and commercial activity and encourage long-term strategic planning;
- ensure all commissioning decisions are based on local need;
- ensure that both commissioning and decommissioning strategies are aligned and robustly manage transition and changes to different service delivery models
- promote commissioning, procurement and contract management as a driver for the transformation of council services and encourages challenge of existing methods of service delivery;
- positively contribute to delivering efficiency and quality improvements through commissioning of excellent and cost effective services;

- set out how we will work with partners to develop our strategic commissioning and commercial approach across service groups.
- promote responsible procurement that supports the council's social, economic and environment aims, including strategies to maximise the use of local suppliers, embed the use of apprentices as a condition of contracts and incorporate supply chain management expectations on major contractors such as short payment terms to subcontractors, etc.
- provide transparency on the Council's commissioning and commercial strategy, objectives and its plans to achieve these;
- Provide clarity around what is meant by commissioning, procurement and contract management;

Commissioning Principles & Hallmarks

Our strategic commissioning **principles** are at the heart of how we do business and deliver services in the future. In implementing this strategy we will also display the following **Hallmarks** of a Commissioning Organisation.

KEY COMMISSIONING PRINCIPLES

- **Outcomes** - we will focus on **Commissioning for Outcomes** rather than commissioning of services
- **Monitoring** – we will apply a robust contract and supplier monitoring and management regime to ensure benefits realisation and maximise continuous improvement
- **Self-reliance** – we will work with residents, service users, volunteers and voluntary groups, community bodies, business and our partners to help people to be more self-reliant, devolve services and build stronger communities,
- **Local delivery** – we will focus on community engagement, service delivery and public access in our nine localities, working with parish councils, local businesses and the third sector.
- **Valued Services** – we prioritise services that deliver outcomes for a better Herefordshire and focuses on vulnerable groups

COMMISSIONING HALLMARKS

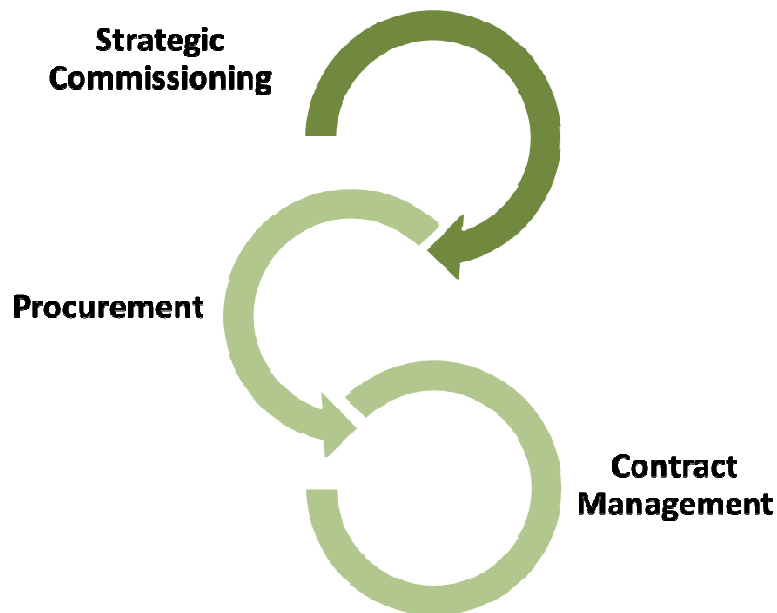
- We will employ a mixed economy of service provision ensuring use of the most appropriate delivery vehicle, whether in-house, third sector, private sector, public partnership.
- We will develop supply markets to meet changing demand which also supports a vibrant Herefordshire economy.
- We will develop and align combined Commissioning and Decommissioning plans for all Directorates which will confirm our commissioning intentions and required outcomes.
- We will maximise opportunities for efficiencies through increased collaboration
- We will ensure we base all our commissioning decisions on clear evidence of local need
- We will use evidence of best practice and innovation in service delivery
- We will develop our capability and capacity to commission strategically
- We will commission in partnership where this secures joint measurable outcomes
- We will ensure commissioned services are effective and provide value for money

The Commercial Landscape

This Strategy is designed to support the strategic objectives and aims of the Council and it requires the full and active support and engagement of Council Members and Senior Officers who will enable its delivery through clear prioritisation, policy alignment, effective governance and the resources and commitment to implement it.

This Strategy will be delivered in an increasingly complex commercial environment with the need to balance local, national and international regulation and diverse supply markets with the growing desire for localism and individual choice. The ambition is therefore to promote commercial agility and entrepreneurialism alongside appropriate governance, professionalism and responsibility.

SECTION B – COMMISSIONING, PROCUREMENT & CONTRACT MANAGEMENT



Strategic Commissioning

Commissioning and Decommissioning is the strategic planning process to decide how to use and prioritise the total resources available to deliver better outcomes in the most efficient, effective, equitable and sustainable way. This includes demand management, providing greater commercial (Make or Buy) challenge to both internal and external delivered services, exploiting innovation and maximising value through procurement activities.

It includes the Council's strategic planning process used to identify and deliver its intended outcomes through either in-house or external delivery vehicles. The Commissioning of Outcomes represents a shift for the council and requires new and improved supply mechanisms to achieve intended objectives.

As detailed in diagram below (**Fig 2 – The Commissioning Cycle**) the Council will employ a structured approach to strategic commissioning.



Fig 2 – The Commissioning Cycle

In employing this structured approach to commissioning the following key elements will apply:

- Commissioning and Decommissioning strategies will be jointly developed and aligned
- all four (Analyse, Plan, Do, Review) areas of the cycle are equally important;
- the activities follow sequentially;
- commissioning informs the procurement cycle;
- the procurement experience, combining market and supplier analysis and category management informs the on-going development and delivery of the Commissioning Strategies;
- there is an on-going dialogue with people who use, receive or are affected by local authority services as well as providers and the third sector;
- there is an on-going dialogue with people who use, receive or are affected by local authority services as well as providers and the third sector;
- Commissioning strategies include intended outcomes which are these measured / evidenced
- Commissioning strategies support and are aligned with Council’s priorities
- the impact & relationship on other services inside and outside the Council are understood

Commissioning Plans

Using the Commissioning Cycle the Council will develop clear Commissioning Plans which sets out the authorities commissioning intentions. To aid the strategic planning process in developing these intentions the Council will use a range of analysis tools such as the Commissioning Framework (Appendix A), Lean and systems thinking techniques.

It is the Council's objective to use Strategic Commissioning, Decommissioning and Commercial (incorporating Procurement and Contract Management) activities, to secure superior quality and cost outcomes. This requires the effective execution of the Council's strategies using external suppliers and supply markets as partners to deliver its outcomes objectives. With significant levels of the Council's budget spent with external third parties, it is essential that it has a high degree of commercial skill, capacity and capability across the entire organisation. A key role of Commercial Services is to facilitate this substantial organisational development by embedding a framework of commissioning and commercial skills and tools to empower those responsible for delivering service outcomes through optimising the most effective and efficient supply solutions.

This will mean commissioning strategies will include ambitious targets that enable the council to deliver:

- a slimmer Council with a lower core cost base
- increased efficiencies and cashable savings and a strong and sustainable pipeline
- common, consistent and effective contract management practice across the organisation
- increased support for local SME's and voluntary sector organisations
- development of alternative service delivery models including devolving responsibilities of some services to Parish Councils and community groups.
- increased collaboration with other partners to maximise opportunities for economies of scale and reduce duplication
- improved commercial capability across the organisation
- the authority's wider social, economic and environmental objectives
- improved procurement productivity and effectiveness

Market Engagement and Market Development

A key dependency for the council in meeting its strategic commissioning objectives is to develop and shape a robust, innovative supply market. To support this the Council will establish a market development programme which through market analysis, engagement and development will develop key relationships with suppliers, service users, residents, volunteers, community groups, and other key partners, that are mutually beneficial, flexible, innovative and based on continuous improvement and financial savings. To meet these aims the Council intends to work with key partners and support organisations such as the Chamber of Commerce, Federation for Small Business, Herefordshire Association of Local Councils (HALC), voluntary sector support organisations, etc

There are three key strands to this engagement and the council aims to:

- Develop a deep understanding of key markets
- Develop key strategies to engage and shape the market
- Work in partnership with suppliers and other stakeholders to implement strategies

The council will establish a programme of market engagement including Soft Market Testing; Pre-Tender communication and consultation; How to Tender workshops; Supply Chain Subcontractor events, Meet the Buyer events, etc.

a) Understanding the market

Improved commissioning and procurement requires a good understanding of what the market can provide. Through soft market testing, analysis and research of supply markets the council will aim to develop a good understanding of capability and capacity issues and maintain a dialogue with potential providers, including organisations from the community and voluntary sector. This will be aided by the Council's category management approach to market engagement and supplier and contract management. Through market analysis the Council will develop Category Management strategies for the goods, services and works it procures. The use of recognised strategic procurement tools such as the 'Kraljic Matrix' will allow the council to identify and develop its sourcing and relationship strategies dependant on spend, risk, complexity etc.

b) Market shaping

Effective commissioning also involves working closely with key stakeholders to help shape and develop the supply market so that it is best able to meet current and future needs of the council and the service users it supports. These 'needs' may be identified as a result of a strategic needs assessment such as '*Understanding Herefordshire*', a change in legislative and statutory obligations, or as a result of an unforeseen demand change. The council will aim to increase supplier diversity to maximise a competitive market that can supply the authority, meet service user requirements and provide value for money. The Council will engage and interact with the market to understand capacity and capability challenges and triggers that encourage operators in the market to bid for work with the Council. At the same time we need to ensure that our relationship with suppliers is mutually productive and that goals are shared. To encourage increased market competition the Council may explore opportunities to stimulate markets by awarding some contracts through grant aid funding.

c) Implementing market strategies

It is a strategic objective of the council to work with the market to implement and develop supply strategies that builds on robust contract management and supplier relationship management to deliver better outcomes to services users. These supply strategies will include the development of innovative, sustainable supply partnerships with suppliers in the public, private, social enterprise and voluntary sectors.

To support this work the council will also engage with key partners such as HALC, the Chamber, HVOSS, etc and may involve pump priming pilot projects or grant aid to stimulate markets and build greater capacity and capability that delivers improved effective and efficient supply options in the future.

Strategic Procurement

Where Commissioning Outcomes are delivered through third party providers the Council will apply Strategic Procurement. **Procurement** forms a stage of the commissioning cycle and represents one of the key ways in which the Council will deliver its commissioning intentions. It

is the whole process of acquisition from third parties and covers goods, services and works projects. This process spans the whole life-cycle from the initial concept and definition of business need through to the end of the useful life of an asset or end of service contract and is generally covered by EU procurement regulations.

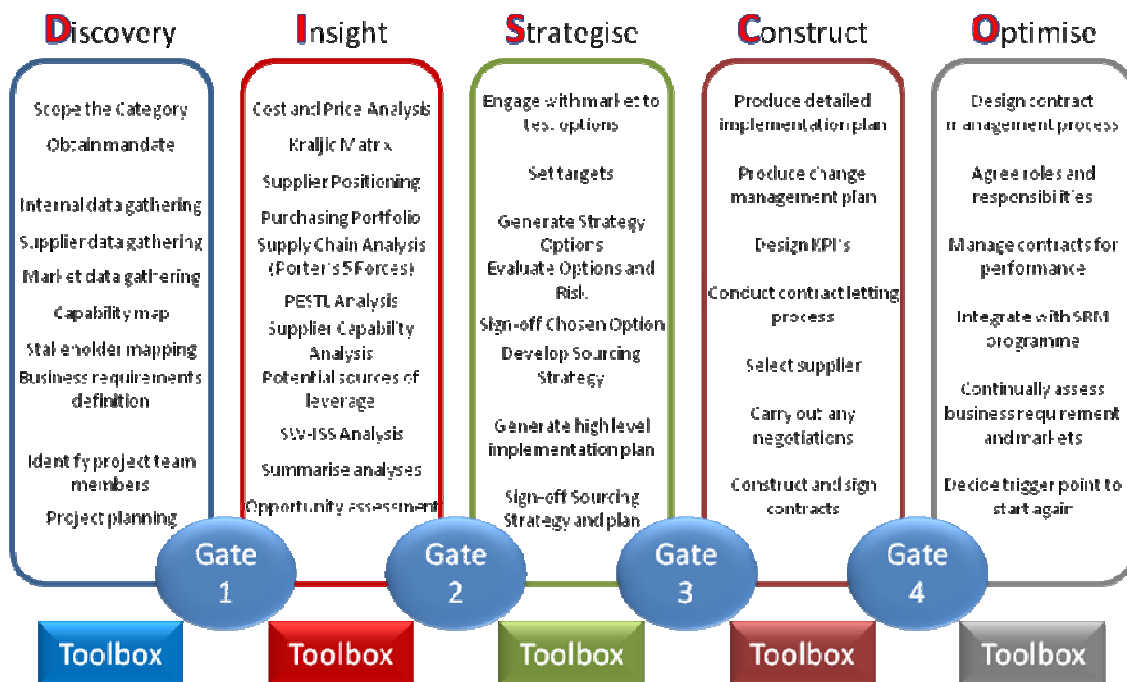
Efficient and effective **procurement** is a key vehicle in delivering value for money for the council. This strategy includes the establishment of a small, core Commercial Services function comprising of experienced commercial professionals to lead increased Commissioning and Commercial performance. To maximise benefits through its supply arrangements the Council will implement a **Category Management** approach to procurement.

Category Management

Category Management is a strategic approach which groups together products and services that have similar supply chain characteristics into categories. These categories undergo regular commercial reviews to determine the categories’ growth, structure, profitability, trends and future opportunities as a means of identifying ways to strategically manage or re-engineer the supply markets.

The Category Manager oversees all activities connected with this approach and applies sound commercial principles to optimise value and at the same time allow suppliers a fair profit as a means of minimising supply risk.

There are five key stages to category management which are shown in the diagram below.



- **Discovery**

This defines requirements by defining the service to be commissioned, the regulatory, legal, quality, service, cost and innovation needs that the sourcing strategy must meet.

It also covers aspects such as scoping the category, data gathering, understanding stakeholder and business requirements and obtaining a mandate and project approval.

- **Insight**

These are activities which lead to an understanding of the commercial levers available to the buyer. It covers aspects such as deep financial, supplier and market analysis, understanding strengths, weaknesses and issues in the supply market. It also establishes any quick wins.

- **Strategise**

This stage uses the intelligence gathered in the previous stages to generate, assess and test options for going to market. It leads to the setting of targets and creation of an agreed sourcing strategy and sourcing plans. Interventions that can be applied include supply chain re-engineering, cost down and cost out approaches, work process improvements and technical applications such as specification changes.

- **Construct**

The activities in this stage deliver a value added commercial solution. They cover planning and management of the implementation of contract letting including contract design.

- **Optimise**

The purpose of this stage is to unlock additional value outside of the contract through robust contract management and supplier relationship management. It covers the setting up and managing of post award relationships and performance, including continuous improvement.

The Council's Category Managers will oversee all activities connected with this approach and apply sound commercial principles to optimise value. Wider activities undertaken by the Category Managers include:

- Examining ways to avoid unnecessary spend;
- In/outsourcing the management of key spend areas;
- Standardising products/services where appropriate - bundling up similar services
- Minimising wastage;
- Effectively managing the supply chain; and
- Managing a portfolio of contracts throughout the lifetime of those contracts in order to ensure on-going performance and to maximise opportunities

In addition, the Council's **Category Management** approach is underpinned by three core building blocks;

- **Common Systems & Processes,**
- **Improved Management Information and Market Intelligence and**
- **Capacity and Capability Building**

- **Systems and Processes,**
 - **eProcurement** – The Council has established an eTendering solution that provides a one-stop-shop for advertising and managing the council’s tender opportunities. This will provide greater visibility of council business and reduced transaction costs.
 - **Contract Management** – As the Council operates in an increasingly complex environment with a mixture of delivery options, it is essential that it acts as an ‘Intelligent Client’. To support this, the Council will implement a single approach to contract management and supplier relationship management across the organisation to maximize benefits realisation from its contractual arrangements. In taking a common principles approach to Contract and Supplier Management the council will build greater knowledge and resilience to contract management across the authority.

- **Improved Management Information and Market Intelligence**
 - **Spend Analysis** – the Council has engaged *SPENDPRO*, a specialist Spend Analysis service provided by Trafford Council to help improve its expenditure intelligence. This service will enable the council to analyse its procurement spend to help develop Category Strategies, identify savings opportunities and monitor contract compliance.
 - **Market Intelligence** – through market engagement activity the council will increase its market intelligence to aid Market Development.
 - **Contract Register** – the council will maintain a robust Contracts Register which will support Contract Management and inform the Council’s Procurement Pipeline
 - **Procurement Pipeline** – The Council will maintain and develop a detailed procurement pipeline plan which will help inform procurement priorities and resource planning.

- **Capacity and Capability Building**

The Council will establish a 3 point training and development programme to improve its commercial capability to better meet strategic objectives.

 - **Commercial Awareness (Light)** – Commercial awareness training for officers across the council will be delivered to improve commercial awareness and decision making.
 - **Commercial Training** – a more advanced Commercial training programme for key stakeholders to ensure the aims of the Commissioning and Commercial Strategy is embedded and fully realised.
 - **Local Supply Market Training** – a series of ‘how to tender’ workshops to support local supply strategies and increase the opportunities for local suppliers to win public sector business.

This 3 point training programme will be further supported through the development of a Commercial Toolkit located on the council’s intranet site which will provide access to Contract Standing Orders, advice and guidance to provide continuous improvement and development across the authority.

Collaborative Procurement

The Council recognises that successful commissioning and procurement can develop and change supply markets and affect behaviours. To manage this effectively and maximise opportunities the Council will aim to collaborate with other partners such as other Local

Authorities, public sector partners and recognised Professional Buying Organisations. Potential benefits include:

- Aggregation of spend to produce economies of scale.
- Use of wider experience and greater expertise.
- Procurement efficiency (avoidance of duplication/multiple procurements).

It is recognised that the most effective collaborative procurement means starting early on with the commissioning planning process to enable potential collaborators to develop common service delivery mechanisms and specifications. With the aid of a robust long-term Commissioning Plan and procurement pipeline the council will engage in dialogue with other commissioning organisations and key supply market stakeholders to maximise collaboration opportunities.

Contract Management

Contract management (and Supplier Relationship Management) is the on-going monitoring and management of contracts entered into with suppliers or partners for the provision of works, goods or services. Contract management, and Supplier Relationship Management, includes the management and monitoring of supply arrangements to ensure compliance with contractual terms and conditions and the realisation of intended outcomes and benefits. It also includes the pursuit of increased benefits and value from supply arrangements by maximising leverage across multiple contracts, driving service improvement and exploiting innovation over the lifetime of the applicable contract(s).

The Council will develop and implement a single, common framework approach to Contract Management. Within the framework, contracts will be grouped into key classifications and the Council will act as an Intelligent Client to robustly managed subject to criteria such as spend, complexity, risks, market innovation, etc. The overall governance of the Council's Contract Management practices will include:

- Overall monitoring and risk reporting of suppliers and contract management, in particular for the Council's most critical external supply relationships;
- Maintenance of a central contract and supplier register;
- Provision of strategic and commercial advice to service areas in relation to contract or supplier relationship management;
- Development / facilitation of supply market collaboration and sustainability.
- The aims, ambitions and policies of the council are embed with its contractual arrangements to ensure that providers, as representatives of the council, uphold and enhanced the reputation of the authority.

The responsibility for undertaking contract management will rest with individual contract owners within each service area; support and guidance on using the Contract Management framework will be provided by Commercial Services. In addition, a network group of Contract Managers will be established within the Council to share best practice and support knowledge sharing and information exchange.

Through the contract award process and subsequent contract monitoring and management the council will embed mechanisms to constantly review the scope of delivery and the

Outcomes sought in order to ensure the council is flexible and agile to meet the changes needs of its residents and service groups. Furthermore to secure increasing value through its contracts, the council will embed requirements for providers to drive increased efficiencies and savings through continuous improvement that results in reduced contract rates and costs. This may be through share gain mechanism or total savings delivered back to the council.

Savings Policy and Benefits Realisations

In order to ensure robust financial and savings reporting, Commercial Services will develop and maintain a pipeline of initiatives and savings reporting that will continuously improve and track the value of services to the Council. For each initiative, a Project Charter will be created and signed off by Commercial Services, the Service Area lead and Finance at the project initiation stage. The Project Charter will set the scope, key objectives and costs which will support savings identified and benefits realisation. The identified benefits will be realised by using one or more of the following strategies:

Category Insight

- The use of a structured approach to develop a deep and shared insight of each expenditure category to drive new and better ways of working, reduce cost or price and reduce risk;
- The use of data analysis to understand cost and supply chain structures and seek cross organisational delivery solutions within the Council and externally.

Price

- The use of robust Commercial Strategies and effective competition to secure the best available price;
- The use of benchmarking to identify price reduction opportunities.

Cost out

- The use of contract management and supplier relationship management to reduce underlying cost or to increase productivity or innovation;
- The use of technology and innovation to simplify and reduce the cost of the procurement process itself (including Purchase to Pay (P2P) costs) and tendering costs borne by the Council and its suppliers.

Demand Management

- Enabling better use of demand management or seeking ways to reduce or modify how demand is fulfilled or if it can be eliminated;
- Working to identify and switch to lower cost / innovative service delivery solutions (e.g. by using the voluntary sector); or
- The identification and use of more sustainable alternatives.

Competition

- The use of real or perceived competition to increase performance and innovation, reduce price or cost;
- Working with the market to build capability and / or competitive pressure; and
- The selective use of e-auctions to increase competition.

Benefit Capture

The benefits arising from this Strategy can be financial or non-financial and will accrue to the respective service areas:

Financial benefits:

- such as savings can be tangible by reducing unit prices or by reducing demand (buying less); or
- intangible cost avoidance, for example by mitigating future price increases or by avoiding the risk (and cost) associated with legal challenge or supplier failure.

Non-financial benefits:

- can also be tangible, such as improved quality, reliability or speed to market or innovation; or
- intangible, for example by encouraging enterprise or the contribution of small businesses or third sector organisations.

Sustainable Procurement

Sustainable procurement is a key vehicle to promote and realise the Council's social, economic and environmental priorities. The Public Services (Social Value) Act 2012 now puts the obligation on public bodies to consider the social, economic and environmental benefits through its procurement of goods and services. Whilst the Act applies to above EU Thresholds the Council is supportive of the Act and where practical will seek to apply its principles across its procurement practices.

To ensure realisation of these aims and compliance with other legislative demands the Council will develop a Sustainable Procurement Framework that will support officers in embedding these considerations.

Furthermore, through its commissioning and commercial activity the council will develop strategies to support local suppliers to win council contracts. These will include:

- **Improved Awareness** – the council will maximise the use of its eTendering Portal as a 'one stop shop' of tender opportunities across the authority.
- **Supplier Training** – working with key partners such as the Chamber of Commerce and voluntary sector support organisations the council will provide a number of supplier training workshop including 'How to Tender' workshops and demonstrations of the eTendering process
- **Smaller Lots** – whilst mindful of collaborative options and economies of scale where feasible the council will tender for smaller lots to enable Local Small and Mediums sized Enterprises (SMEs) to bid for council which may otherwise be too large when grouped together in large contracts.
- **Simplify and Standardise** – the Council will seek to simplify and standardise its tendering processes to reduce the burden of tendering organisations, this will include ensuring that processes and documentation are proportionate to the size of the contracts being tendered

Income, Charging and Traded Services

To maximise income, efficiencies and commercial performance across the Council, Commercial Services will work with stakeholders to ensure opportunities to secure income are constantly sought and exploited; that Charging Policies and Traded Services are in place and are based on a full cost recovery model and delivered with a clear customer service focus. Examples of income include exploiting advertisement opportunities through the council's assets and estate, e.g. buildings, roundabouts, website, etc. In addition, the council will work with its customers such as schools and community groups to ensure that it constantly develops its Traded Services 'offer' to ensure it meets the demands of its customers.

Legal and Statutory Obligations

In accordance with its legal and statutory obligations the Council, through this strategy the council will comply its own Contract Procedure Rules together with the following legislation in delivering its social, economic and environmental **priorities**:

National Health Service Act 2006

Public Contracts Regulations 2006 (as amended) Equalities Act 2010

Localism Act 2011

Health and Social Care Act 2012

Public Services (Social Value) Act 2012

SECTION C – COMMERCIAL ROLES

The role of the Commissioning & Commercial Board

The Commissioning and Commercial Board (CCB) has been established to review, challenge and assure major commercial projects. The CCB is an internal group chaired by the Deputy Chief Executive and comprises of key stakeholders from across the authority involved in commissioning and commercial activity. The CCB will critically review all major commissioning and commercial projects of significant spend, complexity and risk and as a guide will focus on requirements with a spend impact of more than £500k and will take a risk based approach in terms of the level of scrutiny it will apply during the project lifecycle. The Commercial Board uses the 'gated' Commercial Project process outlined below (Fig 3.0) to track projects

COMMERCIAL BOARD - STATUS OF PROJECTS AS AT 7 APRIL 2010																												
GATE 1		GATE 2		GATE 3		GATE 4		GATE 5		ANNUAL SPEND £M	TARGET SAVINGS £000	SAVINGS %																
TOTAL										£0.0	£0																	
WHAT IS THE OPPORTUNITY?		DO YOU HAVE A STRONG BUSINESS CASE?		DO YOU HAVE A STRONG COMMERCIAL CASE?		DO YOU HAVE A STRONG DELIVERY ROUTE?		SHOULD WE AWARD THE CONTRACT?																				
EVIDENCE REQUIRED																												
Mandate	Budget	Definition of benefits	Measurement methodology	Resources	Timing plan	Commissioning need	Assessment of opportunity	Business requirements	Confirmation of benefits	Confirmation of resources	Issues / Risks	Commercial options	Assessment of options	Preferred option & reasons	Fallback option	Action plan	Procurement route	Tender documents	KPIs or SLA	Draft contract	Implementation plan	Contract management process	ITT evaluation report	Confirmed financial benefits	Updated fallback	Implementation plan	SRM plan	Trigger details for re-start
OUTPUT DOCUMENT																												
STATEMENT OF OPPORTUNITY / PROBLEM DEFINITION		BUSINESS CASE		COMMERCIAL STRATEGY		PROCUREMENT STRATEGY OR IMPLEMENTATION PLAN		CONTRACT																				
ID	PROJECT	Date entered gate								ANNUAL SPEND £M	TARGET SAVINGS £000	SAVINGS %																
AFW01	Project name																											
AFW02	Project name																											

Fig 3.0 – Commissioning & Commercial Board Gateway

The Commissioning & Commercial Board will:

- ensure that prior to any decision to make a commitment which will impact on the Council's expenditure or income that a clear business need has been identified and that both a sound commissioning and commercial strategy is in place to ensure that the optimum value for money is delivered, supply risk is managed and Service objectives are met;
- ensure that the Council has an overview of all commercial activity in order to support achievement of corporate objectives for commissioning and procurement
- ensure that the aims and objectives of the commissioning and commercial strategies are met
- carry out gateway reviews during the lifecycle of business activities to ensure that they can proceed to their next stage
- decide whether or not financial commitments have met the requirements of each gate and so can proceed to the next stage of the lifecycle

The role of Commercial Services

The role of Commercial Services is to develop commissioning and commercial excellence across the Council and enable the organisation to fulfil its commercial objectives. This requires influence across the commissioning and commercial cycle and the engagement of multiple stakeholders who retain overall accountability for commercial outcomes and value for money.

To deliver this objective, Commercial Services will work with key stakeholders to support Strategic and Tactical Commissioning across the Council, embed a Category Management approach to Procurement, plus, implement and coordinate a robust Contract Monitoring and Management methodology.

Category Management aligns market and supplier knowledge with service area portfolios. This model provides greater flexibility, allocates greater resource to strategic and category based activity and contract management. It maximises opportunities to secure economies of scale, exploit innovation and drive continuous improvement.

To maximise opportunities, embed specialisms and develop key relationships the structure of the Commercial Services includes 3 x Category Managers. Whilst typically each Category Manager will focus on specific categories within each of the council's three Directorates the roles will take a council-wide, holistic approach and therefore lead cross-cutting category strategies across the organisation. To further support these objectives and the overall performance of Commercial Services additional resources will be provided from a range of options:

- Hoople – a small Procurement Team within Hoople provides operational support to Commercial Services, namely 1) eProcurement systems and spend analysis and 2) tendering management processes. To further aid Commercial Services the structure of the Hoople Procurement Team has been aligned to mirror the Category Management structure of Commercial Services.
- Interim Resources – additional, specialist resources will be recruited on an ad-hoc basis to support specific project when required.
- Collaboration – the council will seek to maximise greater collaboration across directorates and with other public or private partners to deliver improved benefits and efficiencies where opportunities arise.

The chart below, see Fig 4.0, provides the structure of Commercial Services, incorporating Hoople Procurement Team, detailing the Category Management priorities and the cross-cutting underpinning building blocks of 1) Systems & Processes, 2) Information and 3) Capacity & Capability Building.

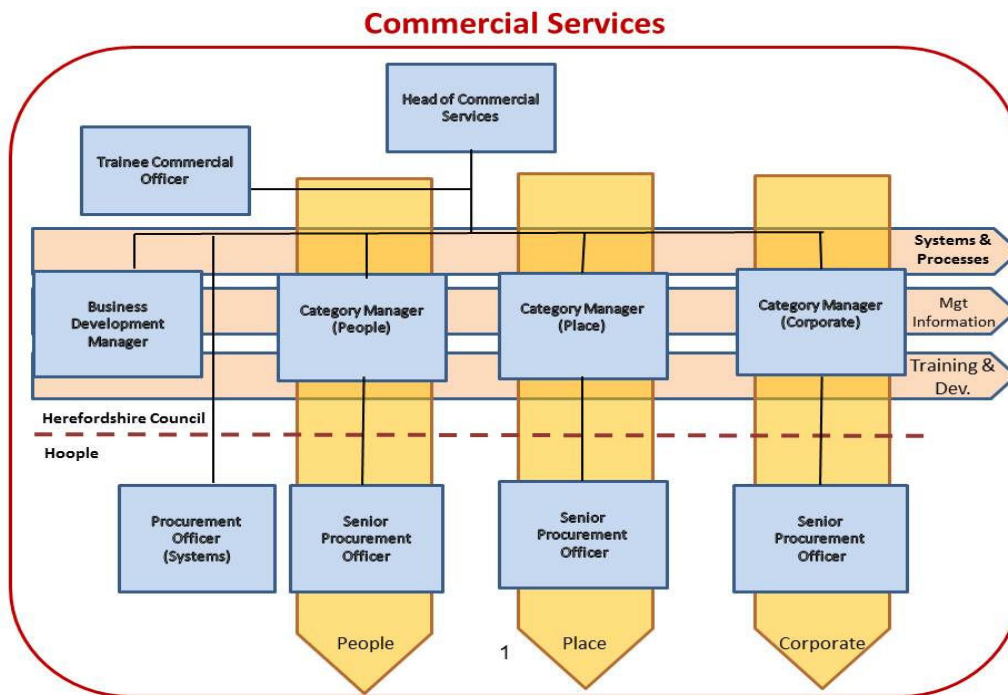


Fig 4.0 – Commercial Services structure

SECTION D – Delivery Plans

This section sets out the Council’s key actions and priorities in delivering its Commissioning and Commercial objectives. These actions fall into two key parts:

- Delivering the Council’s objectives in becoming a Commissioning Organisation
- Delivering the Council’s key Commercial priorities over the next three years

Strategic Commissioning Priorities 13/14 to 15/16

Strategic Priorities	Who	Objectives 12/13	Objectives 13/14	Objectives 14/15
All commissioning decisions are based on clear evidence of local need.	Service Leads, CCB, Commercial Services	<ul style="list-style-type: none"> Ensure demand intelligence such as Understanding Herefordshire is embedded and influences commissioning decisions. 	<ul style="list-style-type: none"> Ensure demand intelligence such as Understanding Herefordshire is embedded and influences commissioning decisions. 	<ul style="list-style-type: none"> Ensure demand intelligence such as Understanding Herefordshire is embedded and influences commissioning decisions.
Commissioning (and decommissioning) plans are developed for all Directorates	People and Place Commissioning Assistant Directors, Service Leads, Commercial Services	Commissioning Intentions developed for all Directorates.	Commissioning Strategies developed for all Directorates key services	Commissioning Intentions and Commissioning Strategies reviewed and updated where appropriate.
We will explore opportunities to commission collaboratively with key partners including other local authorities or public sector bodies where improved outcomes are available	Commissioning Assistant Directors, Service Leads, Commercial Services	Core networks are developed and exploited to maximise improved outcomes and deliver efficiencies. E.g; collaborative commissioning and procurement groups, ADASS, etc	Core networks are developed and exploited to maximise improved outcomes and deliver efficiencies. E.g; collaborative commissioning and procurement groups, ADASS, etc	Core networks are developed and exploited to maximise improved outcomes and deliver efficiencies. E.g; collaborative commissioning and procurement groups, ADASS, etc

Strategic Priorities	Who	Objectives 12/13	Objectives 13/14	Objectives 14/15
<ul style="list-style-type: none"> We will improve our capability and capacity to commission strategically 	Service Leads, CCB, Commercial Services	Build on the Commissioning Framework to develop a Commissioning Toolkit to support better commissioning activity and roll out across the council through targeted training workshops	Review and develop the Commissioning toolkit to secured improved outcomes	As per 13/14 objectives
We will test all in-house provision against the market	Commissioning Assistant Directors, Service Leads, Commercial Services	Through the Root and Branch Programme and other initiatives in-house services will be tested against the market		
We will work with key partners to develop local supply markets capable of meet the council's future commissioning needs.	Commissioning Assistant Directors, Service Leads, Commercial Services	<ul style="list-style-type: none"> Work with Parish Councils, Community Groups, the Chamber of Commerce and HVOSS to develop and deliver a robust engagement programme to support the development of local supply markets. Provide a series of How to Tender workshops to support for SME/Third 	<ul style="list-style-type: none"> Rolling programme of 12/13 objectives 	<ul style="list-style-type: none"> Rolling programme of 12/13 objectives

Strategic Priorities	Who	Objectives 12/13	Objectives 13/14	Objectives 14/15
		sector organisations <ul style="list-style-type: none"> • Develop SME/Third Sector communication forums (face to face and virtual) • Encourage key suppliers to adopt SME friendly practices 		

Strategic Commercial Priorities 13/14 to 15/16

This strategy also sets out a Top 10 Commercial priorities for the Council which are to be undertaken in collaboration with Service Directorates and Commercial Services over the next 3 years. These priorities are influenced by factors such as statutory requirements (e.g., Public Health), the Root and Branch Review Programme (e.g. Transportation), Contractual timings (e.g. Streetscene), commercial category opportunities (Shaw, Homecare, etc) plus organisational development needs.

Strategic Priorities	Activity	Project Leads	Objectives 13/14	Objectives 14/15	Objectives 15/16
1. Streetscene <ul style="list-style-type: none"> • Public Realm • Ancillary Services <ul style="list-style-type: none"> • Building Services • Building Cleaning • Print Services • Courier Services (Contractual value c£28m pa)	Retender of former Highways Strategic Partnership Contract	Assistant Director - Place Based Commissioning / Head of Commercial Services	<ul style="list-style-type: none"> • Award new contracts to start 1st Sept 13. • Undertake a series of local subcontractor supply chain events in association with Chamber of Commerce to support the Public Realm tender process • Undertake a series of local supplier engagement events in association with the Chamber of Commerce and HVOSS for Ancillary Services. • 	Embed robust Contract Management methodology to deliver projected benefits - £2m savings per annum	As per 14/15.

Strategic Priorities	Activity	Project Leads	Objectives 13/14	Objectives 14/15	Objectives 15/16
<p>2. Transportation (Category spend c£6.8m pa)</p>	<p>A range of projects identified through Root & Branch including tender process for a new framework for passenger transport and a programme of events to develop market capabilities and capacity.</p>	<p>Head of Transportation / Head of Commercial Services</p>	<p>Award new Passenger Transport Framework Contract</p> <p>Undertake a series of procurement projects to secure efficiencies through transport procurement</p>	<p>Undertake a series of procurement projects to secure efficiencies through transport procurement</p>	<p>Undertake a series of procurement projects to secure efficiencies through transport procurement</p>
<p>3. Public Health – Transition of PH Services into the Council (Category value £6m pa)</p>	<ul style="list-style-type: none"> • Novate c35 contracts to the Council • Retender programme for c25 contracts. <p>(Resources delivered through 2FTE x 2 yrs fixed term contracts. Costs to be met by delivered savings).</p>	<p>Director of Public Health / Head of Commercial Services</p>	<p>Pre 13/14 - novate all contracts to the Council.</p> <p>Phase 1 – Tendering activity for c12 contracts</p>	<p>Phase 2 tendering activity C13 contracts.</p>	<p>Public Health’s commercial requirements, including Tender and Contract Management are incorporated into ‘Business as Usual’ Commercial practice.</p>

Strategic Priorities	Activity	Project Leads	Objectives 13/14	Objectives 14/15	Objectives 15/16
<p>4. Leisure Services – HALO. Challenge, shape and deliver new delivery models for Leisure Services in Herefordshire.</p> <p>Contract value £1.7m pa</p>	Explore service delivery options for delivery of Leisure services and retender project	Assistant Director - Place Based Commissioning / Head of Commercial Services	<ul style="list-style-type: none"> Analyse service delivery options for delivery of Leisure Services. 	Renegotiate or tender project for delivery of more cost effective Leisure Service delivery contract	<ul style="list-style-type: none"> Minimise service subsidy; maximise service outcomes
<p>5. Countywide Homecare supply model</p> <p>Contract value c£8m</p> <p>(Part of Adults Transformation Programme)</p>	Tender new model of service delivery to delivery service efficiencies	Assistant Directors - Adults / Head of Commercial Services	<ul style="list-style-type: none"> Complete in progress Tender project. Support implementation process. Embed robust Contract Management mechanisms 	<ul style="list-style-type: none"> N/A – New service embedded as business as usual 	<ul style="list-style-type: none"> N/A – New service embedded as business as usual
<p>6. Shaw Healthcare – 30year contract.</p> <p>Supplier spend - £3.5m pa</p> <p>(Part of Adults Transformation Programme)</p>	Initiate Supplier Relationship Programme to review and renegotiate terms to maximise efficiencies over contract term.	Assistant Directors - Adults / Head of Commercial Services	<ul style="list-style-type: none"> Initiate Supplier Relationship Programme to review and renegotiate terms to maximise efficiencies over contract term. 	New service embedded as business as usual	New service embedded as business as usual

Strategic Priorities	Activity	Project Leads	Objectives 13/14	Objectives 14/15	Objectives 15/16
7. Residential Care Category Management Programme (Part of Adults Transformation Programme)	Develop and implement Category Strategy	Assistant Directors - Adults / Head of Commercial Services	<ul style="list-style-type: none"> Develop Category Strategy 	Implement Category and Strategies and employ robust contract management	Implement Category and Strategies and employ robust contract management
8. ICT Category Management Programme Category Spend - £4m pa	Collaborate with Hoople ICT Team to develop ICT Category Strategy	Service Manager – ICT Strategy and Commissioning / Head of Technology & Transformation (Hoople) / Head of Commercial Services	<ul style="list-style-type: none"> Develop Category Strategy 	Implement Category and Strategies and employ robust contract management	Implement Category and Strategies and employ robust contract management
9. Develop/improve the consistency of contract management across the Council.	Identify suitable CM model. Roll out methodology. Train appropriate CM Managers. Maintain and develop a central	Commissioning & Commercial Board/ Commissioning Leads / Commercial Services/ Contract Managers.	<ul style="list-style-type: none"> Identify A-class (High Risk / High Value Contracts) Complete assessment of all A-class contracts. Agree and undertake 	<ul style="list-style-type: none"> Identify B-class Contracts Complete assessment of all B-class contracts. Use effective contract 	<ul style="list-style-type: none"> Use effective contract management to contribute to target of 3% year on year savings

Strategic Priorities	Activity	Project Leads	Objectives 13/14	Objectives 14/15	Objectives 15/16
	contract management repository		programme of contract management audits for A-Class contracts. <ul style="list-style-type: none"> • Establish a community of practitioners/knowledge sharing • Deliver training to key officers. • Increase corporate awareness of Contract Management • Establish a common supplier performance reporting system 	management to contribute to target of 3% year on year savings	
10. Improve the commercial capability of the organisation	To develop and deliver a capacity and capability programme across the council	Commissioning Leads / Commercial Services/ Commercial Services / Hoople	<ul style="list-style-type: none"> • Establish a single savings sign off process and capture all 3rd party savings • Develop a range of training and support solutions to meet immediate gaps (Commissioners, 	<ul style="list-style-type: none"> • Create a Commercial Skills programme – consisting of a comprehensive range of commercial training/support solutions for staff 	<ul style="list-style-type: none"> • Develop an accredited training/skills development program for key practitioners

Strategic Priorities	Activity	Project Leads	Objectives 13/14	Objectives 14/15	Objectives 15/16
			Contract Managers, Members)	<ul style="list-style-type: none">• Build/strengthen support networks to encourage professional learning, skills and knowledge transfer	

MEETING:	CABINET
DATE:	14 MARCH 2013
TITLE OF REPORT:	URBAN VILLAGE / LINK ROAD COMPULSORY PURCHASE ORDER AND ASSOCIATED SIDE ROADS ORDER
REPORT BY:	RICHARD GABB, ASSISTANT DIRECTOR HOMES & COMMUNITY SERVICES RICHARD BALL, ASSISTANT DIRECTOR PLACE BASED COMMISSIONING

1. Classification

Open

2. Key Decision

This is a Key Decision because it will result in the Council incurring expenditure which is significant having regard to the Council's budget for the service or function to which the decision relates;

AND

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

Notice has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

3. Wards Affected

Aylestone Ward
Central Ward
Three Elms Ward

4. Purpose

In accordance with the agreed masterplan, to agree the development of land within the City Regeneration area for the purposes of the provision of a link road, highway and other associated infrastructure and mixed uses including housing, employment uses, leisure, retail units, tourism, civic and community uses together with associated public access and public realm, car parking, other new highways and other associated infrastructure, drainage, flood alleviation and associated works.

The report seeks to approve the making of the necessary orders but also considers the next steps associated with the development of the Urban Village Phase 1, which forms part of the overall regeneration plans for the City, through the provision of market and affordable housing to meet the high levels of housing need in the County. To support the delivery of Phase 1 of the housing, the report seeks delegated authority for the Chief Officer Finance and Commercial to make arrangements to market Council-owned land at Merton Meadow.

5. Recommendation(s)

THAT:

- (a) the Deputy Chief Executive be authorised to arrange for the making of the County of Herefordshire District Council (Edgar Street Grid and Link Road) Compulsory Purchase Order 2013 under s226(1)(a) of the Town and Country Planning Act 1990, the Local Government (Miscellaneous Provision) Act 1976 and the Acquisition of Land Act 1981 for the acquisition of the land/property and the acquisition of the new rights within the areas coloured pink and blue respectively shown on the plan attached at Appendix 1 (subject to any final amendments of the said plan the Director for Places and Communities considers necessary);**
- (b) the Deputy Chief Executive be authorised to arrange for the making of the County of Herefordshire District Council (A465(Link Road) Classified Road) (Side Roads and Other Works) Order 2013 under Sections 14 and 125 of the Highways Act 1980 which provides for the stopping up and improvement of particular side roads which connect with the proposed A465 Link Road in Hereford ("the Link Road Scheme") as shown in the plan attached at Appendix 2 (subject to any final amendments of the said plan the Director for Places and Communities considers necessary);**
- (c) the Deputy Chief Executive be authorised, in consultation with the Director for Places and Communities to implement the Orders, including the acquisition of all necessary land and interests and new rights, and to pay compensation including acquisitions agreed by negotiation and to carry out any other additional steps needed for the implementation of the Orders or scheme for the Link Road;**
- (d) the Director for Places and Communities be authorised to procure and let the construction contract, or contracts, for the Link Road and to take all necessary steps to proceed with the scheme implementation;**
- (e) in order to facilitate the delivery of the Urban Village Phase 1 changes to parking provision are agreed;**
- (f) the Chief Officer Finance and Commercial be authorised to market Council-owned land within the area of Merton Meadow and to dispose of the land required to support the delivery of Phase 1 of the Urban Village, subject to achieving value for money.**

6. Key Points Summary

- The overall master planning for the regeneration of the area identified significant opportunities for the development of new market and affordable housing. Sanctuary Housing were selected as the preferred partner in July 2008. The development of the Link Road is critical to

achieving the delivery of the new housing and the broader regeneration aspirations for the area.

- It is estimated that in the region of 800 new housing units could be accommodated within the overall Urban Village elements of the regeneration area as well as provision of new public services, hotel accommodation and other commercial and leisure development and significant improvements in the quality of the public realm and overall appearance and character of the area. The area of the proposed Urban Village Phase 1 includes the council owned land occupied by Merton Meadow Car Park and adjoining privately owned or rented properties bordered by Edgar Street to the west and Widemarsh Street to the east. Realisation of the Urban Village will make a significant contribution towards the delivery of key strategic housing objectives for the county and comprise a significant element of the overall regeneration plans for the city.
- One or more planning applications for the first phases of redevelopment are expected spring 2013 relating to the provision of Phase 1 housing to be accessed from the proposed new link road. There is a requirement to provide additional road capacity to improve movements around the city and to provide access to development plots within the regeneration area.
- Proposals are also emerging for the redevelopment of the West Mercia Police Authority land to the east of Widemarsh Street, which will front and be served by the new Link Road.
- Planning permission for the Link Road was granted in March 2010. There is a requirement for a compulsory purchase order (CPO) and a side roads order (SRO) to enable the scheme and the regeneration of the adjacent sites for the redevelopment to be secured.
- The Link Road is designed to take significant volumes of traffic from the heavily trafficked inner ring road – and so enable Newmarket and Blueschool Streets to be upgraded for easier pedestrian access, reinforcing a whole city shopping experience and achieving reduction in through traffic that would be transferred to the Link Road.
- Negotiations with landowners and businesses have been ongoing for a number of years to acquire the necessary land, property, and access rights to deliver the Link Road; however a Compulsory Purchase Order is now required to provide certainty of delivery.
- 12 businesses will either be substantially affected by the impact of this CPO to the point that the business will need to relocate or close; support is being offered to assist those businesses affected.

7. Alternative Options

Land negotiations continue without proceeding with a CPO process

- 7.1 Under this alternative, acquisition of the necessary land and interests and new rights are concluded by a negotiated agreement and a CPO process is not initiated.
- 7.2 Negotiations are currently ongoing between Herefordshire Council and the various landowners and businesses with interests in and associations with the land and new rights needed for the Link Road and first phase of urban village redevelopment. It is considered feasible that at some future point a negotiated agreement could be reached in respect of some of the land, interests and new rights required, although there may be adverse implications from a cost and timescale perspective and it may be that not all the required land can be secured this way. Such delays would have a significant, adverse impact upon the Council's ability to attract investment into the regeneration area, undermine confidence and the momentum established

in the area.

- 7.3 The alternative option is therefore to continue to pursue negotiated agreement rather than promote a Compulsory Purchase Order (CPO) and bear the risks of delays in implementation and additional costs
- 7.4 A Side Roads Order (SRO) would still be required for the construction of new highways, improvement of highways, stopping up of highways, stopping up of private means of access and creation of new means of access to premises.

Advantages of negotiated agreement

- 7.5 A negotiated agreement would negate the need to make a CPO and the possibility of holding a CPO Public Inquiry.

Disadvantages of negotiated agreement

- 7.6 Disadvantages include:
- There would be no certainty over timescales for conclusion of an agreement.
 - There would be no certainty of reaching an agreement and being able to acquire the required land, property and access rights.
 - There would be an associated risk of cost increases to facilitate a negotiated conclusion.
 - It would also be difficult to deliver a comprehensive redevelopment of the area due to the uncertainty over the timescale and cost of assembling land to deliver plots appropriate to enable delivery of the Council's policy of the area.
- 7.7 Such uncertainties would make it difficult to engage successfully with private developers, who have the potential to bring significant resources to bear in support of achieving the regeneration of the adjoining land.
- 7.8 This alternative option is not recommended for the reasons listed above at paragraph 7.6 although, in line with the guidance set out in ODPM Circular 06/2004, the council will continue to try and negotiate the acquisition of the necessary land and rights by agreement if the Order is made.

Merton Meadow

- 7.9 The council could determine not to dispose of the land at Merton Meadow in support of delivering Phase 1 of the Urban Village at this time. However, this approach would significantly delay the development of a significant proportion of market and affordable homes planned for the Urban Village and would result in Sanctuary Housing Group, as development partner for the affordable housing, being unable to draw down approximately £1.2m of affordable housing grant awarded by the Homes and Communities Agency in support of the Urban Village Phase 1 development. Not proceeding with the Urban Village development could have the effect of jeopardising the securing of CPO powers for the link road.

8. Reasons for Recommendations

- 8.1 The delivery of the Urban Village development is a strategic priority for the Council in responding to the current and future housing needs of Herefordshire and is highlighted within

the Housing Strategy 2012-15 and the Herefordshire Local Investment Plan 2011 – 2026 agreed with the Homes and Communities Agency. It is estimated that up to 800 new housing units could be accommodated within the overall Urban Village, and that 35% will be classified for affordable use.

- 8.2 To deliver the redevelopment of the regeneration area, infrastructure enabling works are required including the construction of the Link Road. Large parts of the area are currently inaccessible by car or even on foot, with many dead ends, few landmarks and major physical barriers. The Link Road will provide access to land for mixed uses including housing, employment uses, leisure, retail units, tourism, civic and community uses together with associated public access and public realm, car parking, other new highways and other associated infrastructure, drainage, flood alleviation and associated works which will improve the city's vitality and promote economic growth, as well as delivering a range of other benefits for pedestrians, cyclists and public transport links.
- 8.3 The Link Road will create a new east / west highways connection through the city and is designed to take significant volumes of traffic from the heavily trafficked inner ring road – and so enable Newmarket and Blueschool Streets to be upgraded for easier pedestrian access within an improved realm and reduction in through traffic that would be transferred to the Link Road. The Link Road and associated new development plots will also enable residual flood risk within the area to be mitigated. The planned improvements to Newmarket and Blueschool Streets enabled by the Link Road will significantly improve the prospects for further investment in the areas flanked by these streets, contributing to the regeneration of the city.
- 8.4 On 14 June 2012 Cabinet authorised the Chief Officer Finance and Commercial, in consultation with the Director for Places and Communities, to proceed with acquisitions through negotiations with the possible affected landowners as regards the acquisition of all necessary land interests. The council is currently negotiating the acquisition of land, easements, rights over land, and rights of access by agreement to enable the Link Road works to progress and agreement with some landowners has already been reached. However the negotiations have been inconclusive to date in acquiring all the required interests and it is necessary for the council to use its powers of Compulsory Purchase to enable the council to acquire the land and interests needed to deliver the Link Road needed for the scheme and to enable the redevelopment of plots to come forward to meet with the aspirations of partners and landowners.
- 8.5 To enable the construction of the Link Road 12 businesses will be required to relocate from within the area, and a number of others will need to change the way they operate from their premises in order to continue trading. In addition other businesses will be required to relocate in order to deliver the comprehensive redevelopment of this area as set out in the Councils planning policy. In the first phase of redevelopment it is anticipated that 3 businesses will need to relocate. Further relocations will be required which may give rise to further CPOs in the future although approval is not being sought at this stage. A Business relocation strategy has been developed to support all affected businesses.
- 8.6 The Side Roads Order (SRO), which will be made under Sections 14 and 125 of the Highways Act 1980, provides for the stopping up and improvement of particular side roads which connect with the proposed A465 Link Road in Hereford and for the construction of new highways and for the stopping up of private means of access to premises and the provision of new means of access to them.
- 8.7 Negotiated disposal of council-owned land at Merton Meadow should enable, subject to planning consent, the delivery of Phase 1 of the Urban Village, including up to 60 affordable homes.

- 8.8 Disposal of Merton Meadow for housing development would lead to the displacement of commuter and short stay parking currently available. It is therefore appropriate that Cabinet gives consideration to possible approaches to mitigating the impacts of any reduction.

9. Introduction and Background

- 9.1 The Urban Village is a major component of the overall regeneration project with the new retail quarter under development and potential identified for complementary development across the overall masterplan area. The redevelopment of the area will open up land for residential development and it is estimated that up to 800 housing units could be brought forward as a result. It is expected that Policy H9 of the UDP – Affordable Housing will apply to the residential developments and consequently 35% of units will be classified for affordable use. Consequently it is estimated that up to 280 units will be of an affordable nature with the overall Urban Village development making a significant contribution towards meeting Herefordshire's overall housing needs and in addressing the strategic housing priorities for the council.
- 9.2 Cabinet agreed to the appointment of Sanctuary Housing Group as the preferred development partner on 10 July 2008 and authorised detailed negotiations to commence prior to consideration of a formal development agreement. The severe economic downturn and the associated impact on the housing market has contributed towards disappointingly slow progress in reaching a position whereby a viable planning application, in outline, could be approved for submission and an associated Development Agreement entered into. However, Sanctuary Housing Group is currently in the process of finalising plans to submit a planning application for Phase 1 of housing development within the Urban Village. The proposals are to locate Phase 1 development within the area currently comprising Merton Meadow Car Park along with adjoining land fronting Edgar Street and Widemarsh Street
- 9.3 The implementation of the regeneration scheme, incorporating any Phase 1 development, will require substantial preliminary infrastructure, including the Link Road, needed to open up land for development and to take traffic from an upgraded inner ring road. The Link Road will provide access to land for mixed uses including housing, employment uses, leisure, retail units, tourism, civic and community uses together with associated public access and public realm, car parking, other new highways and other associated infrastructure, drainage, flood alleviation and associated works.
- 9.4 Herefordshire Council, in consultation with the Highways Agency and transportation planners have fully appraised the preferred route of the Link Road. The Link Road is an 850m long, single carriageway route. As its name suggests, it serves to make new links within Hereford's road network. The Link Road will offer new or improved connections with Widemarsh Street, Blackfriars Street, Station Approach and Canal Road. A map of the Link Road line can be seen at Appendix 3.
- 9.5 The southern part of the regeneration area is separated from the city centre by the busy dual carriageway inner ring road (Newmarket and Blueschool Streets). The Link Road is designed to take significant volumes of traffic from the heavily trafficked inner ring road – and so enable Newmarket and Blueschool Streets to be upgraded for easier pedestrian between the new and improved areas of public realm and reduction in through traffic that would be transferred to the Link Road. By removing existing barriers and improving access, the expansion of the city centre northwards, into the regeneration area, will be enabled. The link road will also facilitate the redevelopment of key sites along the link road corridor, included in the CPO, for the Urban Village and other redevelopment proposals.
- 9.6 The completion of the Yazor Brook Flood Alleviation scheme has reduced the flood risk of the regeneration area. The construction of the Link Road and associated land areas will create

opportunities to achieve further flood mitigation measures across the regeneration area.

- 9.7 The council is negotiating with the appropriate landowners and businesses for the necessary land, property and rights needed for the Link Road. However in order to guarantee the acquisition of the land, and rights and to secure timescales it is necessary to seek authorisation to make a Compulsory Purchase Order (CPO), to be made in tandem with the present negotiations so that the CPO powers can be exercised if there is any failure to reach agreement on the acquisition of any of the required land, and rights. A map showing the extent of the CPO boundary can be seen at Appendix 1.
- 9.8 The Side Roads Order (SRO), which will be made under Sections 14 and 125 of the Highways Act 1980, provides for the stopping up and improvement of particular side roads which connect with the proposed A465 Link Road in Hereford and for the construction of new highways and for the stopping up of private means of access to premises and the provision of new means of access to them. The SRO, if confirmed by the Secretary of State for Transport, would enable the construction of the Link Road Scheme and other necessary and associated works generally between the Edgar Street to the west and Commercial Road to the east. The Side Roads Order map can be seen at Appendix 2.

10. Key Considerations

- 10.1. Together with other on-site measures, the construction of the Link Road will facilitate the redevelopment of land within the regeneration area and take traffic away from a redesigned inner ring road.
- 10.2 The southern part of the regeneration area is separated from the city centre by the busy dual carriageway inner ring road (Newmarket and Blueschool Streets). The Link Road is designed to take significant volumes of traffic from the heavily trafficked inner ring road – and so enable Newmarket and Blueschool Streets to be upgraded for easier pedestrian movement and reduction in through traffic that would be transferred to the Link Road. The Link Road will facilitate the redevelopment of certain key sites included in the CPO along the link road corridor.
- 10.3 Planning consent for the Link Road was gained in March 2010; this approved the entire line of the Link Road from Edgar Street to Commercial Road in addition to all necessary junction works and side roads.
- 10.4 In March 2012 Council approved the Capital Programme which included the funding required for the implementation of the Link Road project.
- 10.5 In June 2012 the council reconfirmed its approval in principle to the making of a CPO and authorised the officers to conclude where possible the acquisition of land interests by negotiation. Since this time one of the principal plots previously occupied by Rockfield DIY required to enable construction of the Link Road has been acquired.
- 10.6 The council has been in negotiation with the owners of the land and businesses affected by the line of the Link Road for the acquisition of land, rights and easements needed for the construction of the Link Road. However the negotiations with some of the landowners have been inconclusive and there is the possibility of them becoming protracted. Any delay over the acquisition of the necessary land and rights will subsequently delay the construction of the Link Road, and the wider redevelopment within the regeneration area.
- 10.7 If the council agrees the use of its powers of compulsory acquisition, this will not preclude the council from continuing to try to acquire the necessary rights by agreement. This report therefore asks for approval to make a CPO for the Edgar Street Link Road whilst continuing

with efforts to acquire by agreement the land, business interests and rights needed to carry out the Link Road works.

- 10.8 Failure to agree the recommendations of this report is likely to have implications for the implementation of the wider redevelopment proposals and the Urban Village development in particular. As noted above, without a CPO, there exists no certainty regarding the timescales for negotiating the acquisition of the land, business interests, and rights necessary to progress the scheme. Also without the SRO the council would not be able to make the changes to side roads and private means of access to be authorised by it.
- 10.9 If Cabinet agrees to the making of the SRO, this will facilitate the link road also by authorising the associated changes required to side roads including the construction of new highways, improvement of existing highways, and for the stopping up of private means of access to premises and the provision of new means of access to them.
- 10.10 The latest proposals for Phase 1 of Urban Village locates housing development on land to the north of the Retail Quarter and extending from Edgar Street in the west to Widemarsh Street in the east. Longer term aspirations for the Urban Village also include the development of other individual sites located throughout the Edgar Street Grid regeneration area. Officers are actively discussing a number of those individual plots/sites for development in tandem with the initial phase of the larger site.
- 10.11 Sanctuary Housing Group submitted a bid to the Homes and Communities Agency for funding for affordable housing development in Herefordshire for the 2011 – 2015 bidding round and was awarded grant funding which included potential to support initial phases of development within Edgar Street Grid based upon provisional estimates of 50 affordable units. This funding has been awarded with grant conditions requiring that grant-funded dwellings have to be completed by 31 March 2015, therefore it is essential that associated planning and related permissions are secured to enable a start on site in winter 2013 at the latest.
- 10.12 It is important to note, however, that due to the nature of the 2011 – 2015 HCA bidding round, the level of grant funding to be applied specifically to the Hereford Urban Village is not specified within the HCA bidding announcement and will be subject to negotiations between Sanctuary and the HCA having regard to their regional development programme. However, as a benchmark, grant levels are likely to be in the region of only £15k to £23k per unit with Sanctuary's preliminary indications suggesting an allocation in the region of £1.2m towards the Urban Village Phase 1.
- 10.13 Pre-application discussions have commenced between Sanctuary and the local authority on the basis of the draft scheme proposals which would result in the majority of the Merton Meadow Car Park being developed for housing in conjunction with several adjoining commercial properties occupying parcels of land bordering Merton Meadow. It is hoped to acquire these properties through negotiation, however, if this is not possible they will be included in the Link Road CPO, to ensure phase 1 of the Urban Village delivers a comprehensive development.
- 10.14 Development of Phase 1 of the Urban Village could potentially start as early as autumn 2013 if all the land is assembled by negotiation or in early 2014 if CPO powers are required.
- 10.15 Current discussions centre on a scheme comprising between 100 and 150 units (subject to site constraints) of which 35% would be affordable.
- 10.16 Consideration is also being given to the potential for the development of Extra Care provision within the site, although due to the usual model for Extra Care developments comprising predominantly flats it is possible the impact would be to slightly increase the number of

dwellings developed in Phase 1 and agreement would need to be reached on the affordable composition of the scheme. Overall numbers inclusive of Extra Care could increase to between 150-180 units of which 35% would be affordable.

- 10.17 It is also worth noting that land to the southernmost point of the site, which comprises the Red Cross Building and the Furniture Importers fronting Blackfriars Street, is currently being marketed privately. Subject to any potential purchase and subsequent development proposals emerging it will be important to ensure that appropriate regard is given to ensuring the design and other factors are in harmony with the spatial plans for the area. However, as with Merton Meadow, depending on when development comes forward, build-out of this site will result in the loss of a public car park (in this case, privately owned and operated), giving greater weight to the need for alternative provision to be provided to support the vitality and viability of the city centre.
- 10.18 The principles for delivery are that prior to construction commencing, Merton Meadow will be sold by the council, to one or more house builders who will enter into negotiations to deliver the housing in partnership with Sanctuary.
- 10.19 The value achieved for the land will be dependent on a number of factors. The more that the proposed development can be de-risked, the higher the resultant land value. Therefore, it would be recommended that marketing of the site takes place once the planning application has been made by Sanctuary, as this will give potential bidders the highest confidence in terms of the viability of the scheme. However, due to the economic downturn and variation of dependencies associated with the delivery and viability of any Phase 1 options it will only be through marketing the site that the value of Merton Meadow site will be reliably understood.
- 10.20 An important consideration for the council in moving forwards with development of the Urban Village is the phased loss of Merton Meadow Car Park, potentially starting in autumn 2013 with the associated loss of parking provision and revenue risk, further analysed below.

Merton Meadow Car Park

- 10.21 Merton Meadow car park is the largest car park in the county. Whilst it is not marked out, the capacity for survey purposes is assumed to be 763 spaces. It serves as the main commuter car park for Hereford. On an average weekday there are in the region of 600 cars parked in the car park. Surveys indicate that around 450 of these are commuters.
- 10.22 The car park is adjacent to Hereford United Football Club and serves as the car park of choice for supporters attending home football matches.
- 10.23 Additionally, on occasions, up to 15 lorries park up overnight on this car park. There are no other council owned car parks in the city centre suitable for overnight lorry parking, however there is no requirement to provide for such parking. Tourist coaches occasionally use the parking facilities during the day, but the number is low. The preferred coach parking location is St Martins where four designated bays are provided. There is no indication that this number is inadequate.
- 10.24 Within this context, whilst the development of Merton Meadow presents opportunities to better influence parking behaviour and reduce congestion, there are associated risks, specifically ensuring sufficient supply for the current demand of around 450 long stay users.
- 10.25 Replacement car parking will be achieved by utilising existing capacity in council owned and privately owned public car parks, but will also require the development of new, potentially temporary, parking areas during this time period.

- 10.26 The development of the car parking strategy has identified that there is sufficient existing spare capacity in other city car parks to absorb the displacement of short stay parkers from Merton Meadow. It is assumed that anticipated growth in demand for short stay parking when the Retail Quarter opens in Spring 2014 will be 'future-proofed' by the additional parking being provided as a part of that development.
- 10.27 There is limited availability of suitably located land upon which to deliver replacement commuter car parking. As with short stay parking, spare capacity in existing council owned and private public car parks contribute to meeting a proportion of the displaced commuter parking demand off Merton Meadow car park. However, surplus demand and anticipated growth in demand mean that it is desirable to also provide some additional parking.
- 10.28 On this assumption the impact of early and full development of Phase 1 of the Urban Village on Merton Meadow, i.e. prior to April 2014, and associated mitigation, is shown in Appendix 4.
- 10.29 The likely phasing of development associated with Merton Meadow suggests a high likelihood of being able to retain some parking through to the opening of the Retail Quarter. Assuming 240 parking spaces are retained until this point, the impact and associated mitigation is shown in Appendix 4.
- 10.30 With reference to Appendix 4 the figures in the final 'Surplus or Deficit' column allow for a greater than predicted growth in demand over the medium term, build in a 10% 'cushion' to minimise search times, and take account of the greater uncertainty over the availability of private car parking spaces. Excluding these considerations indicate an adequate parking supply in both development scenarios.
- 10.31 Based upon the above considerations the modelling in Appendix 4 offers acceptable parking supply should the development proceed.

11. Community Impact

- 11.1 The regeneration scheme and associated Link Road are in line with the priorities set out within the Councils corporate plan and will ensure the vision set out can be achieved. The scheme supports economic growth and connectivity. It will provide good quality housing and will lead to an improvement in quality of the built environment.
- 11.2 The southern part of the regeneration area is separated from the city centre by the busy dual carriageway inner ring road (Newmarket and Blueschool Streets). The Link Road is designed to take significant volumes of traffic from the heavily trafficked inner ring road – and so enable Newmarket and Blueschool Streets to be upgraded for easier pedestrian movement and reduction in through traffic that would be transferred to the Link Road. By removing existing barriers and improving access, the expansion of the city centre northwards, into the regeneration area, will be enabled.
- 11.3 The redevelopment of the area will open up land for residential redevelopment, it is estimated that in the region of 800 new housing units could be accommodated within this allocation. It is expected that Policy H9 of the UDP – Affordable Housing will apply to the residential developments and consequently 35% of units will be classified for affordable use. Consequently it is estimated that between 280 and 350 units will be of an affordable nature and will contribute to tackling the distinct shortage of affordable housing which is impacting upon Herefordshire's communities.
- 11.4 The construction of the Link Road will require 12 businesses to relocate from within the area, a further 4 businesses are directly affected by the construction but will not be required to relocate. Each of these businesses are being encouraged to enter into negotiations with

Herefordshire Council prior to acquisition and/or CPO.

- 11.5 Statutory compensation is being offered to those businesses affected. Details of suitable alternative business units and sites are being sent to all businesses, and a series of meetings between individual businesses and council officers is in the process of being planned. A Business relocation strategy has been developed to support affected businesses. There are no residential properties which are being wholly acquired.
- 11.6 As a part of the statutory planning process, and as part of the wider community engagement process, there has been considerable community consultation over the Link Road and its route. Sanctuary Housing Group will also be engaging in comprehensive community engagement in taking forward the planning application and any subsequent development.

12. Equality and Human Rights

- 12.1 This report and recommendations do pay due regard to the Council's public sector equality duty:

Under Section 149, the "General Duty" on public authorities is set out thus:

"A public authority must, in the exercise of its functions, have due regard to the need to -

- eliminate discrimination, harassment, victimisation and any other conduct ... prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it."

The Equalities and Diversity team have been consulted on this report; it is considered that there is no negative impact on the Protected Characteristics identified in the Equalities Act 2010.

- 12.2 The council is of the view that in pursuing these Orders, it has carefully considered the balance to be struck between individual rights and the wider public interest. Any interference with Convention rights, if there is any, is considered to be justified in order to secure the economic, social, physical and environmental regeneration that the scheme will bring. Appropriate compensation will be available to those entitled to claim it under the relevant provisions of the relevant statutory provisions. For those parties who are prepared to negotiate settlements in advance of a CPO then the terms of that agreement will be under as per the relevant statutory powers so as such parties should not be financially penalised in reaching agreement by negotiation.
- 12.3 The council considers that there is a compelling case in the public interest for confirmation of the Orders and that the Orders, if confirmed, would strike an appropriate balance between public and private interests. The rights of owners of interests in the Order lands under the Human Rights Act 1998, in particular the rights contained in Article 8 and Article 1 of the First Protocol, have been taken into account by the council when considering whether to make the Orders and when considering the extent of the interests to be comprised in the Orders. In addition, having regard to the provisions of the 1990 Act and the guidance set out in Circular 06/2004, the council considers that the Order Land is both suitable for and will facilitate the carrying out of development, redevelopment and improvement and will make a positive contribution in the promotion or achievement of the economic, social and environmental wellbeing of its area for the reasons explained in this report.

- 12.4 The creation of affordable housing should assist in meeting identified housing need thereby reducing the inequalities implied in our area where housing need outweighs available supply.

13. Financial Implications

- 13.1 In March 2012 Council approved the Capital Programme which included a budget for the funding of the Link Road project. The council has set a budget of £27m for underwriting the delivery of the scheme. This is to be funded through a combination of capital receipts from the sale of council owned land which will come forward for redevelopment as a result of the Link Road and borrowing as part of the Council's agreed Capital Programme repaid over a 25 year period.
- 13.2 Third party contributions will be sought wherever considered feasible and / or financially viable; in particular consideration will be given to securing Government and European grant funding. At this stage it is impossible to determine whether the council would be successful in either identifying or bidding for appropriate grant funding, or what amount any grant intervention may contribute. However the Council has recently submitted a comprehensive application to the Department for Transport for funding for the scheme from its Local Authority Pinch Point fund.
- 13.3 Cabinet should be aware that from the point of the council's resolution to invoke the CPO Order the council is at risk of eligible property owners / owners submitting Blight Notices. An assessment of the potential risk of Blight Notices has been undertaken and the conclusion is that while there are a number of owners/occupiers that may serve a Notice the chances of them doing so is low and even if a Notice was served and upheld the cost is included for within the project budget with the exception of three Urban Village Phase 1 plots. It is proposed that these plots should be included within the Phase 1 site to be offered to the market with developers being invited to bid for the Council's land along with the obligation that the developer is responsible for funding the acquisition of these plots. This approach is commonly utilised in the delivery of regeneration proposals such as these as inclusion of the plots is highly desirable to ensure the comprehensive development of Phase 1 of the Village.
- 13.4 It is proposed that the marketing of land at Merton Meadow, in ownership of the council, is commenced following the submission of the planning application in respect of Phase 1 housing development proposals. Subject to the receipt of any conditional offers the report seeks delegated authority for the Chief Officer Finance and Commercial to negotiate any disposal of Merton Meadow in support of the delivery of Phase 1 of the Urban Village.
- 13.5 It is difficult to accurately predict the impact the development of Merton Meadow will have on overall council car park revenue as parking behaviours post the development are unknown. The re-supply of some parking at Station Approach and at Bath Street, use of capacity in existing car parks, and an increased parking charge for commuter parking will mitigate against this, but inevitably a proportion of those currently using Merton Meadow car park will park in private car parks, some in free 'park and share/cycle' sites, and some on street. There may be a resultant pressure on the budget which will have to be monitored and considered within the context of car parking provision and charging strategies. Estimated capital costs for each replacement parking option are highlighted in Appendix 4 and should be considered in the context of enabling significant housing delivery to help meet the housing needs evident in the county. These broader community benefits will need to be value for money considerations at the point of assessing any bids received for the land at Merton Meadow.

14. Legal Implications

- 14.1 If a CPO is made and confirmed, compensation is payable to affected landowners and business owners in accordance with the relevant statutory provisions. Compensation is also

payable arising from the stopping up of a private means of access under the Side Roads Order if any party with any interest in the premises suffers loss in consequence of the depreciation in value or by being disturbed in his enjoyment of his premises.

- 14.2 Specialist CPO and SRO legal advice is being provided by Pinsent Masons LLP in addition to the internal Herefordshire Council Legal Team. Pinsents have provided detailed legal advice on a number of aspects of the overall scheme and are fully conversant with the projects aims and aspirations.
- 14.3 Once the CPO has been confirmed this will be registered as a Local Land Charge and will appear on landowners' property titles.
- 14.4 The delivery of the Urban Village Phase 1 and any subsequent phases would be subject to a Development Agreement between the council and any development partner/s.

15. Risk Management

- 15.1 If the recommendation of this report is agreed the main risk to the council is that the CPO and Side Roads Order are not confirmed by the Secretary of State. The implications of this are that there would be no certainty that the Link Road scheme could be implemented, potentially having an adverse effect on the timings and implementation of the wider regeneration proposals, as they currently stand. The above risk will be mitigated by continuing negotiations with landowners and other parties affected by the orders and continuing with suitable professional guidance and advice, including appropriate legal representation at any Inquiry.
- 15.2 Should the recommendation of this report be declined, the risk to the council is that the land and rights needed for the scheme will not be securable by negotiation within a suitable time frame and/or cost, leading to a potential adverse effect on the timings and implementation of the wider regeneration proposals, as they currently stand. The above risk could be mitigated if the Council were prepared, and able, to extend the timescales for the implementation of the current proposals, and / or were able to meet any increase in costs incurred as a result of a wholly negotiated process.
- 15.3 The conditions imposed by the Homes and Communities Agency on affordable housing grants awarded under the 2011 – 2015 bidding round mean that Sanctuary Housing group must complete the affordable housing element of Phase 1 by 31st March 2015. This means that development will need to commence no later than winter 2013 if there is to be any realistic expectation of Sanctuary Housing Group being able to draw down HCA grant in support of the scheme. It is therefore important that the Council makes a prompt decision surrounding the disposal of Merton Meadow in order to support the delivery of Phase 1 of the Urban Village.
- 15.4 With regard to the replacement parking proposals Appendix 4 only indicates a deficit of spaces when a 10% cushion is applied to predictions and it is assumed that all of Merton Meadow is developed at the same time.
- 15.5 In respect of the replacement parking at Station Approach, the traffic assessment in respect of this location indicates that whilst it is not anticipated that the provision of additional car parking will impact upon highway safety, the additional traffic entering and leaving the area at peak times will result in queuing at the various junctions. The greater the number of spaces created the greater the queuing implications. This may affect any planning application and further work to understand the implications of the Traffic Assessment is being carried out. The works at the junction associated with the Link Road are likely to improve this situation.

16. Consultees

16.1 Hereford Futures

17. Appendices

Appendix 1 - Draft CPO Plan showing land and rights to be acquired

Appendix 2 - Draft SRO Plan

Appendix 3 - Link Road Layout Plan

Appendix 4 - Timeline – Incremental Development

18. Background Papers

None identified.

Plan referred to in the County of Herefordshire District Council (Edgar Street Grid and Link Road) Compulsory Purchase Order 2013

APPENDIX 1

Produced by:
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Ver	Date	Comments	Dim	Chk	App
1.4	28/02/13				

Key plan:
 Land to be Acquired
 Rights to be Acquired

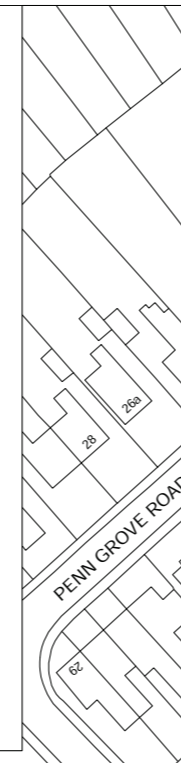


Delivered to:
Herefordshire Council

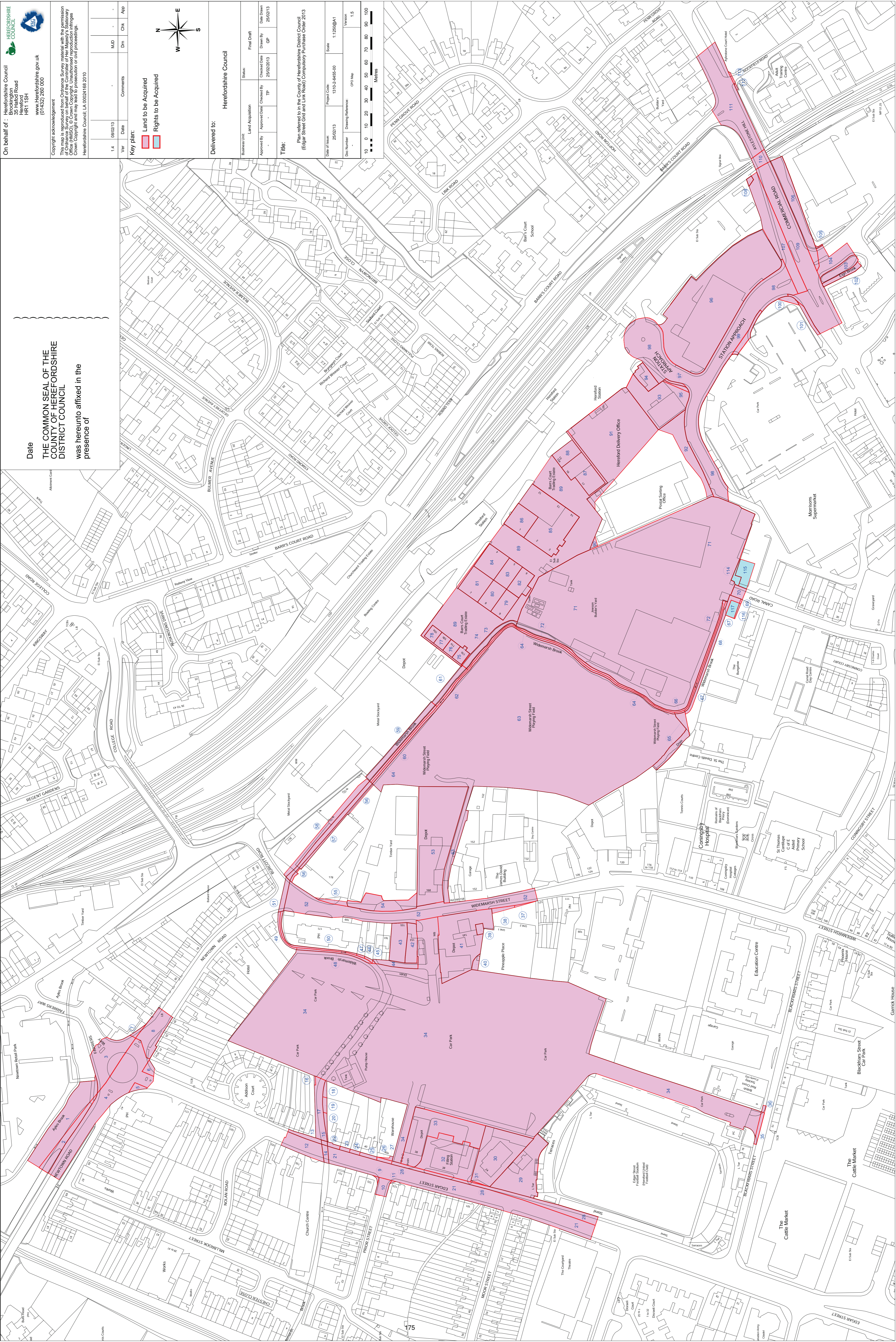
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		Checked Date	Drawn By
		Approved By	Checked By
		TP	GP
			GP

Title:
Plan referred to in the County of Herefordshire District Council (Edgar Street Grid and Link Road) Compulsory Purchase Order 2013

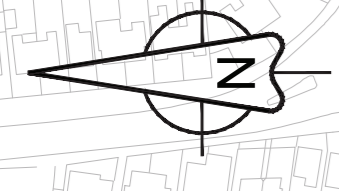
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Date
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was hereto affixed in the presence of



File ref - A1000 project files\002 major projects\551535 esg link road\005 cad drawings\work area\1 line drawings\551535-sro-001 to 003.dwg



0 100

KEY PLAN

THE COMMON SEAL OF
THE COUNTY OF HEREFORDSHIRE
DISTRICT COUNCIL was hereunto
Affixed in the presence of

..... Authorised Officer
DATE.....2013

Rev	Revision details	Chkd	Appd	Date
Drawn: SR	Preliminary			
Design: KTY	For tender			
Chkd: CG	For construction			
Appd: CG	As constructed			
Date: 28/02/2013	Other			



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Project Name
Hereford ESG Link Road

Drawing Title
THE COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL (A465 (HEREFORD LINK ROAD) CLASSIFIED ROAD/SIDE ROADS AND OTHER WORKS) ORDER 2013 MAP KEY PLAN

Original Drawing Size: A1
Scale: 1:2000
Dimensions: m
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551535-SRO-001



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Site Plan 2

Site Plan 1

SITE PLAN 1

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DISTRICT COUNCIL was hereunto
Affixed in the presence of

.....Authorised Officer

DATE.....2013

Rev	Revision details	Chkd	Appd	Date
	Drawn: SR			
	Design: KTY			
	Appd: CC			
	Date: 28/02/2013			
		Preliminary		
		For comment		
		For tender		
		For construction		
		As constructed		
		For Information		



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Project Name

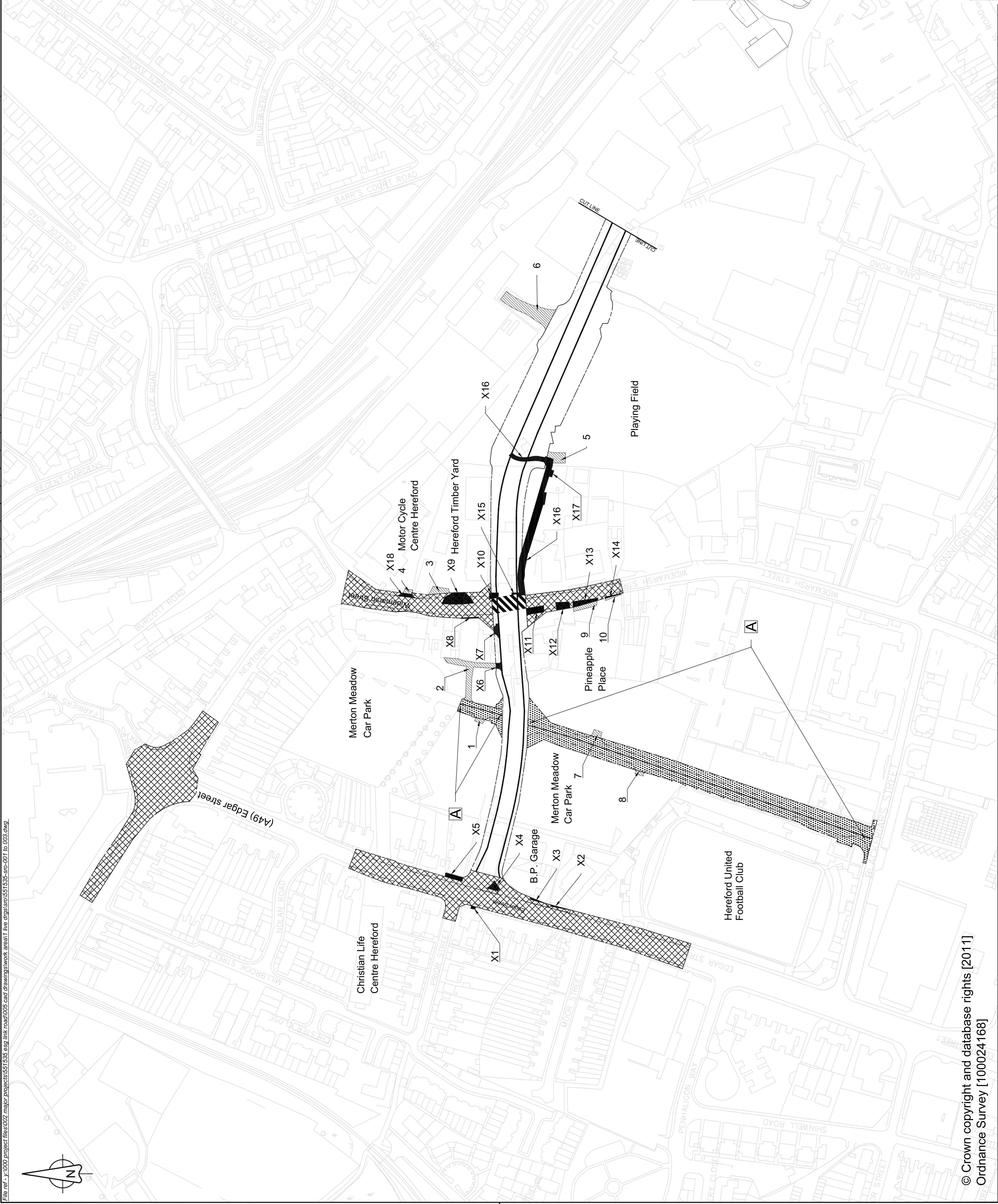
HEREFORD ESG LINK ROAD

Drawing Title

THE COUNTY OF HEREFORDSHIRE DISTRICT
COUNCIL (A465 (HEREFORD LINK ROAD)
CLASSIFIED ROAD)(SIDE ROADS AND OTHER
WORKS) ORDER 2013 MAP
(Sheet 1 of 2)

Original Drawing Size : A1
Scale : 1:1250
Dimensions : m
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551535-SRO-002
Rev



File ref: \y:\002 project files\02 major projects\551535_sro\link_road\005 cad drawings\work_area1 line.dwg; sro\551535-sro-001 to 003.dwg.

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SITE PLAN 2

THE COMMON SEAL OF
THE COUNTY OF HERFORDSHIRE
DISTRICT COUNCIL was hereunto
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..... Authorised Officer

DATE: 2013

Rev	Revision details	Chkd	Appd	Date
Drawn: SR	Preliminary			
Design: KTY	For comment			✓
Chkd: KTY	For tender			
Appd: CG	For construction			
Date: 28/02/2013	As constructed			
	Other			



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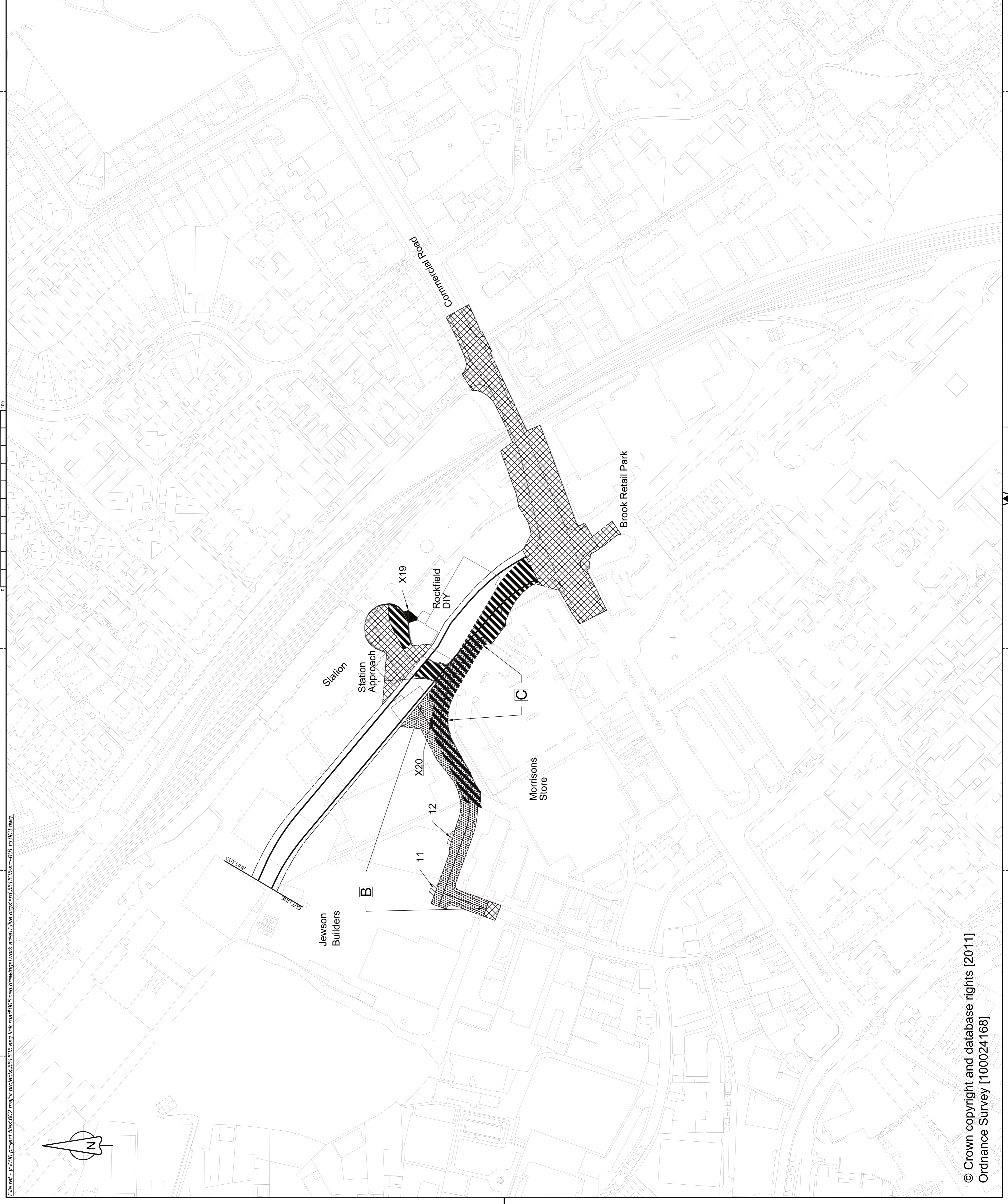
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HEREFORD ESG LINK ROAD

Drawing Title
THE COUNTY OF HERFORDSHIRE DISTRICT COUNCIL (A465 (HEREFORD LINK ROAD) CLASSIFIED ROAD/SIDE ROADS AND OTHER WORKS) ORDER 2013 MAP (Sheet 2 of 2)

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Rev








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THE COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL (ESG LINK ROAD)

(SIDE ROAD AND OTHER WORKS) ORDER 2013

PLAN SYMBOLS

<p>The Classified Road</p>		<p>Highway boundary Edge of Carriageway Highway boundary</p>	<p>CONTENTS OF PLAN FOLIO:</p>
<p>Highway to be Improved</p>		<p>Highway boundary Edge of Carriageway Highway boundary</p>	<p>KEY PLAN SITE PLAN 1 OF 2 SITE PLAN 2 OF 2</p>
<p>Highway to be Stopped up</p>		<p>Highway boundary Highway boundary</p>	<p>THE COMMON SEAL of THE COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL was hereunto Affixed in the presence of</p>
<p>New Highway</p>		<p>Highway boundary Carriageway Highway boundary</p>	<p>.....Authorised Officer</p>
<p>New Private Access</p>		<p>Private Access to be Stopped up</p>	<p>DATE.....2012</p>

KEY	Revision details	Checked	App'd	Date
Junction Intervisibility Splay	Drawn:	Preliminary		
Landscaping	Design:	For comment		
Shared Cycleway - Footway	Chkd:	For tender		
Carriageway	App'd:	For construction		
Footway	Date:	As constructed		
Tactile Paving		Other		
Pedestrian walkways				
Proposed Traffic Signals				
Proposed Lamp Column				
Sign to TSRGD ?????				
Sign to TSRGD ?????				
Proposed Drainage Channels				
Pedestrian Guardrail (Review)				
Proposed Retaining Wall				
Pedestrian Crossing				

amey

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 Brookington, 35 Hatter Road, Hereford, HR1 1SH Tel: (01432) 260000 Fax: (01432) 260286

Herefordshire Council

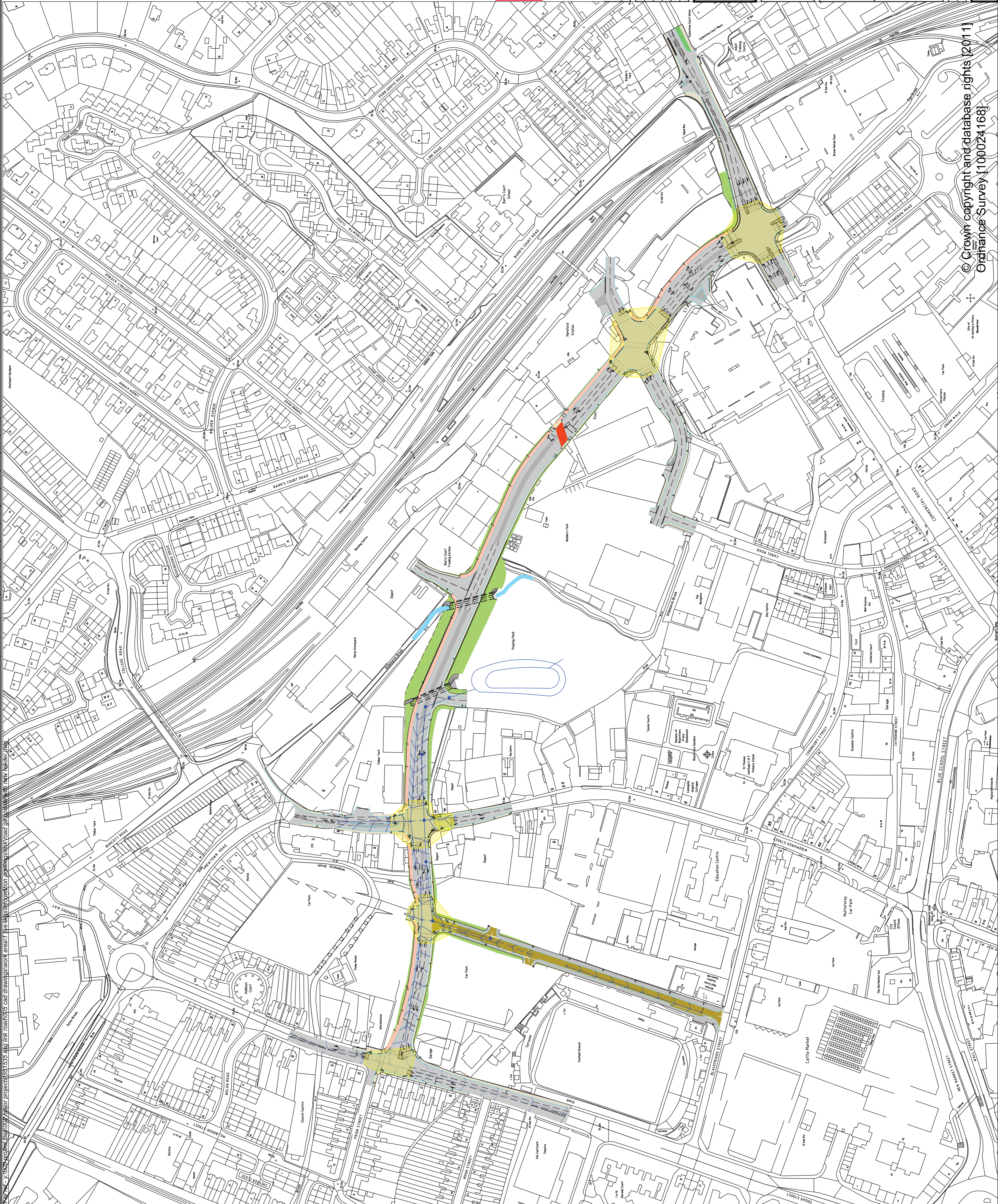
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Drawing Title: **Link Road GA**

Original Drawing Size: A1
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 Dimensions: ...
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Drawing No: **551535-I-010**
 Rev: **P0**

DRAFT



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Timeline associated with Urban Village/Merton Meadow car parking – incremental development of Merton Meadow and assume no growth in demand prior to Retail Quarter opening

Date	Event	Gain/loss (spaces)	Parking supply (spaces)	Parking demand (spaces)	Surplus or deficit (spaces)	Demand (+10%) (spaces)	Surplus or deficit (spaces)	Capital costs 2013/14 (£)	Indicative income over 5 years (£)
Feb 2013	Current situation		2985	2234	+751	2457	+528		
Mar 2013	MSCP – temporary closure Temporary car park Blackfriars St opens	-399 +80	2666	2234	+432	2457	+209		
Feb – June 2013	Works required to deliver car park at Station Approach (note 4)							286,500 – 367,500	383,000
Feb 2013	Serve notice on Welsh Club to terminate lease (note 5)								
July 2013	Garrick surface car park closes	-80	2586	2234	+352	2457	+129		
July 2013	Station Approach car park opens	+188	2774	2234	+540	2457	+317		
Sep 2013	MSCP re-opens	+399	3173	2234	+939	2457	+716		
Jul 2013 – Mar 2014	Re-locate staff from Bath Street offices & works to deliver car park on whole site							531,000 – 639,000 (includes demolition & site clearance)	780,000
Aug 2013 (late)	Works on Welsh Club car park (note 5)							15,000	103,000
Autumn 2013	Part of Merton Meadow closes Welsh Club car park available	-523 + 40	2690	2234	+456	2457	+233		
Feb 2014	Temporary car park Blackfriars St closes	- 80	2610	2234	+376	2457	+153		
Apr 2014	Retail Quarter opens	+ 535	3145	2540	+605	2794	+351		
June 2014	Bath Street car park opens (note 6)	+250	3395	2640	+755	2904	+491		
Post June 2014	Balance of Merton Meadow closes	-240	3155	2640	+515	2904	+251		
Totals								832,500 – 1,021,500	1,266,000

Notes -

1. Parking supply figure does not include 250 'park & share/cycle' spaces (existing and planned for delivery by Summer 2013).
2. Number of spaces in supply figure includes 732 in private publically available car parks, but excludes supermarkets.
3. Capital costs are based on surface car park construction costs calculated at between £1,325 and £1,700 per space (based on Spones Architect & Building Price Book 2012).
4. **Station Approach (site of former 'Rockfield DIY')** – capital cost does not include demolition and site clearance which is within the existing Link Road capital budget.
5. **Welsh Club** – 6 months notice required to terminate existing lease. Capital cost is to make good the existing surface and install a payment machine.
6. **Bath Street** – it is estimated that 250 car park spaces can be delivered on the whole site.

