

# AGENDA

## Cabinet

Date: **Thursday 18 April 2013**

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Time: **2.00 pm**

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

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

For any further information please contact:

**Sally Cole, Governance Services**

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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	Portfolio Responsibility	Scrutiny Committee	28 Day Notice Given
5	Rising to the Challenge and Root & Branch Review	Corporate Services	General Overview and Scrutiny	Yes

**1. APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

**2. DECLARATIONS OF INTEREST**

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

**3. MINUTES**

To approve and sign the minutes of the meetings held on 27 February and 14 March 2013.

5 - 18

**4. BUDGET MONITORING REPORT**

To report the financial position for both Revenue and Capital budgets to 28 February 2013. The Treasury Management position is also included.

19 - 44

**5. RISING TO THE CHALLENGE AND ROOT AND BRANCH REVIEW PROGRAMME**

45 - 98

The purpose of this report is for Cabinet to consider the:

- Closure of the Rising to the Challenge Programme;
- Progress on the implementation of the Root and Branch Reviews;
- Outstanding actions from the Root and Branch Reviews and proposals for the Herefordshire 2020 Review.

**6. DIGITAL STRATEGY**

99 - 118

To seek approval for a new Digital Strategy 2013/18 encompassing information management, technology, communications and engagement.



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## **HEREFORDSHIRE COUNCIL**

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HEREFORDSHIRE COUNCIL

**MINUTES of the meeting of Cabinet held at Council Chamber - Brockington on Wednesday 27 February 2013 at 9.00 am**

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

**Councillors:** RB Hamilton, PM Morgan, RJ Phillips, GJ Powell and PD Price

**In attendance:** Councillors AM Atkinson, P Rone, RI Matthews, A Seldon, PA Andrews and EPJ Harvey

**1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors: H Bramer, Cabinet Member Major Contracts and AW Johnson, Cabinet Member Financial Management.

**2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**3. LOCAL DEVELOPMENT FRAMEWORK/COMMUNITY INFRASTRUCTURE LEVY**

The Cabinet Member Environment, Housing and Planning presented the report of the Assistant Director Economic, Environment and Cultural Services. It was noted that Cabinet received a document which provides updates to the changes proposed to the Cabinet version of the Draft Core Strategy as a result of the preparation of the draft Sustainability Appraisal and draft Habitats Regulations Assessment reports.

The following comments were made by the Cabinet Member:

- Thanked all staff that had been involved in the process of producing the documents before Cabinet for consideration.
- Referred to the recommendations of the report and advised that it was proposed that recommendation (b) be removed.
- The report before Cabinet was to agree the final consultation process prior to the Local Development Framework (LDF) being taken to the July Council meeting for approval.
- Work on the LDF began in 2007 and views were gathered through consultation to help shape and form the strategy.
- In July 2012 a revised timetable was put before and agreed by Cabinet.
- The Cabinet Member urged everyone to look through the consultation document and to make their comments.

The Assistant Director and his team made the following points to Cabinet:

- Referred to the key points summary of the report and that the draft plan was underpinned with an evidence base.

- Stated the plan was envisaged to be visionary and fundamental to the places where people live and set in context for the future vision for the county as a whole.
- The Community Infrastructure Levy (CIL) neighbourhood planning, the Local Transport Plan and the LDF are all related and provide an evolving context for development in the County.
- The River Wye is a special area of conservation and the key issue was the level of phosphates in the river. In recent months significant progress has been made on resolving technical issues on water quality as a result of joint work with Welsh Water, the Environment Agency and Natural England.
- A website for the LDF, which had been proposed by the General Overview and Scrutiny Committee (GO&SC), was now live and accessible for the public.
- Concern had previously been raised over the online consultation. Cabinet was advised that new software was in place which would enable an immediate analysis of the comments made and provide a prompt turnaround with the results.
- Cabinet was advised that Appendix C to the report outlines the draft change schedule proposed for consultation.

The following are comments made during the Cabinet debate:

- There was a need to incorporate a greater amount of flexibility, to meet the aspirations of the Herefordshire communities and to take into account Members' views from the seminars on neighbourhood planning.
- It was essential that the LDF was in general conformity with National Planning Policy Framework (NPPF).
- The proposals were key to the future of the economy of the county to ensure that the residents of the county had decent jobs and homes to live in.
- Consultation would be carried out with local businesses. The market towns and the city also needed to have a debate about future development proposals.
- Current work with rural communities on neighbourhood plans and the LDF had ensured they conformed with the NPPF.
- In further reference to the water quality of the River Wye Cabinet was informed that a Statement of Intent had been signed by both the Environment Agency.
- In referring to the Enterprise Zone and its importance it was emphasised there would also be enterprise hubs in the market towns. It was important that everyone realised that Hereford City was not the only place driving the economy of the county.
- There were now 24 parish councils that had agreed to develop neighbourhood plans.



- The Chairman of the GO&SC put to Cabinet the recommendations of the Committee, which were:
  - To enable the public to make a considered response to the questionnaire all evidence be made available via the dedicated web site for the LDF/consultation; and
  - The agenda and minutes of the Water Steering Group are also published to the dedicated web site for the LDF/consultation.
- In referring to the consultation time frame outlined on pages 11 and 12 of the report it was noted that the consultation starts on 4 March and concludes on 22 April. The next stage would be to take the results of the consultation to the GO&SC in May. In response to a question on the time frame and consultation process, officers believed the process was robust enough to ensure the presentation to GO&SC in May; as analysis would begin at the outset of the consultation. In addition there was a service level agreement in place to ensure turnaround within the two weeks following the close of the consultation process.

Councillor Harvey, as Deputy Leader of the It's Our County (IOC) Group made the following comments to Cabinet:

- Questioned the validity of the documents, whether the process being followed was in line with the Council's Constitution and whether the decision before Cabinet should be a key decision.

In response the Monitoring Officer informed Cabinet that the guidance under the statutory regulations were to treat any budget and policy framework item, which the LDF was, as a key decision in that a notice of the item is advertised for 28 days prior to the meeting to discuss it. However, it was important to note that the final decision was that of Council, which would be in July of this year. In referring to the documents the Cabinet Member confirmed to the Monitoring Officer that he had not received any additional documents to those before Cabinet today to aid the decision making. The Monitoring Officer confirmed that he was satisfied that background papers to the documents were available for the public, as statutorily required, when the papers were published and were later made available on the website. He added that not all documents referred to in the report were relied upon to produce the final report and that he was satisfied that everything necessary was available for the meeting of Cabinet.

The Deputy Leader of the IOC Group made the following observations to Cabinet and circulated suggested revised recommendations:

- There were five major points of concern regarding the Core Strategy and CIL documents.
  - Continued gaps and issues of unsoundness left unresolved at the point of consultation.
  - Failure to disclose key information required for consultation under DCLG guidance.
  - Lack of time to assure proposed CIL rates.

- Need to inject additional flexibility into Core Strategy.
  - Opportunity to significantly improve success at examination for very slight delay in schedule.
- Confirmation was sought that officers had been using the Planning Advisory Service Soundness Checklist. Despite improvements in the plan it was felt that serious issues relating to soundness remained, such as economic viability, deliverability, the ultimate effect of environmental constraints on development and the dependence of the spatial strategy on the relief road.
  - Cabinet was asked how they had assured themselves that the rates closed the funding gap between what infrastructure was needed and what funding was available, as it was felt that none of the documentation provided stated anything with regards to the funding gap.
  - It was asked if there was market evidence to prove how realistic the benchmark land values were.
  - It was asked if the rates proposed were the right ones for consultation and that they did not inhibit the bringing forward of land for development.
  - It was asked if land prices were generally too high and the introduction of CIL was to help drive prices down. Also what was the transition plan for early years development to ensure affordable housing and local infrastructure projects got delivered?

In response the Cabinet Member referred Cabinet to page 26 of the Agenda and the measures to be taken with regards to housing. He added that there were deliverable and developable sites identified, which could be brought forward and that there were 5300 homes planned for rural areas. The Cabinet Member stated his appreciation of the work undertaken by the Task and Finish Group that Councillor Harvey chaired and confirmed that he was content with the recommendations put forward today.

The Cabinet Member and Assistant Director Economic, Environment and Cultural Services made the following comments to Cabinet in response to Councillor Harvey.

- Checking for soundness had been on-going work since 2007/08.
- Officers had engaged with the Planning Inspectorate leading up to this point and would continue to do so for the remainder of the timetable. The Planning Inspectorate would continue to advise and actively work with the Council on the soundness of the plan and ensure it was consistent with the NPPF.
- The Assistant Director commented that in his view the Plan was effective.. The team had worked with business and had been refining the evidence base, had listened to technical agencies and was keen to ensure it was fit for purpose. Therefore both the Cabinet Member and the Assistant Director were comfortable for the plan to go out for consultation.
- It was noted that in 2009 Herefordshire Council worked jointly with the Highways Agency and studied the no road scenario and in 2010 tested the scheme for no road options. The Council is now satisfied that with the level of testing carried out and that it would cope with the proposed housing.

- In response to the Leader's point that housing for people came first and the road second, it was confirmed that the transport strategy had always followed the lead of economic growth.
- It was confirmed that CIL was a top-up and that key elements of infrastructure would be delivered through public sector funding. It was confirmed that the public and Parish Councils would be supported with any queries they might have on this technical matter.
- It was reiterated that Cabinet's meeting today was to confirm whether to go out for consultation and it was believed it was appropriate to do so.
- In response to a question as to whether local MPs and businesses supported the plan it was pointed out that page 119 of the report clearly stated that businesses were not going to be charged for CIL. In addition MPs could make their comments on the plan the same as any resident.
- In response to a question on whether further consultation would be done on the LDF, Cabinet was referred to page three of the report and it was stated there was no intention to go out for another round of general consultation on the LDF. Paragraph 10.2 referred to two different consultation processes leading up to and then beyond the approval of the Plan by Council.
- In response to a question from the Chairman of the GO&SC seeking reassurance that the plan was flexible and going out for consultation on the best information available at this time, the Assistant Director stated this plan was more flexible than the old style plan and was in conformity with the NPPF. Residents and organisations were urged to make their comments and respond during the consultation process.

It was proposed and accepted that recommendations a) c) and d) of the report be approved.

## **RESOLVED**

### **THAT:**

- a) the draft Herefordshire Local Plan – Core Strategy 2011-2031 for consultation be approved;**
- b) the preliminary draft Community Infrastructure Levy charging schedule for consultation be approved; and**
- c) the consultation programme be approved.**

The meeting ended at 10.50 am

**CHAIRMAN**



**MINUTES of the meeting of Cabinet held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Thursday 14 March 2013 at 2.00 pm**

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

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

**In attendance:** Councillors AM Atkinson, P Rone, MAF Hubbard, TM James, RI Matthews and A Seldon, PA Andrews, WLS Bowen, EMK Chave, J Hardwick, AJW Powers and SJ Robertson

**76. APOLOGIES FOR ABSENCE**

There were no apologies for absence received.

**77. DECLARATIONS OF INTEREST**

Councillor Phillips declared a non-pecuniary interest in agenda item 5 (Herefordshire Council Workforce Strategy 2013-15), because of his roles as Deputy Chair of the Local Government Association Workforce Board, and a member of its National Joint Council. He remained in the meeting for the duration of the item.

**78. MINUTES**

**RESOLVED:** That the minutes of the meeting held on 21 February 2013 be approved as a correct record and signed by the Chairman.

*[Note: the minutes of the meeting held on 27 February 2013, which were also listed on the agenda for approval, were to be finalised and would therefore be put to Cabinet's next meeting programmed for April 2013.]*

**79. CORPORATE DELIVERY PLAN**

Cabinet considered a report on the corporate delivery plan for 2013/14, which had been approved by Council on 23 November 2012. The report gave the review position, following a realignment of resources to ensure that the Council was working on the right things. It provided further detail on the specific projects contained in the plan, and the methodology and basis for measuring in-year performance. The plan was one element of the Council's wider Budget and Policy Framework, and its overall aims were to improve performance, reduce costs, identify and minimise risks and ensure effective service delivery.

Council had delegated the responsibility for approving in-year amendments to "outcome measures" to Cabinet, and members were asked to consider adding a series of outcome measures to the corporate delivery plan, to enable more effective monitoring (paragraph 10.4 of the report, page 7 of the agenda refers).

The following principal points were made in discussion:

- It was crucial to maintain a correct balance between the corporate delivery plan, the root and branch programme, and the budget, and the proposed quarterly reports to Cabinet would be an essential part of the monitoring process.
- The Chief Executive provided reassurance that in moving forward, the focus would be on the specific elements of the Council's business plans, in order to demonstrate effective delivery and financial control. He would speak in more detail on financial control later in the order of business on the agenda (minute 83 refers).
- There would be an ongoing public consultation over some elements of the plan, particularly because some projects would continue to impact on specific communities and groups of people. In addition, a number of events would be run, using the "lean approach" to understanding the entire customer experience from start to finish.
- It was requested that councillors in general be included in the process for meeting the delivery challenges outlined in paragraph 10.7 of the report. Some members felt that this paragraph served to emphasise a clear need to appoint specific project managers to alleviate the growing pressure on directors, particularly in the areas of making savings and improving performance. Acknowledging that such a move might present a resource issue, the Head of Human Resources said that project management would most likely be concentrated on the bigger, more complex projects, and that the capability of line managers and their staff also needed to be drawn upon. She said that she would consider ways to develop the role of councillors more fully in relation to the issues in paragraph 10.7, alongside the current level of updates provided to Cabinet, and the agreed routine involvement of the Overview and Scrutiny Committees. This also needed to be carefully balanced with officers being enabled to carry out their tasks effectively.
- In response to a question, the Head of Human Resources gave details of the current recruitment campaign in respect of social workers. Despite using some innovative ways to attract staff in this field, and a scheme of career development amongst existing staff, it was still challenging to secure permanent experienced team members due to a national shortage of social workers.

**RESOLVED: that**

- (a) the corporate delivery plan 2013/14 be approved;**
- (b) the additional outcome measures (as detailed in paragraph 10.4 of the report) 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 be noted; and**
- (d) the Overview & Scrutiny Committees will play a role in challenging and assurance of delivery.**

**80. HEREFORDSHIRE COUNCIL WORKFORCE STRATEGY 2013-15**

The Deputy Leader/Cabinet Member Corporate Services presented a report on the Council's workforce strategy for 2013-15. The strategy set out the framework for the proposed outcomes for the workforce in the light of the Council's ongoing transformation. It had taken account of the priorities in the corporate plan, together with the employee opinion survey and other performance and feedback mechanisms within the Council. He drew members' particular attention to the identified workforce strengths and

weaknesses, the Council's priorities for attracting, recruiting and retaining key staff, and the guiding principles of its pay and reward policy.

During the ensuing discussion, the following key points were made:

- The ten workforce outcomes outlined in paragraph 10.1 of the report were the underpinning principles of the strategy, and would ensure that the right management skills, staff and roles were in place. Many elements, such as outcome (f) (supporting team members to lead healthy lives and to have a good work/life balance) had arisen directly from the staff opinion survey, coupled with analysis of staff data.
- A general measure was being put in place to de-clutter the Council's staff policies, to enable a swifter and more agile decision-making process, and provide greater clarity of guidance.
- The workforce strategy was mindful of the current challenging economic climate, and aimed to encourage staff motivation and morale, and optimise the positive value of the workforce in relation to service provision. The new system of staff appraisals would be a key tool in monitoring the workforce and helping staff to achieve career progression and feel valued.
- With reference to paragraph 15.1.2. of the report, it was noted that Cabinet would receive a report on the information management and technology strategy at its meeting on 18 April 2013.

**RESOLVED: that the Workforce Strategy (at Appendix A of the report) be approved.**

#### **81. CHILDREN'S SAFEGUARDING - IMPROVEMENT NOTICE AND PROGRESS ON THE OFSTED RECOMMENDATIONS**

The Cabinet Member Health and Wellbeing reported that an Improvement Notice had been received from the Department for Education (DfE) in respect of Children's Safeguarding. She also highlighted the progress that has been made in addressing Ofsted's recommendations, setting out key areas of action that were essential to secure good child protection services over the next two years. One of the requirements of the Notice was a statement of expectation by the Council, and an action plan, which were contained in Appendices 2 and 3 of the report.

The main points of the discussion were:

- It was imperative that the Council had full ownership and delivery of the statement of expectation and the action plan, and reached agreement with all of the necessary external agencies on the way forward. Partnership working was by its nature challenging, and Cabinet was given assurance that other agencies were fully on board and committed to making the necessary improvements.
- Correct balance was needed between addressing the urgency of the measures and making sustainable improvements. Evidence of progress to date was given in Appendix 4 to the report.
- Members and staff would be provided with regular information in real time so that progress could be measured accurately. Some aspects of the plan were being monitored on a daily basis so that an immediate response could be applied when needed. The Director for People's Services reported that officers involved in implementing the action plan were ambitious and driven to ensure its success. It was important to engage all staff fully in the plan, and to support those with challenging roles.
- The main priority area was an audit of some 1400 cases, which when complete, would give a strong indication of quality of practice. It was important to work around

some of the issues, such as the inflexibility of the ICT system in use, and to distinguish between quality of practice information and performance data.

- It was crucial that all councillors attended safeguarding training to further a broad understanding of the issues at stake. Some members with experience in this area were already supporting the process. The importance of the scrutiny role and the Safeguarding Board was also emphasised.
- Nationally, recruitment in children's safeguarding was difficult due to an overall shortage of skilled workforce, particularly at management level. The Council was continuing its recruitment campaign and further developing its strategies for career progression
- Members noted that the next Ofsted report was due in the autumn of 2013, at which time the independent chair of the Improvement Board would send a separate report to the DfE. In the meantime, the quarterly reports to Cabinet would provide a much greater level of detail so that members were fully aware of developments.

**RESOLVED: that**

- (a) the Improvement Notice from the Department for Education be received;**
- (b) the statement of expectation for children's safeguarding in Herefordshire, and further discussion and potential endorsement by partners, be confirmed;**
- (c) the finalisation of the statement as set out in the report, be delegated to the Director for People's Services; and**
- (d) progress to date in addressing the recommendations from Ofsted, be noted.**

## **82. DIRECTOR OF PUBLIC HEALTH ANNUAL REPORT 2012**

The Director of Public Health presented the annual public health report for 2012, which included information about the changes to public health and the transition process. The report also incorporated proposals to change ways of working during 2013 to include the Living and Wellbeing Review. The approach recommended in the report would inform service development and commissioning aimed at improving the public health and wellbeing.

Members commented that the move to place the responsibility for public health with the Local Authority presented a significant opportunity to make a difference to the Herefordshire population, enabling greater control and a direct and open dialogue with local communities, and helping to steer the ongoing consultations in relation to the Council's core strategy.

**RESOLVED: that**

- (a) the Director of Public Health's Annual Report 2012 be received;**
- (b) the implementation of the report's recommendations, and the proposed approach and actions highlighted in the report to inform service development and commissioning during the next planning cycle and in the medium term, be supported; and**
- (c) the dissemination of the report and cascade of key messages, be supported.**



### 83. BUDGET MONITORING REPORT 2012/13

The Cabinet Member Financial Management presented the report of the Chief Officer Finance and Commercial, which gave the financial position for both revenue and capital budgets to 31 January 2013, and projected financial information to the end of the financial year. The report also contained the up-to-date treasury management position.

Cabinet noted the key points summary on pages 99 and 100 of the agenda, and in particular the projected overspend of £3.9 million, which would need to be met largely from the general funds reserve of £6.1 million. Referring to the table on pages 100 and 101, outlining the main financial movements from the December 2012 projected spend, members noted in particular the continued demographic pressures which were responsible for increases in expenditure for adult social care, and the significant number of claims under the Bellwin grant scheme in respect of flood damage. The Chief Officer Finance and Commercial emphasised the importance of providing a clear picture of the overall financial position at all times, and to be able quickly to respond to any areas which took a different direction to that projected.

During the discussion, the following key points were raised:

- Members commended the financial team for securing excellent interest rates on short-term borrowing.
- Concern was expressed at the pressure caused by early discharges in the hospital system and the impact that this might have on other areas of the system. It was acknowledged that the pressure could be mitigated in part by improvements in the home care and close-to-home care process.
- With reference to paragraph 20 of the report, it was confirmed that very limited information was currently available in relation to a pending fine for a data protection breach in children's services. The information would be made available to members when the investigation had been concluded, and this would help to avoid any future recurrences.
- With reference to paragraph 15.1 of the report, the Chief Executive confirmed that, having re-assessed the Council's risk management statement, he was taking an immediate measure to effect a more robust system and increase financial control throughout the Authority. This would take the form of regular financial control meetings for each directorate, to be chaired by the Chief Officer Finance and Commercial. Cabinet noted that the meetings would begin in the very near future, and welcomed this move.

**RESOLVED: that**

- (a) the report and the forecast position be noted;**
- (b) the fact that 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, be noted; and**
- (c) the Treasury Management report at Appendix C to the report, be noted.**

### 84. COMMISSIONING AND COMMERCIAL STRATEGY

Cabinet considered a proposed commissioning and commercial strategy, which set out the Council's approach to commissioning, procurement and contract management. The Head of Commercial Services explained the key commissioning principles as set out on page 136 of the agenda, and the main purposes of the strategy, given in paragraph 10.2 of the report.

The following principal points were raised in the ensuing discussion:

- Value for money, staying within budget, giving clear expectations, and providing a proper audit trail were essential elements of commissioning, and there should be a proven ability to demonstrate these elements to the public.
- The Head of Commercial Services gave assurance that more measures would be put in place to further effective contract management, including developing a commissioning toolkit, establishing a robust contract management system, and bringing in tighter financial controls and strategic analysis.
- In response to a question, the Head of Commercial Services advised that the Council was in the process of recruiting qualified procurement officers by three means, namely: a specialist recruitment drive, a system of developing staff to fill given roles through a “grow your own” system, and a graduate trainee scheme.
- Given the current budgetary pressure, members welcomed information on decommissioning as part of the strategy, and commented that there was also merit in exploring avenues of income generation.

**RESOLVED: that the new Commissioning & Commercial Strategy 2013-2016, at Appendix A to the report, be noted.**

**85. URBAN VILLAGE / LINK ROAD COMPULSORY PURCHASE ORDER AND ASSOCIATED SIDE ROADS ORDER**

The Cabinet Member Environment Housing and Planning presented a report in respect of the urban village/link road compulsory purchase order, and the associated side roads order.

The decision to be taken was a Key Decision because:

- it would result in the Council incurring expenditure which was significant having regard to the Council’s budget for the service or function to which the decision related; and
- because it was 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.

Members observed that Notice had 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.

In accordance with the agreed master plan, Cabinet was requested 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. These uses included housing, employment, 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 sought to approve the making of the necessary orders, and also considered the next steps associated with the development of the Urban Village Phase 1, which formed 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 also sought delegated authority for the Chief Officer Finance and Commercial to make arrangements to market Council-owned land at Merton Meadow.

The following points were made in debate:

- The Assistant Director Place Based Commissioning confirmed that the costings for the compulsory purchase orders had factored in certain legal costs, and a business relocation strategy. It was noted that one of the principal sites had already been purchased.
- Funding was available to support an element of affordable housing within the proposed scheme, and it was noted in particular that Sanctuary Housing had undertaken a public consultation on this issue, and that a planning application was expected in the near future.
- Cabinet felt that the development of the link road was crucial to the delivery of new housing, the broader regeneration of the Hereford city area, and traffic relief to the inner ring road.
- The site would bring additional benefits in the form of civic and community uses, including the provision of policing and health facilities, a new transport hub adjacent to the railway station, and sustainable travel features including pedestrian and cycling access.
- To ensure best practice, officers would visit some sites where similar schemes had already taken place.

**RESOLVED: 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.**

The meeting ended at 4.25 pm

**CHAIRMAN**

<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>18 APRIL 2013</b>
<b>TITLE OF REPORT:</b>	<b>BUDGET MONITORING REPORT 2012/13</b>
<b>REPORT BY:</b>	<b>CHIEF OFFICER: FINANCE &amp; COMMERCIAL</b>

## 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 28 February 2013. The Treasury Management position is also included.

## 5. Recommendation(s)

**THAT:**

- (a) **Cabinet note the report and the forecast position;**
- (b) **Note the Treasury Management report at Appendix C.**

## 6. Key Points Summary

- As at 28 February 2013 the overall revenue budget position showed a projected overspend of £3.5m by the end of the financial year, as shown in Appendix A. This is approximately 2.5% of the council's £143.4m revenue budget. This is an improvement of £398k since the projection in January 2013. Details of spending and actions taken by Directorates are included in Appendix A.
- The general fund reserve balance as at 31 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 1 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

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Further information on the subject of this report is available from Heather Foster: Head of Corporate Finance  
on Tel: (01432) 260248

reclassification as general reserves, for example the balance held for schools. However, the requirement for other reserves will be further reviewed as part of the 2012/13 accounts closedown.

- 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 £38.1m 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 (£776k net).
- This is the last report until the year end position is reported to Cabinet in June 2013.

## 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 14 March 2013, which included the revenue and capital projected out-turn as at January 2013.

## 10. Key Considerations

10.1 The projected overspend is £3.5m by the end of the financial year 2012/13. This is approximately 2.5% of the council’s £143.4m revenue budget.

10.2 The main movements from the January projected overspend of £3.9m are shown in the table below;

	£000
<b>Projected out-turn as at January</b>	<b>(3,933)</b>
Additional pressure on Winter maintenance cost	(215)
Reduction in shortfall on Planning income	175
Savings from capitalisation of ICT spend	240
Reduction in Learning Disabilities respite care	250
Reduction in Mental Health (MH) packages (residential & nursing)	142
MH deferred packages	163

MH domiciliary packages	39
Older People (Incl. nursing / reduction residential)	(17)
Increase in Physical Disabilities (dom. care and residential packages)	(39)
Reduce estimate capitalisation in social care	(100)
Redundancy costs	(62)
Other commissioning savings	27
Provide for data protection fine (estimate)	(100)
Increased agency / young offender placements	(63)
Other children's provider savings	21
Environmental health (Leominster leachate key item)	(19)
Investment income	(4)
Centrally held budgets	(40)
<b>Latest projected out-turn</b>	<b>(3,535)</b>

- 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 People's Directorate is currently projecting a £6.5m overspend. This includes a projected overspend of £7.7m on the Adult Social Care budget. The Directorate's overall position is assisted by savings within Children's Services.
- 10.5 The Places & Communities Directorate is projecting an underspend of £147k for the year. Additional costs associated with the bad weather have had a significant impact but this has been partially offset by an improvement in planning income.
- 10.6 Earlier this year the Corporate Services Directorate reviewed its budgets and put in place actions to deliver a £1.2m contribution to mitigate the overall position.
- 10.7 Further details of the Directorate projections are included in Appendix A.
- 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 £74k 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 31 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 1 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 will be further reviewed as part of the closedown of the 2012/13 accounts.

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 will 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 28<sup>th</sup> February 2013.

<b>£'000</b>	<b>Exp Budget</b>	<b>Income Budget</b>	<b>Net Budget</b>	<b>Projected (over) or under spend</b>
People's Services	181,222	(108,658)	72,564	(6,520)
Places and Communities	51,034	(13,799)	37,235	147
Corporate Services	88,919	(67,040)	21,879	1,276
<b>Directorate Position</b>	<b>321,175</b>	<b>(189,497)</b>	<b>131,678</b>	<b>(5,097)</b>
Capital funding			16,072	850
Investments			(352)	(74)
Revenue Contribution to Capital			320	320
WMS Profit Share			(624)	(394)
Centrally Held Budgets (net)			319	(375)
Government grants			(4,623)	235
Contingency			1,000	1,000
Transfer to/from Reserves			(431)	0
<b>Total</b>			<b>143,359</b>	<b>(3,535)</b>

2. As of the end of February 2013 the overall revenue budget position for 2012/13 shows a projected £3.535m overspend, which is approximately 2.5% of the council's £143.4m revenue budget. The main movements from the January 2012 projected overspend of £3.933m are shown in the table below;

	£000
<b>Projected out-turn as at January</b>	<b>(3,933)</b>
Additional pressure on Winter maintenance cost	(215)
Reduction in shortfall on Planning income	175
Savings from capitalisation of ICT spend	240
Reduction in Learning Disabilities respite care	250

Reduction in Mental Health (MH) packages (residential & nursing)	142
MH deferred packages	163
MH domiciliary packages	39
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Reduce estimate capitalisation in social care	(100)
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Other commissioning savings	27
Provide for data protection fine (estimate)	(100)
Increased agency / young offender placements	(63)
Other children's provider savings	21
Environmental health (Leominster leachate key item)	(19)
Investment income	(4)
Centrally held budgets	(40)
<b>Latest projected out-turn</b>	<b>(3,535)</b>

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 largely due to delaying borrowing. Investment income is anticipated to underachieve by £74k 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 in 2012/13 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

	<b>31 Mar 2012</b> <b>£000</b>
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
	<b>13,458</b>

## PEOPLE'S SERVICES DIRECTORATE

### Overall Projected Outturn

£'000	Exp Budget	(Income) Budget	Annual Budget	Projected Under / (Over) Spend
<b>Directorate costs *</b>	<b>1,017</b>	<b>(15,053)</b>	<b>(14,036)</b>	<b>284</b>
Children's Safeguarding	12,205	(29)	12,176	(282)
Other Children's Provider Services	10,200	(429)	9,771	643
<b>Total CYP Provider Services</b>	<b>22,405</b>	<b>(458)</b>	<b>21,947</b>	<b>361</b>
Learning and Achievement	7,531	(1,308)	6,223	228
Children's Commissioning	1,882	0	1,882	113
Other Children's Services	9,463	(1,896)	7,567	231
<b>Total Children's Commissioned Services</b>	<b>18,876</b>	<b>(3,204)</b>	<b>15,672</b>	<b>572</b>
Older People	18,309	(4,530)	13,779	(1,673)
Learning Disabilities	19,432	(5,131)	14,301	449
Physical Disabilities	8,637	(742)	7,895	(96)
Mental Health	10,789	(1,923)	8,866	109
Other adult social care**	8,625	(6,163)	2,462	(6,537)
<b>Total Adult Social Care</b>	<b>65,792</b>	<b>(18,489)</b>	<b>47,303</b>	<b>(7,748)</b>
Health & Wellbeing- EHTS	2,737	(859)	1,878	211
Root and Branch Savings Target -HERS	(200)		(200)	(200)
<b>Total Health and Wellbeing</b>	<b>2,537</b>	<b>(859)</b>	<b>1,678</b>	<b>11</b>
<b>Total Local Authority</b>	<b>110,627</b>	<b>(38,063)</b>	<b>72,564</b>	<b>(6,520)</b>
<b>Schools</b>	<b>70,595</b>	<b>(70,595)</b>	<b>0</b>	<b>0</b>
<b>Total Peoples Services</b>	<b>181,222</b>	<b>(108,658)</b>	<b>72,564</b>	<b>(6,520)</b>

\*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.

\*\* This includes the transformation savings plan, which was not allocated to the individual client groups.

### Headlines

- The last reported outturn to Cabinet for January was £6.762m overspend. The February outturn sees a £242k improvement. The key changes have been within Adult Social Care where there has been a reduction in Learning Disability respite care of £250k and a reduction in mental health packages of £344k. To date within the Adult Social Care savings plan £3.4m of savings have been confirmed, leaving £312k of the projected outturn to be achieved. It is anticipated that this remaining £312k will be delivered by the end of March.

8. 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. A financial sustainability group has also been established to assure the financial savings programme in Adult Social Care and to review and monitor financial issues.

## **Directorate Costs**

### **Key Points**

9. The directorate costs in February have increased to reflect the risk around a data protection breach and an anticipated fine in the region of £100k, the underspend now being £284k.

### **Risks**

10. The schools which remain with the LA are the more vulnerable ones and may have additional calls to support redundancy programmes.
11. Although £100k has been allowed for the data protection breach fine there is the possibility that this could be higher (potentially up to an additional £100k)

### **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 a further £50k since January from an overspend of £232k to a predicted overspend of £282k. The key reason is due to further increases in agency foster and residential placements. The main components of the overspend are:
  - a. Overall external placement costs are still reporting an under spend, but this has now reduced to £126k. Savings have mitigated and offset additional costs within the 16+ service of £139k following the redesign of this service.
  - b. The fieldwork teams are reporting an overspend of £195k due to additional agency staff put in place post Ofsted.
  - c. Management costs have an over spend of £114k arising from having 2 interim Heads of Service and settlement costs.
  - d. The remaining key element of the overspend relates to Children with Disabilities which is reporting an over spend of £126k arising through additional staffing costs and increased direct payment costs.
  - e. Savings of £173k have been achieved across in house foster care, adoption services and intensive family support services (delayed recruitment of new in house team).
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 £643k which is broadly unchanged from last month. The key components of the under spend are:
  - a. Children's centres - £181k arising from vacancy management and cost control

- b. Integrated youth support - £264k arising from vacancy management and cost control
- c. Additional Needs and Education Psychology as above - £109k
- d. Complex Needs case - £84k
- e. Other savings principally arising from management of vacant posts - £25k

## **Risks**

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

## **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 £572k.
- 19. The key components of the underspend are Learning and Achievement total saving predicted of £228k, Sufficiency and Capital savings of £231k 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. Additional savings of £27k have been identified during February as the final early years numbers for 2 year olds has been confirmed and has resulted in a £17k saving and also the outcomes required for the 'raising the participation' age grant have been achieved under budget and saving £10k.

## **Adult Social Care and Commissioning**

### **Key Points**

- 20. The forecast overspend now stands at £7.748m, a net reduction of £376k. The key reductions include:
  - A reduction in the forecast for Learning Disabilities respite care packages £250k.
  - A decrease in the number of mental health packages £344k
- 21. The reductions have mitigated the following pressures
  - An increase in older people residential and nursing packages £17k
  - An increase in Physical Disabilities residential and Domiciliary care packages £39k.
  - A recognition of the risk around the amount of revenue expenditure eligible to capitalise of £100k.
  - Redundancy costs that are not considered eligible for corporate funding of £62k.

## **Risks**

22. The improvement plan includes £312k of savings to be achieved in the last month. It is anticipated that the risk previously identified has been removed and the savings of £312k are expected to be fully achieved in March 2013.
23. 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.
24. There may still be further back dated packages to come through but this should be a declining risk as the new procedures become embedded.
25. There remains a risk of 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.
26. There is a risk that a further £90k of the assumed £470k capitalisation is achievable based upon relevant items identified to date.

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

### **Key Points**

27. Whilst the service is still predicting an under spend this has reduced by £19k in February.

### **Opportunities**

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

## PLACES AND COMMUNITIES DIRECTORATE

### Overall Projected Outturn

£'000	Exp Budget	(Income) Budget	Annual Budget	Projected Under / (Over) Spend
Economic, Environment and Cultural Services	11,231	(4,071)	7,160	129
Homes and Community Services	7,801	(4,483)	3,318	143
Place Based Commissioning	31,654	(5,188)	26,466	(218)
Director and Management	348	(57)	291	93
<b>Total</b>	<b>51,034</b>	<b>(13,799)</b>	<b>37,235</b>	<b>147</b>

### Summary

29. The Directorate is currently showing an underspend of £147k for the year. The reduction in underspend for the Directorate reflects the pressure on the highways maintenance budgets in relation to cold weather conditions to the end of March 2013.
30. 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.
31. 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

32. The previously reported shortfall of planning fee income has now reduced to £325k for the year. This is as a result of February fee income being £175k higher than predicted. This pressure is mitigated by a planned underspend in the services through the halt on discretionary spend and use of unused grant reserves.
33. There is also pressure within the service on Tourism and Markets budgets within the year relating to property cost and shortfall of stall income. However these are mitigated by further discretionary spend savings resulting in an overall underspend for the service of £129k

### Homes & Communities

34. 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.
35. 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**

36. The continuing cold weather conditions has increased the estimated pressure on the 2012/13 winter budget to £335k. This reflects a higher than expected number of gritting runs and the impact of the snow in March 2013.
37. There is 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. It is not expected to be fully settled before the end of this financial year.
38. 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.
39. In addition to the Bellwin threshold liability, final claims have now been submitted to Government for September, November and December wet weather events totalling £2.41m. As previously reported, only 85% of the works will be met by the grant for these events which puts pressure on the service budget of £362k. Previous claims, (June and July 2012), were 100% funded in excess of the annual threshold liability of £459k.
40. Members will be aware of energy costs increases and in order to address these pressures there is a roll out of LED lighting and other energy saving strategies across the street lighting asset. These improvements are now starting to help mitigating the pressures on the street lighting energy budget. However until the project is extended across the whole of the street lighting asset, energy costs pressures are likely to remain and are estimated at £133k pressure for 2012/13. Further energy saving projects will continue in 2013/14 as part of the Public Realm services contract. These will be funded through interest free loans from SALIX and prudential borrowing which will be funded from the resultant energy savings.
41. The expected outturn for the joint Waste Disposal contract with Worcestershire County Council for 2012/13 is £9.6m. 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.

### **Director and Management**

42. 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	Exp Budget	(Income) Budget	Annual Budget	Projected Under / (Over) Spend
Customer Services and Communications	3,233	(287)	2,946	202
People, Policy and Partnership	9,471	(1,520)	7,951	759
Law, Governance and Resilience	3,756	(931)	2,825	(126)
Chief Finance Officer and Commercial	69,372	(64,092)	5,280	538
Corporate Management	2,503	0	2,503	0
Chief and Deputy Chief Executive	584	(210)	374	(97)
<b>Total</b>	<b>88,919</b>	<b>(67,040)</b>	<b>21,879</b>	<b>1,276</b>

### Summary

43. The Directorate is expected to underspend by £1.276m for the year. There are a number of significant risks already identified which are also being managed within the Directorate in the year.
44. This position includes the Directorate Savings Plan, totalling £1.8m, of which the following are being met from other in year savings.

Service Area	Principles	Risk	Savings Target 2012/13 £000
<b>Legal (HC)</b>	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
<b>Support Services</b>	Root & Branch Review	Savings unlikely to be identified through reviews for 2012/13.	150
<b>Total</b>			<b>180</b>

45. 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

46. 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.

47. There are also further in year savings on discretionary spend across the service.

#### **People, Policy and Partnership**

48. 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.
49. A further review of spend on ICT projects has also identified additional £240k revenue budget savings. This relates to capital expenditure which will be funded from capital budgets.

#### **Law, Governance and Resilience**

50. 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.
51. These pressures will be managed within the directorate budgets.

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

52. Through a review and further control of discretionary spend budgets and use of previous years grant reserves, the service is making annual savings of £238k which includes a hold on emergency maintenance.
53. A review of expenditure in Property Services is also expected to make in year savings of £300k which can be classified as capital spend.
54. Pressure remains on the Property budgets in relation to the Corporate Accommodation Project as 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**

55. Savings of £150k have been identified from the Chief Executive and Deputy Chief Executive's annual budget this will be used to meet pressures identified in relation to the Directorate's annual savings plan.
56. The pressure of £97k reflects 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**

1. The capital outturn forecast for 2012/13 as at the end of February totals £38.1 million, a decrease of £3.2 million reported at the end of January. The changes represent the re-profiling of forecast spend between financial years as follows:-
  - £636k on “Connect 2” as a consequence of a slightly later start date than originally anticipated. Works were originally scheduled to start in autumn 2012 but as a result of additional time taken to secure land to deliver the scheme, works commenced early December 2012. External funding was not affected as a result of this. Works have started on site and the scheme is currently on programme to complete in September 2013.
  - £500k on Rotherwas enterprise zone anticipated spend in relation to providing service connections to the Southern magazine. The works are committed to and will commence early next financial year with actual spend slipping as a consequence.
  - £492k on Blackmarston special school expenditure forecast into 2013/14. This is not anticipated to affect the forecast for completion of the Contract on time and to budget by 1st September 2013.
  - £443k on Leominster primary and infant school amalgamation due to the need to realign the building footprint onto the existing site area. A revised planning application will be submitted in April 2013 for a start on site in July 2013 with final completion in May 2015.
  - £396k on Destination Hereford scheme element 2 which will provide a number of cycle schemes as approved in January to complete by 2014/15, in line with the grant funding requirements.
  - £307k on schools’ Basic Need capital spend. This funding has become uncommitted pending a review of proposed school capital schemes bearing in mind the significantly reduced funding allocation from central government for 2013/14 and 2014/15.
  - £280k on corporate accommodation spend in 2012/13 as a result of delays to the works at Plough Lane due to the re-evaluation of the building’s future usage plus the postponement of the procurement of phones and licences until additional flexible workers go live.
  - £222k on Rotherwas access road budget for compensation claims. Part 1 claims are claimable until late summer 2015 and no more payments are expected between now and the close of this financial year.
  - Accelerated spend of £200k against the profile of spend on the new link road due to increased property acquisition related costs being incurred this year.

No funding resource will be lost as a result of these changes.

2. Revenue costs will be capitalised where possible including interest costs relating to the cost of borrowing for live capital schemes and year-end accruals for works invoiced after the year end (this totalled £4m in 2011/12).
3. A summary by directorate and funding source is provided in Table A. Table B includes individual schemes with a forecast outturn above £500k.

**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	6,863	311	6,488	64
Places & Communities	26,649	8,388	15,867	2,394
Corporate Services	4,509	4,052	84	373
Contingency	38	38	-	-
<b>Total</b>	<b>38,059</b>	<b>12,789</b>	<b>22,439</b>	<b>2,831</b>

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

Scheme	Spend to end Feb £'000	2012/13 Original Forecast £'000	2012/13 Current Forecast £'000	Comments
<b>People's Services</b>				
Blackmarstons Special School	1,461	3,000	1,933	SEN school extension in progress
Condition property works	922	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	602	-	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
<b>Places &amp; Communities</b>				
Local Transport Plan	6,161	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	6,351	4,593	6,470	Key property purchase complete
Grange Court	720	-	1,152	Refurbishment works complete
Connect 2	217	1,779	1,100	Cycle footpath connection between the city centre and Rotherwas, site works have commenced
Disabled Facilities Grant	650	-	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.
Putson Community Building	462	-	765	S106 funded new build
Affordable Housing Grants	113	-	729	Various grants awarded to approved schemes, budget fully committed

Rotherwas Enterprise Zone	556	-	600	To enable the provision of serviced plots to private sector inward investors
Ledbury Library	590	2,537	591	Grant funding has been applied for to contribute towards the next phase of works
Rotherwas Relief Road	584	-	584	Final compensation payments falling due
<b>Corporate Services</b>				
Corporate accommodation	2,051	4,580	2,985	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
<b>Sub Total</b>	<b>23,037</b>	<b>29,031</b>	<b>31,997</b>	
<b>Schemes with a budget &lt;£500k in 2012/13</b>	<b>5,775</b>	<b>14,998</b>	<b>6,062</b>	
<b>Total</b>	<b>28,812</b>	<b>44,029</b>	<b>38,059</b>	

## Prudential Borrowing

5. 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	(1,910)	
Removal of Halo driving range funding	(346)	
Add: Revenue financed IKEN capital scheme	65	
Funding resource swap	301	
Slippage from 2011/12	<u>2,774</u>	
		884
Expected use of Prudential Borrowing in 2012/13		12,789

## Capital Receipts Reserve

6. 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 £2.8 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 Office for Budget Responsibility (OBR) has reduced its GDP forecast of growth from 1.2% to 0.6% for 2013 and from 2.0% to 1.8% for 2014.
- The OBR slightly increased its inflation forecast due to higher oil and import prices.
- The year-on-year Consumer Price Index (CPI) for February 2013 increased from 2.7% in previous months to 2.8%.
- The UK outlook for bringing down the structural deficit and stabilising debt levels has deteriorated with the deficit expected to remain around the 2011/12 level of £120 billion for this and the next financial year.
- Members of the Monetary Policy Committee voted unanimously to hold the Bank Rate at 0.50% at their meeting in February but were again split 6-3 on maintaining the stock of asset purchases at £375 billion. As before, three members voted to increase the size of the asset purchase programme by £25 billion to £400 billion.
- The Eurozone recession appears to be deepening. The Italian elections and Cypriot bailout indicate that significant political risks remain to the future economic health of the region.

**2. The Council's Investments**

2.1 At 28<sup>th</sup> February 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	0.60%	4.44	
Santander	N/A	N/A	0.50%	4.16	8.60
<u>Fixed Term Deposits:</u>					
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	15.50
<b>Total</b>			<b>0.88%</b>		<b>24.10</b>

2.2 In February and March the direct debit scheme for the Council Tax does not operate. As a result, no new term deposits have been placed since December 2012 so that we maintain adequate cashflow funding.

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:

	<b>Date counterparty added or maturity limits revised</b>						
	<b>1<sup>st</sup> Apr</b>	<b>3<sup>rd</sup> May</b>	<b>18<sup>th</sup> May</b>	<b>1<sup>st</sup> Jun</b>	<b>30<sup>th</sup> Jul</b>	<b>31<sup>st</sup> Oct</b>	<b>1<sup>st</sup> Mar</b>
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 As noted in the previous report, Arlingclose have added Close Brothers as a counterparty for short-term, liquid investments. At the present time the only investment product offered by Close Brothers is a one month notice account paying 1% but the rate is attractive when viewed against other available rates (with Nationwide, Barclays and HSBC paying less than 1% for a one year term deposit).

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:

<b>Investment</b>	<b>2<sup>nd</sup> Apr</b>	<b>2<sup>nd</sup> Jul</b>	<b>28<sup>th</sup> Sep</b>	<b>27<sup>th</sup> Dec</b>	
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%

Rates today are at the same levels as at the end of December except that the rate receivable on Ignis Money Market Fund has fallen back to 0.44%.

2.6 More recently, the interest rates on the council's instant access bank accounts have also fallen as follows:

<b>Bank</b>	<b>With effect from</b>	<b>Old rate</b>	<b>New rate</b>
Santander	4 <sup>th</sup> December 2012	0.80%	0.50%
Nat West	12 <sup>th</sup> February 2013	1.10%	0.60%
Bank of Scotland	22 <sup>nd</sup> April 2013	0.85%	0.40%
Royal Bank of Scotland	9 <sup>th</sup> May 2013	1.10%	0.70%
Barclays	25 <sup>th</sup> March 2013	0.50%	0.65%

(Since the January report both the Royal Bank of Scotland and Barclays have reduced the rate of interest on their instant access accounts)

- 2.7 The reduction in the rates of interest offered is a reflection of reduced demand for funds by the banks and building societies, mainly as a result of the government's Funding for Lending Scheme with cheaper funds being available from the Bank of England.
- 2.8 Arlingclose has issued the following forecast of the Bank Base Rate (issued 21<sup>st</sup> March 2013). As previously noted, Arlingclose believe that it could be 2016 before the first increase in the Bank Base Rate.

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

There is no change from their February forecast although Arlingclose have noted that the political situation in the Eurozone and US suggest that current risks are on the downside and there is likely to be considerable volatility in gilt yields (and hence PWLB rates).

- 2.9 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)
Feb-13	28.88	30	0.87	0.90	19,265	22,500	(3,235)
<b>Total to 28<sup>th</sup> February 2013</b>					<b>266,702</b>	<b>330,000</b>	<b>(63,298)</b>
Mar-13	17.00	30	0.91	0.90	13,150	22,500	(9,350)
<b>Projected outturn</b>					<b>279,852</b>	<b>352,500</b>	<b>(72,648)</b>

- 2.10 The 2012/13 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. Short-term borrowing from other local authorities reduces the gap between projected and actual investment balances but falling council reserves have the opposite effect.

**3. The Council's Borrowing**

**Short-term borrowing**

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

<b>Date Borrowed</b>	<b>Local Authority</b>	<b>£m</b>	<b>Period (days)</b>	<b>Date Repayable</b>	<b>Interest Rate – gross including brokers commission</b>	<b>Interest Payable (including brokers commission)</b>
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
<b>Total interest and commission payable on the above loans</b>						<b>£31,701.42</b>
<b>Less interest and commission relating to 2013/14</b>						<b>£11,649.85</b>
<b>Short-term interest and commission for 2012/13 on loans taken out to date</b>						<b>£20,051.57</b>
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 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 difference 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 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 Because the 2012/13 borrowing budget was set assuming that the council would take out longer term PWLB loans at an interest rate of 4.00%, the use of short-term loans by the council's treasury management team has resulted in significant budget savings that has helped the overall position. The current underspend can be estimated as follows:

<b>Summary of Borrowing Budget</b>	<b>Budget</b>	<b>Forecast</b>	<b>Saving</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
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	-
<b>Original budget</b>	<b>16.22</b>	<b>15.62</b>	<b>0.60</b>
<b>Budget adjustment relating to a reduction in capital financing contributions from directorates</b>	<b>(0.15)</b>	<b>-</b>	<b>(0.15)</b>
<b>Capitalised interest</b>		<b>(0.40)</b>	<b>0.40</b>
<b>Forecast budget surplus as at 31 March 2013</b>	<b>16.07</b>	<b>15.22</b>	<b>0.85</b>

#### **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 £850k.
- 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 £400k, 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.

<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>18 APRIL 2013</b>
<b>TITLE OF REPORT:</b>	<b>RISING TO THE CHALLENGE AND ROOT &amp; BRANCH REVIEW PROGRAMMES</b>
<b>REPORT BY:</b>	<b>DEPUTY CHIEF EXECUTIVE</b>

## 1. Classification

Open

## 2. Key Decision

This is a Key Decision because it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates. 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 Part3, 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

County-wide

## 4. Purpose

The purpose of this report is for Cabinet to consider the:

- Closure of the Rising to the Challenge Programme;
- Progress on the implementation of the Root and Branch Reviews;
- Outstanding actions from the Root and Branch Reviews and proposals for the Herefordshire 2020 Review.

## 5. Recommendation(s)

**THAT:**

- (a) **the achievements and lessons learned from the Rising to the Challenge Programme as set out in Appendix One be noted;**

- (b) progress with the implementation of the Root and Branch Reviews as set out in Appendix Two be noted;
- (c) the relevant Directors be authorised to jointly produce and implement delivery plans for the phase 2 and 3 reviews and report to Cabinet or Cabinet Member(s) as appropriate; and
- (d) it be agreed that the scope of the Herefordshire 2020 Review be extended to include all remaining work from the review programme as set out in paragraphs 10.8 to 10.14.

## 6. Key Points Summary

- The Rising to the Challenge Programme was launched in July 2010, it brought together a wide range of existing projects and some new initiatives to deliver the aims of greater integration, increased efficiency and productivity, managing with less funding and better outcomes for residents
- The Programme delivered savings of £21.1m, helping to protect frontline services as well as implementing partnership wide improvements in culture, working practices and processes
- A formal project closure review has been undertaken and the key learning points from this are contained within Appendix One
- The Root and Branch Review Programme was developed as part of the *Better Services* strand of Rising to the Challenge Programme. Its aims are to redefine the role of Herefordshire Council and other public services, set out the priorities for the next decade and to rebuild budgets, with clear links between spend and results
- Proposals from the 12 Reviews amounting to £20.903m over three years were approved by Council in February 2013 as part of the Medium Term Financial Strategy. Since then, further savings have been identified from the Older People and Vulnerable Peoples Reviews as part of the Adult Social Care Business Change Programme and the revised total is now £ 22.047m. Delivery of these savings represents an unprecedented challenge for the Council
- Following an accelerated process for the Phase 2 and 3 Reviews it is proposed that the scope of the Herefordshire 2020 Review is extended to include all remaining work from the Review Programme. In addition to delivering savings, Herefordshire 2020 will set out our core purpose and define the *Future Council*

## 7. Alternative Options

- 7.1 The proposals from the Root and Branch Reviews will change to reflect other priorities and/or different approaches as necessary. However, Council has already agreed the savings associated with these as part of the Medium Term Financial Strategy. Completion of the programme is essential to set out the future direction of the Council and to address the financial challenges ahead.

## 8. Reasons for Recommendations

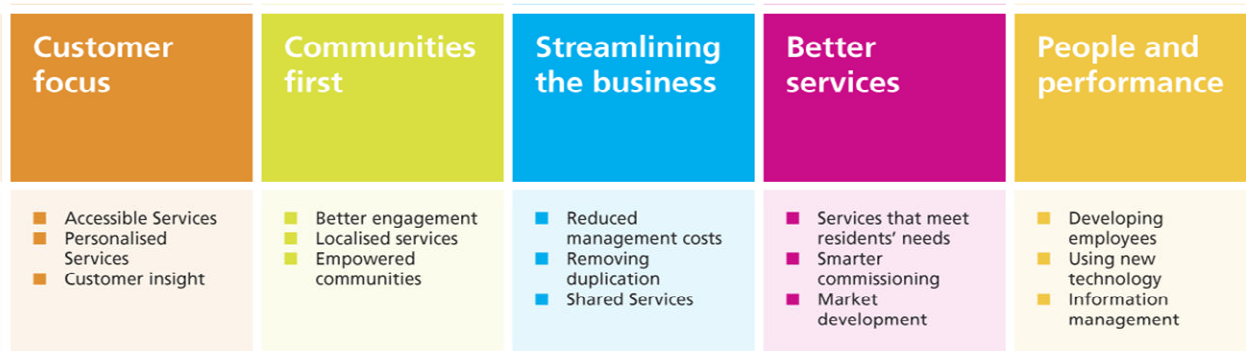
- 8.1 The recommendations are made to ensure an effective close down of the Rising to the Challenge Programme and to seek Cabinet approval of the outputs and further work from the Root and Branch Review Programme.



## 9. Introduction and Background

### Rising to the Challenge

- 9.1 In 2008, Herefordshire Council and NHS Herefordshire agreed to work together as one organisation, Herefordshire Public Services (HPS) to deliver the innovative joint working between health and social care. Following the creation of HPS, it was recognised that there were a number of change initiatives underway which were not being co-ordinated or not necessarily supporting the new joint strategic objectives.
- 9.2 It was decided, therefore, to bring together the key transformation projects and initiatives under a formal programme management structure. The Rising to the Challenge (RTTC) programme was launched in July 2010.
- 9.3 The scope of the programme is shown in the diagram below:



Greater Integration  
 Increasing efficiency and productivity  
 Managing with less funding  
 Better outcomes for Herefordshire residents



Working in partnership for the people of Herefordshire



### Root and Branch Review Programme

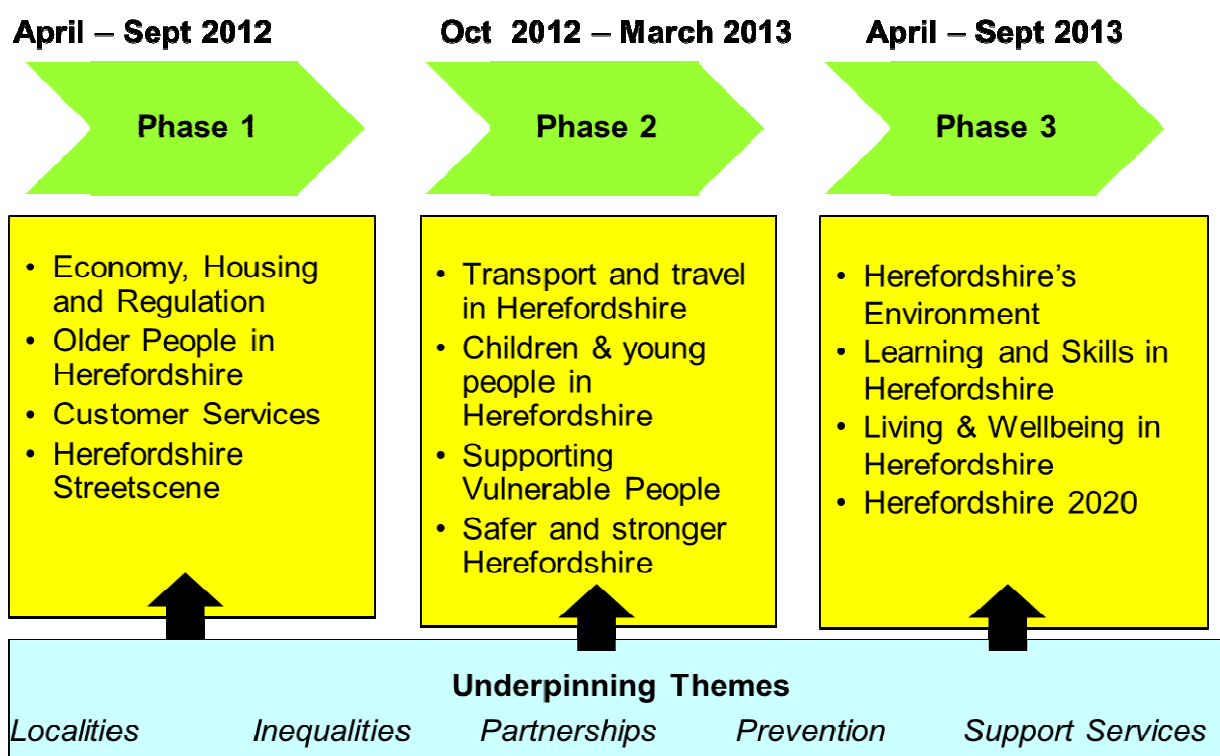
- 9.4 The Root and Branch Review Programme was developed as part of the *Better Services* strand of Rising to the Challenge Programme. The scope and mandate was approved by Cabinet on 5<sup>th</sup> April 2012. The programme includes all services provided by the Council, with strong links to other agencies and sectors as appropriate.
- 9.5 In addition to continuing to deliver the Rising to the Challenge Outcomes, the Root and Branch Review Programme has three additional outcomes, reflecting the fundamental purpose of the Reviews:

- *Redefine the role of Herefordshire Council and other public services*
- *Set out the priorities for the next decade*
- *Rebuild budgets, with clear links between spend and results*

9.6 Five key principles were adopted for undertaking the Reviews:

- *Challenge everything*
- *Think differently*
- *Focus on outcomes*
- *Evidence based solutions*
- *Engage and involve*

9.7 The programme consists of 12 Reviews based on cross cutting themes as set out below



## 10. Key Considerations

### Rising to the Challenge Programme Closure - Summary

10.1 The closure report for the Rising to the Challenge Programme is attached at **Appendix One**.

10.2 A summary of the programme’s achievements is as follows:

- Rising to the Challenge ambitions were right, giving the organisation and staff a sense of pride at the innovation and forward thinking nature of the joint working initiative
- Without the Rising to the Challenge programme and its focus on integrating services and increasing productivity and efficiency front line services would not have been protected for as long

- The Rising to the Challenge programme delivered over £21m of savings, including reduced staff costs
- Many areas delivered what they set out to and benefitted from the structured programme approach and the opportunity to work in a more integrated way, such as the Better Ways of Working programme
- The Rising to the Challenge programme board provided a good oversight of plans, supporting an organisation wide approach rather than traditional silo working
- The Change Champions programme has proved extremely valuable and continues to have full coverage and sponsorship across the organisation

10.3 Lessons learned from the programme are being built into future Council programme delivery and Root and Branch Review implementation. Key learning points are as follows:

- Fixing ownership of delivery of savings and service change at service and cost centre level
- Improving the breadth, depth and clarity of communication within and outside the Council
- Ensuring that the capacity and resources are in place to match the project delivery requirements
- Rapid changes to systems and processes alongside making budget reductions
- Building more robust monitoring of the realisation of benefits (both cashable and non-cashable)

### **Progress on the Root and Branch Review Programme**

10.4 Progress against each of the Root and Branch reviews, including savings, is set out in **Appendix Two**. Cabinet is asked to authorise the relevant Directors to jointly produce and implement Delivery Plans for the Phase 2 and 3 Reviews and report to Cabinet or Cabinet members as appropriate.

10.5 A summary of the Programme's achievements to date is as follows:

#### **Headline Achievements**

- Cabinet approval of Phase 1 reviews in October 2012
- Completion of Phase 2 reviews through to Discovery and then accelerated through Options and Proposals
- Commenced Challenge and Options for Phase 3
- Council approval of savings totalling £20.903m (revised to £22.047m) over three years

(The accelerated process was designed to facilitate early decision making for the budget process, but it was recognised that further work would be required on phases 2/3)

#### **Deliverables**

Through the programme activities, we have delivered the following:

##### **Phase 1**

- Implementation has commenced in all areas, Delivery Plans have been signed off for Making Every Contact Count, HERS and Herefordshire Streetscene

- Common themes from Phase 1 for our future service delivery strategy have been built into the new Corporate Plan e.g. prevention, engagement
- Public Consultation exercise - *Your community, your say*:
  - Quality of life survey results published
  - Report from the 21 community events published
  - Over 1,400 people engaged
  - Further budget options consultation exercise

### **Phases 2 & 3**

- Rapid engagement across services
- Clarity about the whole council picture and a view on the core purpose
- Discussion on stopping provision versus doing less
- A growing understanding of the prevention, demand management & behaviour change agenda
- Savings for the budget process for 2013/14 and some indicative savings for 2014/15
- Estimated Full Time Equivalent reductions: 100 to 120 (2013/14 only)

10.6 The Root and Branch Programme now covers over 100 lines of activity, which vary significantly in terms of scale and benefits (cashable and non - cashable). This information is monitored for the Delivery Board using the Programme Status report and Performance Plus (P+) reports.

10.7 Savings identified through the programme were approved by Council on 18 February 2013 as part of the Medium Term Financial Strategy. The current savings position is as follows:

Review Area	Review savings total (000)	Profiled Savings (000)		
		2013/14	2014/15	2015/16
Older People	2692	1792	900	0
HERS	1340	1154	186	0
Customer Service	609	609	0	0
Street Scene	2417	1000	1417	0
CYP	2159	2159	0	0
Vulnerable People	6719	6219	500	0
Safer And Stronger	281	178	97	6
Travel & Transport	1760	340	894	526
Learning & Skills	30	30	0	0
Environment	1000	500	250	250
Living & Wellbeing	1500	500	500	500
Herefordshire 2020	1540	1540	0	0
<b>Total Root and Branch</b>	<b>22047</b>	<b>16021</b>	<b>4744</b>	<b>1282</b>

**Note:** These figures include the adjustment (increase) of the Older People (from £2.528m) and Vulnerable Peoples (from £5.739m) Reviews savings target as part of the Adult Social Care Business Change Programme.

**Proposals for the Next Phase – Herefordshire 2020**

- 10.8 The Root and Branch Programme has delivered some positive learning about services, customers and managing change in Herefordshire, along with significant savings for 2013/14 and beyond and the opportunity to do things differently.
- 10.9 What has not been completed to date, in part because of the accelerated process and focus on budget pressures, is completion of the programme aims, in particular, the Council’s future core purpose.
- 10.10 At this stage in the programme it is appropriate to review the original scoping and phasing of the work streams in light of the current circumstances. This programme review suggests a revised approach to Root & Branch that will support:
  - *Delivery of the budget requirements to date and in the future*
  - *Improvement and efficiency benefits for the customer, council and partners*
  - *Development of the future Council core purpose statement and outcomes*
  - *Transformation of the council to meet the Herefordshire 2020 aims*
- 10.11 The Delivery Board recommends to Cabinet that the scope of the Herefordshire 2020 Review be extended to become the strategic vehicle by which the Root and Branch programme and all remaining work from the reviews are completed. This re-scoping will offer the opportunity to consider any areas of work undertaken by the Root and Branch programme to date that could benefit from further challenge against the H2020 purpose. Core Purpose Statements from all the Root and Branch reviews are shown at **Appendix Four** of this report. The re-scoping also extends the programme beyond the original timescales to recognise the likely scale of some of the transformational change.
- 10.12 The two key themes of Herefordshire 2020 will be:



- 10.13 Cabinet will be kept updated on progress with the revised overall programme as part of budget and corporate performance monitoring. Relevant Cabinet Members will also be

briefed on matters within their portfolios on a regular basis. The Delivery Board meets monthly to monitor progress and support efficient and effective implementation of the programme alongside service delivery planning and budget monitoring.

10.14 Members of the council will be fully engaged in the development of the Future Council (2020) Core Purpose

## 11. Community Impact

11.1 The Root and Branch review programme outputs and outcomes have a significant impact on Herefordshire residents and public services. There will be changes to the delivery of services, which will have an impact on all or parts of the community.

## 12. Equality and Human Rights

12.1 As public sector service providers we must protect and respect equality and human rights in all that we do, and we have a responsibility to promote and implement equality when we:

- provide services
- purchase services
- employ staff
- work in partnership
- engage with our communities.

12.2 Equality Impact Assessments are being undertaken as part of the implementation of each Review to ensure a clear understanding of the potential impact on equality and inclusion. Equality duty considerations will therefore be noted as part of any individual review proposal as appropriate.

## 13. Financial Implications

13.1 The Rising to the Challenge Programme delivered savings of £21.1m in 2011/12 and 2012/13.

13.2 The financial implications of the Root and Branch Programme to date were agreed by Full Council on 18 February 2013 via the Council Medium Term Financial Strategy Report. The current savings target position for Root and Branch is shown in the table below:

Review Area	Review savings total (000)	Profiled Savings (000)		
		2013/14	2014/15	2015/16
<b>Total Root and Branch</b>	22047	16021	4744	1282

These figures include the adjustment (increase) of the Older People and Vulnerable Peoples Services Reviews target as part of the Adult Social Care Business Change Programme.

A Transformation Fund of £1.16m was established to ensure that the Root and Branch Review Programme and other transformational change can be delivered. A breakdown of

the spend to date is shown at **Appendix Three**.

## **14. Legal Implications**

- 14.1 Legal advice has been taken in relation to each Review proposal. This has covered, in particular, UK and EU procurement rules.

## **15. Risk Management**

- 15.1 Risks have been identified and are monitored as part of programme governance and are reviewed at the Delivery Board. The key Programme risks relate to the delivery of savings:

- **Delivery of Savings:** there is a risk of slippage in the delivery of savings. Directorates' plans for delivery of savings will have robust management and action plans. Contingency plans will form part of the process with regular monitoring by Directors and the Delivery Board and Cabinet Members.
- **Capacity and Capability:** the Reviews contain a wide range of proposals that will change the nature and scope of Council services, many involving transformational change. This will require sufficient resources with the right skills and knowledge. Delivery Plans contain resourcing plans and capacity is being shared across Directorates.
- **Stakeholder Engagement:** many of the changes to services require the co-operation of our partners and, in some cases, a change in behaviour amongst the population. Delivery Plans contain actions for partners and engagement is taking place as necessary. Work on prevention, early intervention and demand management is core to our future strategy.

## **16. Consultees**

- 16.1 Cabinet agreed a comprehensive programme of community engagement, *Your Community, Your Say*, as part of the review process to ensure that decisions were informed by residents' views and that the impact of change is understood and is acceptable. The *Your Community, Your Say* initiative included a Quality of Life survey, 21 community events and involved over 1,400 residents. The outcome was reported to all Members and to Council as part of the budget setting process, together with the results from a further survey about particular proposals to reduce service delivery. Views from *Your Community, Your Say* and other consultation exercises will be considered in the delivery planning and implementation of Root and Branch decisions.

- 16.2 In addition, involvement and consultation included employees, Members, parish councils and key partners through the Herefordshire Partnership.

### **16.3 The General Overview and Scrutiny Committee considered this report at its meeting on 8 April 2013 and resolved that:**

1. The draft report entitled 'Rising to the Challenge & Root and Branch Programmes' for presentation to Cabinet on 18 April 2013 be noted and it be recommended that Cabinet consider:
  - a. That an all Member seminar be arranged as soon as possible to ensure that all Members are fully engaged in shaping the Herefordshire 2020 Review.
  - b. That Council communications be revised and improved across the whole organisation to ensure that information concerning the Root and Branch

Review/Herefordshire 2020 Review, both with the public and internally, is clearly understood.

- c. That more detail be included in the report concerning the lessons learned from the Rising to the Challenge Programme;
  - d. That Cabinet give very careful consideration to how it sets any discretionary spend given the scale of further savings that the Council needs to make; and
2. The Committee through its work programme agenda item give further consideration to how it wishes to be more involved in consideration of the Herefordshire 2020 Review and on the scope of a Council wide review of communications.

## **17. Appendices**

- 17.1 Appendix One – Rising to the Challenge Programme Closure
- Appendix Two – Root and Branch Reviews Progress Reports
- Appendix Three – Transformation Fund Breakdown of Spend
- Appendix Four – Root and Branch Core Purpose Statements

## **18. Background Papers**

- 18.1 Root and Branch Review Programme Cabinet 5 April 2012
- Root and Branch Reviews Phase 1 Cabinet 11 October 2012
- Council Medium Term Financial Strategy 18 February 2013



## **Rising to the Challenge Programme Closure Report**

### **Cabinet 18 April 2013**

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This is a summary of the closure report written following interviews with those associated with the programme.

The purpose of the Programme Closure report is to document the programme's achievements and to capture lessons learnt for future programmes.

## Rising to the Challenge Programme Closure

In 2008, Herefordshire Council and NHS Herefordshire agreed to work together as one organisation, Herefordshire Public Services (HPS) to deliver the innovative joint working between health and social care. Following the creation of HPS, it was recognised that there were a number of change initiatives underway which were not being co-ordinated or not necessarily supporting the new joint strategic objectives.

It was decided, therefore, to bring together the key transformation projects and initiatives under a formal programme management structure. The Rising to the Challenge (RTTC) programme was launched in July 2010.

The programme was divided into five delivery workstreams, each led by an executive sponsor(s) from the Joint Management Team and with outcomes identified for each workstream.

The governance arrangements for the programme involved each workstream having a Board chaired by the sponsor and reporting into the overall RTTC programme board. The Corporate Transformation team provided the programme support including a dedicated overall programme manager and a project manager to support each workstream.

Once the programme had been defined, scoped and moved into delivery, support to the programme was reduced with the programme manager role being absorbed into the transformation team management with a smaller support function reporting to the RTTC programme board.

### Rising to the Challenge programme



Greater integration  
 Increasing efficiency and productivity  
 Managing with less funding  
 Better outcomes for Herefordshire residents

The timeline below identifies the major step changes undertaken in the transformation journey to date:

Date	Change
2008	Herefordshire Council and Herefordshire PCT join forces to become Herefordshire Public Service
Jun 2010	<b>Organisation Design – Phase 1</b> <ul style="list-style-type: none"> <li>• Organisation Design principles established</li> <li>• Reduction in management layers and increased spans of control (ratio of staff: manager)</li> </ul>
Jul 2010	<b>Launch of Rising to the Challenge programme</b>
2011	Total asset review undertaken within Herefordshire localities
Mar 2011	<b>Locality Strategy for Herefordshire</b> published
May 2011	<b>Organisation Design – Phase 2</b> <ul style="list-style-type: none"> <li>• New operating model places existing structures within three directorates under the theme of People, Place and Infrastructure/Corporate</li> <li>• Senior managers appointed to new roles within the three directorates</li> </ul>
Apr 2011	<b>New organisations established</b> to deliver key services: <ul style="list-style-type: none"> <li>• Herefordshire health and social care providers join forces to form <b>Wye Valley NHS Trust</b> – the first integrated provider of acute, community and social care in England</li> <li>• <b>Shared Services Partnership Ltd</b> (now <b>Hoople</b>) is established to share back office functions across Herefordshire Council, PCT and the Acute Trust</li> <li>• <b>2gether NHS Foundation</b> provides mental health, substance misuse and learning disability services across Herefordshire</li> </ul>
Nov 2011	<b>Organisation Design – Phase 3</b> <ul style="list-style-type: none"> <li>• Organisation wide team restructures to implement the organisation design principles</li> </ul>
2012	<ul style="list-style-type: none"> <li>• Implementation of new <b>Customer Relationship Management (CRM)</b> system(Microsoft Dynamics) goes live</li> </ul>
2012	National reforms of the NHS lead to <b>GPs taking over from managers in the PCT</b> as the people who buy health services for patients <ul style="list-style-type: none"> <li>• Herefordshire Council and Herefordshire PCT undertake disestablishment process with staff moving to other organisations (e.g. Clinical Commissioning Group, Commissioning Support organisation) or leaving the organisation</li> </ul>
2012	<ul style="list-style-type: none"> <li>• <b>Better Ways of Working</b> programme rolls out across the organisation reducing the staff to desk ratio to 10:6 and improving how we work</li> </ul>
May 2012	<ul style="list-style-type: none"> <li>• Three organisations merge to provide joined up support services to front line community and voluntary sector organisations. <b>Herefordshire Voluntary Organisations' Support Service</b> (HVOSS) is created</li> </ul>
Jan 2013	<ul style="list-style-type: none"> <li>• Refurbishment of Plough Lane starts</li> </ul>
2014	<ul style="list-style-type: none"> <li>• Refurbishment of Plough lane completes</li> </ul>

## Overall Assessment of Delivery

The programme ambitions were right, giving the organisation and staff a sense of pride at the innovation and forward thinking nature of the joint working initiative.

Due to the huge scale and diversity of the programme, it proved difficult to maintain the boundaries of the programme and consequently programmes such as the QIPP (Quality, Innovation, Productivity and Prevention) programme came in and out of scope many times, causing ambiguity around the “edge” in terms of what was in scope.

Without the Rising to the Challenge programme and its focus on integrating services and increasing productivity and efficiency valuable front line services would not have been protected for as long.

- The RTTC programme has delivered over £21m of savings (detail below)
- Reduced staff costs (per quarter) from £14.5m (2010) to £9.6m (2012)

The programme developed a strong brand which, at times, was felt to take precedence over the substance and quality of delivery and we struggled to get underneath the programme and get the required level of assurance around project delivery. That said, however, a key objective of the programme was to promote the service philosophy across the Partnership about the importance of Customers, Communities, Streamlining the Business, Better Services and People and Performance as part of the day job.

Many areas did deliver well and benefitted from the structured programme approach and the opportunity to work in a more integrated way, such as the Better Ways of Working programme. The RTTC programme board enabled a greater oversight of plans in other areas supporting a more organisation wide approach rather than traditional silo working.

There have also been some notable improvements in key organisational areas including:

- **IM&T (Information Management and Technology)** – improved governance of ICT projects through the IM&T Board and the alignment of the IM&T strategy with business objectives has progressed well
- **Accommodation Programme** – good progress made over the past 2 years and now integrated with other key areas such as IM&T and BWOW. Total Asset Review has allowed us to understand our physical assets better and options for the future to ensure public buildings have a strong, sustainable future whilst reducing costs to the council
- **Employee Engagement** –
  - Change Champions programme (aligned to the Programme in May 2011) has proved extremely valuable and continues to have full coverage and sponsorship across the organisation.
  - Employee Opinion - There has been an increase in the participation in the employee opinion survey since the focus on improvements and acting on outcomes
  - Communications – redesigned corporate communication briefs to enable information to be more timely, relevant and easier to read

However, once some of the projects were delivered, the new business processes and behavioural changes required didn't get the traction needed to drive service improvement. This is an area of focus for the future to ensure the business owner makes the necessary commitment to deliver the outcomes and benefits following project closure.

A total of £21.1m was taken out of the budget in 2011/12 and 2012/13. Additional savings targets were also set in both years with the aim of bringing the Adult Social Care budget into balance. In 2011/12 a target of £1.8m was set for procurement savings to be delivered by the corporate procurement team, of which £1.5m was carried forward into 2012/13.

In 2012/13 the shortfall between targeted savings and actual savings will be met through the use of General Fund Reserves as part of the closure of accounts process.

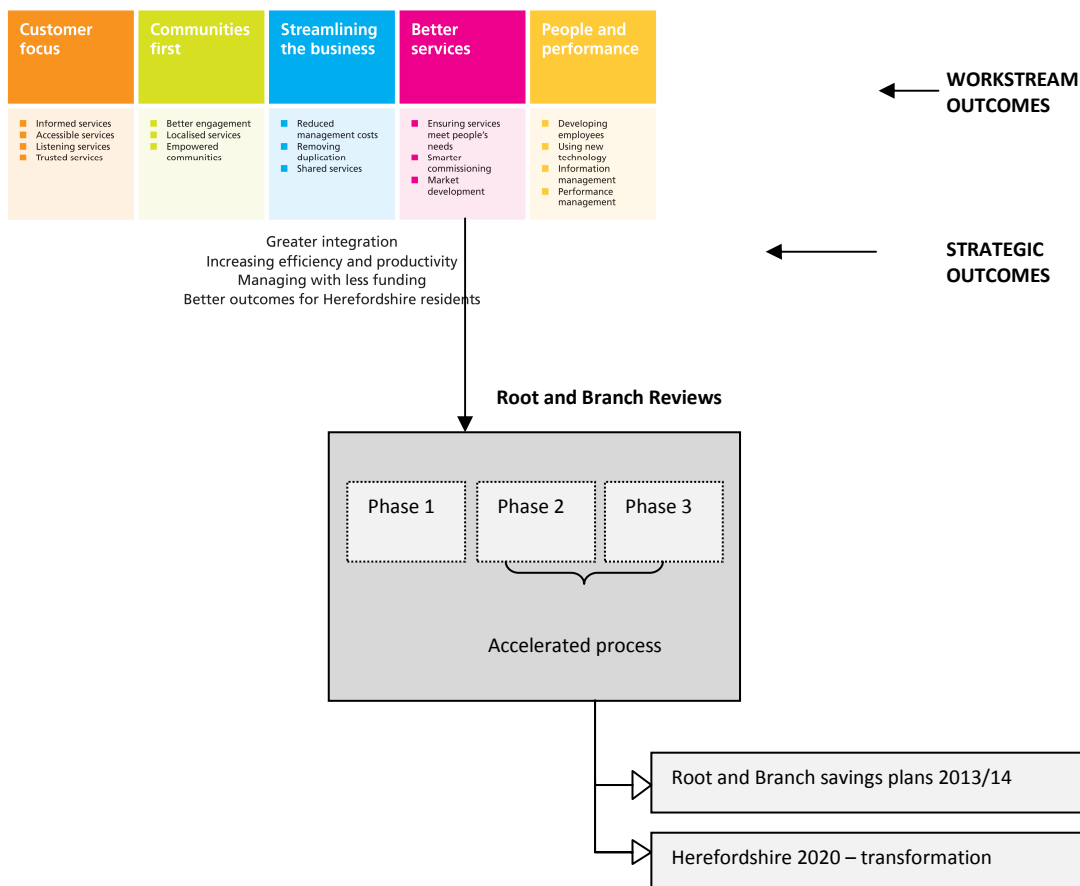
	2011/12 £m	2012/13 £m
Budget reductions	10.3	10.8
ASC recovery	0.9	5.1
Procurement slippage		1.5
<b>Total Savings Plan</b>	<b>11.2</b>	<b>17.4</b>

The table below analyses the programmes into themes and shows delivery against targets;

	2011/12 Target £m	2011/12 Out-turn £m	2012/13 Target £m	2012/13 Projected £m
Contracts and commissioning arrangements	4.8	1.5	5.1	3.2
Staffing and restructures	2.6	2.7	2.0	1.8
Business and service redesign	1.3	1.0	3.1	1.2
Hoople SLA	0.5	0.5	0.4	0.4
Increasing Income	0.7	0.6	1.7	1.1
Other	1.3	1.8	5.1	4.5
<b>Total</b>	<b>11.2</b>	<b>8.1</b>	<b>17.4</b>	<b>12.2</b>

The diagram below aims to illustrate the transformation to date and how it will continue to be taken forward once the RTTC programme has closed down.

**Rising to the Challenge programme**





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## 1. Herefordshire Streetscene

The aim is to deliver Public Realm, Property and Ancillary Services at the best possible value for money whilst meeting customer expectations through a greater emphasis on locality working for delivery that meets local needs.

The delivery plan is progressing well and is currently on track. The main focus is the re-procurement of the wide range of services within scope of the review. A number of related procurements are underway to put in place new contractual arrangements from September 2013. These segment the services into appropriate lots to ensure appropriate interest from the market and reflect the aims of the review. Key elements are:

**Public Realm Services** – This is the largest procurement package and focuses upon Highways and related services. There is currently strong competition in the market and this seems set to remain throughout the coming months. The procurement is following a competitive dialogue approach and detailed discussions are underway with potential providers.

**Building Services** – A separate procurement is underway for building maintenance services. As a smaller package this is likely to be of potential interest to both smaller as well as larger organisations. This is on track and the OJEU notice and PQQ have been published in line with the required timeline.

**Building Cleaning** – A separate procurement is underway for building cleaning. Again, as a smaller package this is likely to be of potential interest to both smaller as well as larger organisations. The OJEU notice has been published in line with the established timeline.

- **Ancillary services** – smaller procurement exercises are also being considered to meet any further requirements in relation to more ancillary services such as printing and courier services.

**Property Services** - Further activity is on-going looking at the provision of professional services support for the Council with support from DTZ Property Services Consultants. The current situation and way forward is understood. Immediate savings are in hand and a longer term solution is being developed

**Public Conveniences** – The aim is to implement improvements to the public convenience services provision to deliver higher quality, sustainable, accessible toilet provision that meet the needs of local people and visitors to Herefordshire. A new Community Toilets scheme has now been launched and initial savings have been delivered.

Savings identified are:

	£ k	2013/14	2014/15	2015/16
Street Scene	2417	1000	1417	0



## 2. Customer Services Review

This review developed the **Making Every Contact Count Strategy** (MECC). This new Customer Contact Strategy for Herefordshire will deliver the following outcomes:

- **‘Digital by default’** provision of services i.e. Customers find that online transactions work so well for them that they prefer it to the phone and face to face option and we design our services recognising that 82% of adults use the internet.
- Clear Customer Contact standards for internal and external providers
- The ability to manage and divert demand for services through self- service channels
- Clear and quick points of access to services
- First time resolution for enquiries
- The ability to predict and prevent the need for council services
- Achieve Value for money for residents
- Support and enable people to be independent and self- reliant
- Continuous customer led service improvements
- Changed behaviour and expectations of staff and customers

The project deliverables are to:

- Enable cashable savings during 2013/14 to address corporate cost saving imperatives
- Redesign end-to-end services through the Root & Branch process
- Redesign customer contact functions to *Digital by Default* and virtual contact centre models
- Explore and deliver options for how and who is best placed to fulfil the first point of contact for customers
- Deliver ‘quick wins’ through enabling *Making Every Contact Count* ways of working in priority areas, such as services for Older & Vulnerable People and the Business Hub
- A further roll out of making every contact principles and tools to all areas of the council’s business
- Deliver the technical infrastructure to support self-service, and customer focussed cross-service and organisational working.

Actions to date are as follows:

- Delivery of budget savings via discrete reductions to opening hours based on customer demand levels and redirection of customers to automated payment channels. Savings to be realised in July 2013;
- Development of the *Making Every Contact Count* and *Digital by Default* communications plan with a wide range of stakeholders being engaged through workshops, meetings and presentations;
- Digital by Default; transition plan in draft to enable channel and resource shift;
- Public Realm procurement; *Making Every Contact Count* and *Digital by Default* principles are within the procurement pack and options for appropriate delivery are being considered and discussed with the potential public realm providers;
- *Making Every Contact Count* Business Hub; the draft target operating model had been developed utilising existing council technologies;
- *Making Every Contact Count* for Older & Vulnerable People; the principles of *Making*

*Every Contact Count* and *Digital by Default* are firmly embedded within the ASC Business Change Programme. Working together the current web content will be updated to enable customers to self-serve and gain the information that they need, in many cases removing the need to access council services. Local Access Points for customers are under consideration for consolidation into a (virtual) contact centre provision.

Savings identified are:

	£K	2013/14	2014/15	2015/16
Customer Service (MECC)	609	609	0	0

### **3. Housing, Economy and Regulatory (HERS)**

The aim of this review was to ensure our Regulatory Services continue to meet the demands and needs of the County in a cost effective manner and to ensure the Council works effectively with local businesses to develop and grow the economic well-being of the County.

The review encompasses services with a total gross revenue budget of £14.4 million including an income of £9 million and approximately £5.4 million of net expenditure.

There are some 300 staff employed in the delivery of the services in scope of the review.

The core services included in the review are:

- Economic Development;
- Planning/Building Control;
- Housing;
- Environmental Health and Trading Standards

The Core Purpose of the services is to deliver a range of housing, regulatory and economic services that minimise red tape and support the delivery of the Council's strategic objectives around vulnerable people and creating a thriving local economy.

The HERS project delivery plan includes nine key work streams which cover the following themes;

- Redesigning our Regulatory Services to move to full cost recovery wherever possible, actions included in this re-design include:
  - reducing staff for regulatory based activities
  - Increasing fee generating services
  - Reducing unnecessary regulation
  - Manage expectations in terms of services provided and enabling self -help for customers where appropriate
- Reshaping the Economic Development Service to facilitate economic growth through the Local Enterprise Partnership including the Hereford Enterprise Zone:
  - Work has commenced on realigning staff and reducing overall staff numbers to take out costs and also provide additional focus to the Local enterprise Partnership
  - Establishing a one stop shop for business advice and support with council services
- The re-procurement of housing related support services to deliver value for money savings and service improvement:

- Work has been completed on the re-procurement of a number of housing related support contracts which will deliver significant savings during the 2013-2014 financial year

The overall savings target associated with the HERS review is £1.34 million spread over two financial years.

Detailed delivery plans are in place to ensure the delivery of the savings.

Savings identified are:

	£k	2013/14	2014/15	2015/16
HERS	1340	1154	186	0

## 4. Transport and Travel in Herefordshire

A cross directorate review that encompasses the following passenger transport services that total a budget of £8.7 million.

- Local bus and community transport
- Home to school travel
- 16-19 travel
- Special education needs travel
- Adult social care transport

The Core Purpose of the services as defined within the Local Transport Plan is:

- *To deliver a cleaner, healthier more prosperous county  
(Create and maintain a successful economy)*
- *To maintain connectivity for all and to reduce social isolation of the elderly and those without access to a car  
(Enable residents to be independent and lead fulfilling lives)*

There are four key areas of work within the project based around:

- Integration of the commissioning of all passenger transport services within the Places Directorate with the Transport Strategy function in order to both coordinate policy and deliver savings, target date October 2013
- Undertaking a full Network Review and Service Re –design, target date September 2014
- Identifying and implementing Public Transport contract efficiencies in advance of the full network review, target date September 2013
- Reviewing the current level of Discretionary Provision for School Transport Target date June 2013

A detailed delivery plan has been developed and work is underway to begin implementation. Actions to date are as follows:

**Team Integration** - A high level specification and terms of reference have been developed setting out the remit for the new team. A detailed structure and new job descriptions/person specifications will be drafted in April/May. Consultation on the structure will be carried out with staff June 2013 with recruitment and mobilisation July to September 2013.

### Network Review and Service Redesign

Aspect	Evidence
Review Policy & strategy	Policy drivers paper Advice on commissioning models / practice elsewhere Engagement with commissioners Establishing a new commissioning model Potential policy / eligibility changes identified to

	contribute to savings
Organisation & approach to commissioning	As above, plus: Technical paper on integration Change programme established Discussions with commissioners
Service integration	Key options for change, identifying opportunities Paper on transport integration and assessment of possible efficiencies Term of reference for Integrated Transport Team Implementation underway – change programme set out in Board Report Engagement with community transport sector
User needs	Review of previous surveys / consultations / research Policy drivers identified and future needs / trends highlighted
Savings	Identification of appropriate measures to achieve these Integration and change programme established Plans to work with the market / partner organisations Policy / eligibility changes to achieve savings

The Project Delivery Plan for the Network Review identifies two points for cabinet decision – agreement to options for public consultation (Nov 2013) and preferred option to implement (May 2014).

**Public Transport Contract Efficiencies in Advance of the Network Review** - Contract discussions have been held with the bus operators who are responsible for the services that are due for renewal September 2013. The discussions have focused on opportunities to reduce contract costs through the re packaging of existing contracts enabling more efficient use of vehicles and marginal service reduction in areas of low usage.

Public transport savings for 2013/14 are being progressed through contract negotiation.

**Discretionary Provision of School Transport-** The following proposals have been developed and are being progressed through the normal project and directorate governance processes.

1. **Increase in parental contributions towards post 16 transport.**
2. **Increase in parental contributions towards denominational transport**
3. **Increase in parental contributions towards Vacant Seat Payment Scheme**
4. **Introduce a parental contribution towards Special Educational Needs (SEN) Post 16 transport provision**
5. **Provide free transport to nearest school only**

Savings identified are:

	£k	2013/14	2014/15	2015/16
Travel & Transport	1760	340	894	526

## 5. Safer and Stronger in Herefordshire

This review set out the following aims:

**Prevention and preparedness** – assigning resources early can mean avoiding the need for higher levels of public sector intervention and associated scale of cost before situations become critical.

**Localised decision making and delivery** – for service design to reflect distinctive local needs, and delivery as close to neighbourhoods as economically possible.

**Enable and Empowerment** – build social capital within organisations, communities and individuals to be self-reliant, proactive and resilient.

**Choices** – Make available options and choices for decisions to be made on allocating resources.

The review developed 7 key areas of work:

**Involvement Strategy** – produce a framework document outlining the local authority's method of involving communities in decision making and service delivery.

**Partnership funding** – review relationship with the voluntary sector and other partners in the re-design of grants and Service Level Agreements to ensure a proactive response to the findings of the Root and Branch Reviews e.g. local schemes to support people at risk of being vulnerable.

**Local delivery of services** – use opportunities of contracts, grants, service level agreement and partnerships to maximise the delivery of services at the most localised level possible.

**Locality working** – for a new approach to working with communities to be reflective of a “second phase” of locality working, increasing local co-ordination and collaboration to deliver the key objectives of the locality strategy.

**Parish Councils** – instigate new ways of working with parish councils as part of the “local government family”, collaborating on joint schemes that affect local areas.

**Advice Strategy** - create a sustainable advice provision in the county, co-ordinated across organisations that addresses needs of individuals before they reach crisis point.

**Right first time policy** – that the services in the review influence wider council policy specifically:

- Understanding of diversity and respect integrated into HR and management practices to counter negative attitude and practice in the workplace that would have an effect on staff morale, grievance or tribunal.
- Integrate equality objectives into procurement and commissioning practice and policy.
- Co-ordinated approach across the local authority, agencies and local communities to avert disaster and progress recovery from emergency.

Actions to date are as follows:

- Delivery Plan agreed by Delivery Board

- Focus Groups with Town and Parish Councils to look at areas of support and delivery of services
- Production of discussion Paper on Locality Working\*
- Review of South Wye Regeneration Partnership\*
- Paper on Collaboration with Local Councils for consideration at Leaders Briefing on 25<sup>th</sup> April 2013

Savings identified are:

	£k	2013/14	2014/15	2015/16
Safer And Stronger	281	178	97	6



## 6. Children and Young People in Herefordshire

The review aim was to answer the following questions:

- What is the function of Children and Young People Services and what do the services need to achieve?
- What are the priorities for the next decade?
- How well are the different aspects of the function achieving their objectives and evidencing value for money?
- How well do the different parts/aspects of the service understand what they need to achieve and how they could relate to each other better?
- What are the fundamental belief systems – the ones we need and those we need to change?
- What could/should we stop doing?
- How could/should we deliver this function differently?
- Is the balance between commissioned and directly provided services right? Does it need to change? How?
- What should be delivered by Herefordshire alone and what should be delivered in conjunction with other organisations – e.g. sub regional arrangements

The table below outlines the vision and aims of the key work areas within the review.

<b>Service area and vision</b>	<b>Aims</b>
<p><u>Additional Educational Needs</u></p> <p><i>Our business is about educating and developing EVERY child and young person within a cost effective and sustainable learning community. We will have the highest expectation and belief in every individual's talents and abilities - we will not turn our back on anyone.</i></p>	<p>To understand:</p> <ul style="list-style-type: none"> <li>• To what extent are we succeeding in fulfilling the Mission Statement already?</li> <li>• What is preventing us from doing this more fully?</li> <li>• How are we going to fully deliver this vision described in the mission statement?</li> </ul>
<p><u>Early Years</u></p>	<p>To clarify the future of the Early Years Service with regard to:</p>

<p><i>Our aim: All EY children achieving a good level of development through access to high quality EY care and education</i></p>	<ul style="list-style-type: none"> <li>• Capacity</li> <li>• quality</li> <li>• leadership</li> <li>• direction</li> </ul>
<p><u>Learning and Achievement</u></p> <p><i>Learning and Achievement's focus is on targeted support and challenge for Early Years settings and all schools in order to raise achievement.</i></p>	<ul style="list-style-type: none"> <li>• To identify the core services that the team provides to schools and settings</li> <li>• To identify those activities for which schools can/are charged for</li> <li>• To identify and analyse future models for delivery</li> </ul>
<p><u>Locality Services</u></p> <ul style="list-style-type: none"> <li>• <i>To safeguard children</i></li> <li>• <i>To improve the lives of children and families</i></li> <li>• <i>To achieve the best possible outcomes for children</i></li> <li>• <i>Identify needs and support</i></li> </ul>	<p>Our future core purpose:</p> <ul style="list-style-type: none"> <li>• Ensuring the best possible outcomes for our children</li> <li>• Breaking the cycle</li> <li>• Effective joined up working across family support teams, children's services and all agencies</li> <li>• Parents being receptive to our support and to change</li> </ul>
<p><u>Safeguarding</u></p> <p><i>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 lots to do and learn.</i></p>	<p>The Child's Journey project, which utilises a Lean Systems Thinking methodology has the following aims:</p> <ul style="list-style-type: none"> <li>• To identify and analyse demands on the system (from early help through to the Looked After Children service)</li> <li>• To analyse our capability through data and performance measures</li> <li>• To identify, and attempt to mitigate, the long standing issues around data (imputting, collection, reporting and analysis)</li> <li>• To identify the flow of current processes</li> <li>• To analyse actions and processes, focusing on the benefit to the child</li> </ul>

	<ul style="list-style-type: none"> <li>• To identify and analyse waste in the system</li> <li>• To analyse the influence management thinking has on the system and processes</li> </ul>
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Actions to date are as follows:

- **Additional Educational Needs** – A series of whole team workshops and multi-team, multi-disciplinary workshops have taken place. A savings target has been agreed, and restructure proposals are in place to meet these.
- **Early Years Service** – A core purpose workshop and a reaching our aim workshop have taken place. Early Years Improvement services have transferred to children’s services commissioning and a savings target has been agreed. It is proposed as part of the localities/early help proposals that Early Years parenting and family support services should be integrated into the locality new ‘Early Help@’ teams. Further restructure of the Early Years Improvement services is required to meet savings targets; Chris Baird is leading on this.
- **Learning and Achievement Service** – A series of whole team workshops and multi-team, multi-disciplinary workshops have taken place. A savings target and organisational restructure has been agreed and the service has been transferred to children’s services commissioning, Chris Baird is leading on this.
- **Locality Services** – A core purpose workshop and reaching our aim workshop have taken place. Members of the team have also participated in multi-team, multi-disciplinary workshops. It has been agreed that duplication needs to be reduced further and services streamlined and simplified. Organisational restructure proposals have been released and are being consulted on. The proposals are available on the intranet, but involve reorganising the various early support teams into four locality based early help teams, who will have a focus on parenting and family support for young families, and young people/youth. The proposals will be consulted on until mid-April. Locality services have been fundamentally reviewed and the proposals are out for consultation and the 500k savings target there will be achieved. Savings in additional needs services will also be achieved and the root and branch review has focused there on driving best value, the customer experience and ensuring savings targets can be achieved.
- **Safeguarding** – Lean Systems Thinking (LST) methodology has been utilised on the Child’s Journey project. This was a 6 week project with 12 members of staff from all teams. It has included demand analysis, process mapping of key processes, analysis of what we currently measure and waste identification. The overall findings report will be available in May 2013; and the recommendations report in June 2013.

The methodology challenges us to gain an understanding of the ‘status quo’, as well as understanding where implementation plans, pilots and actions are already underway. To achieve the changes and savings required, we need to be confident of the holistic picture, in order to improve end to end rather than tampering around the edges.

We have to improve the safeguarding services we offer children. The Child’s Journey project compliments the work already happening in the various work streams of the Improvement Board and provides the opportunity to deliver sustainable and improved services, as the

focus is on targeted early help and preventative work. Working with children and families as early as possible gives us the best chance of successful outcomes and is less expensive than more serious interventions further down the line.

Significant work has taken place to ensure the root and branch work is focused on the customer experience, meeting needs early to prevent the need for customers to enter high cost services, service improvement and quality and meeting the cost savings needed.

Savings Identified are:

	£k	2013/14	2014/15	2015/16
Children & Young People	2159	2159	0	0

## 7. Herefordshire's Environment

The aim of this review is to reduce the cost of waste management services and energy whilst maximising income from renewables

The key workstreams are built on the objectives of:

- Minimising the amount of waste produced to reduce the cost of collection and disposal
- Viewing waste as a resource and maximise recovery of value including energy production
- Delivering renewable energy projects to reduce costs and maximise income; through a number of energy efficiency projects both in-house and within the communities to reduce energy costs

Actions to date are as follows:

- Scoping of the projects
- Background research on best practice opportunities
- 'Discovery' workshops with staff to establish the current position
- Potential options presented as a benefits case to the Cabinet Challenge session as part of the accelerated process
- Presentation of the final benefits case to Delivery Board
- Project Delivery Plan signed off at Delivery Board

Outputs and outcomes to date are:

- Negotiations have started with contractors to identify savings by moving to Alternate Weekly Collection (AWC) of refuse and recycling.
- Continued negotiations with Worcestershire County Council (WCC) and waste disposal contractors to realise savings in 2013-14.
- Realised the remaining savings from the black sack cessation in 2013-14.
- Negotiated savings from reducing the 'bring recycling' savings in 2013-14.
- Continued development of plans to introduce an 'Energy from Waste' plant with WCC
- The Energy & Environment Team will reduce energy costs through investment in energy efficiency measures, centralisation of budgets, maximisation of commissioning opportunities with suppliers, West Mercia Energy and the integration of existing resources.

Savings identified are:

	£k	2013/14	2014/15	2015/16
Environment	1000	500	250	250

## 8. Living and Wellbeing in Herefordshire:

The **Living & Wellbeing Review** was split into two stages as part of the accelerated process.

Stage A looked at developing a policy of full financial recovery across Arts and Leisure contracts and Stage B is the originally scoped Community Based Health and Public Health Services Review

### Stage A – Full Recovery Arts and Leisure Contract

Work has progressed well and the programmed reductions in Council funding to Halo, Visit Herefordshire and the Courtyard have now been agreed with the respective organisations. This brings assurance to the savings programmed for the next three financial years. Officers will continue to monitor the performance and financial spend of the three organisations in 2013/14 and beyond.

Savings identified are:

	£k	2013/14	2014/15	2015/16
Living and Wellbeing	1500	500	500	500

### Stage B Community Based Health and Public Health Services

This stage commences in April and will be completed in September 2013 for reporting in October 2013. The mandate is shown below.

#### Initial Scope

- Culture and leisure services
- Community base health services
- Public health

3:2 LIVING AND WELLBEING		
High-Level Scope	Services	
<ul style="list-style-type: none"> <li>• Culture and leisure services</li> <li>• Community based health services</li> <li>• Public Health</li> </ul>	Arts administration Arts and entertainment venues Arts development Theatres Culture and creativity Community health services Community hospitals Community nurses Dental access centre Dental health Dispensaries and prescription services Pharmacy GPs Exercise and training Health support groups Hygiene Smoking Healthy lifestyles Medical advice and support services Nursing Occupational therapy Ophthalmology Opticians	Physiotherapy Out of hours health services Sexual health clinics Leisure centres Swimming pools Allotments Public libraries Mobile libraries Museums Galleries Archives Genealogy Sports and recreation Sports development Sports grounds Modern records office Wedding venues Registration of births Registration of marriages Civil naming ceremonies Civil weddings Civil partnerships

#### Core purpose

To promote and improve health and wellbeing of the population:

- Physical and mental wellbeing;
- Belonging to the community;
- Involvement in activities to enhance life;
- Promoting individual and community responsibility for their health.

## **Aims and Objectives of Stage B**

*The transition of the public health function into the Council from the NHS offers an opportunity to review how the services within it can best collaborate and integrate with other Council services. In order to do this, we will:*

- Review scope and core purpose.
- Investigate opportunities for collaborative working supporting the preventative agenda.
- Conduct re-procurement of Public Health contracts as appropriate – Current contracts will be maintained in the first instance for 2013/14, to minimise the risk of any break in service or destabilisation of providers following the Public Health transition. These contracts will be re-procured thereafter on the basis of opportunities for savings and contract value, risk of challenge, and the effectiveness and impact on the NHS, Adult Social Care and Public Health Outcomes. A timeline for review and re-procurement of all contracts, including considering decommissioning and re-commissioning has been developed to support this.
- Explore interfaces and opportunities with partners- e.g. Adult Social Care, Children and Young People, voluntary agencies, health services.

## **What are we proposing to stop or cut?**

- Stage B - At this early stage, no other proposals to stop or cut have been recommended.

## **Stage B Organisation**

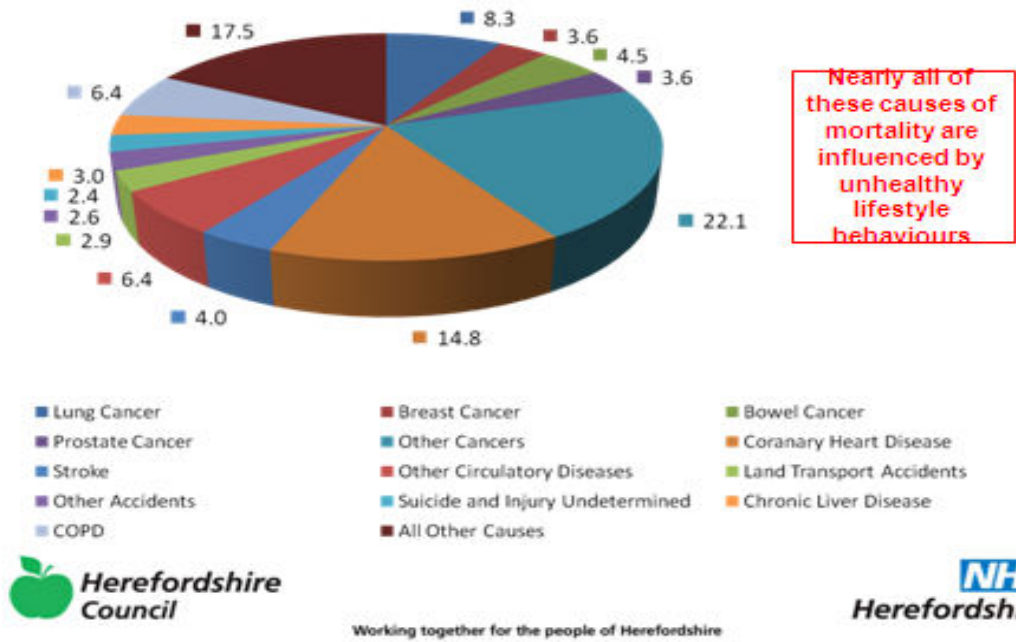
- Programme Lead – Elizabeth Shassere;
- Programme Manager – Alan Holmes;
- Business Analyst(s) – Pauline Heaps/Natalie Richards;
- Finance – Sam Powels;
- Procurement – Wayne Welsby plus additional support
- Business – Public Health representatives plus additional support from other areas.

## **Constraints**

- Initial proposed scope is very wide and includes services which naturally don't fit together
- Community health is commissioned and paid for by NHS CB and CCG
- Lack of clarity over 2020 vision

## **Current Performance**

# Percentage Mortality by Cause



## Target Performance

- Health and Wellbeing Target Performance Measures (**Refer to Background Papers: Corporate Plan, Public Health Outcomes**)
- Adult Social Care Outcomes
- NHS Outcomes

## Impact and Risks

- Lack of procurement capacity within the Council to support the rapid turnaround of inherited contracts as necessary in order to utilise resources better, control quality and value for money for outcomes that meet identified need- at best will require at least 12 months to turn around.
- Potential to destabilise NHS and other providers resulting in loss of service provision
- Failure to address key health and social care issues in Herefordshire

## Health Related Challenges in Herefordshire

- A higher than average ratio of older people within the local population with a higher prevalence of long term conditions, such as dementia and diabetes;
- Increased public expectations of public services resulting in growth demand for services;
- Inequalities in access to services and the health and social outcomes achieved for different social groups within Herefordshire
- Serving a dispersed rural community at a local level;
- A reduction in public sector resources;



- Smoking remains the single most important cause of premature death, ill-health and hospital admission in Herefordshire;
- Rapidly rising rates of alcohol related hospital admissions;
- Obesity is a major contributing factor to poor health, disability and premature death.

### **Understanding Herefordshire – The 2012 integrated needs assessment – Key Recommendations**

- Be proactive about our changing demographics, identifying the predicted rise in need for services and ways to address it.
- Develop the infrastructure, services and support networks needed to enable people to live independently. As well as direct service provision this will include housing and accommodation that facilitates independence, the economy, spatial planning, transport, engagement with the third sector and communities, and support for carers.
- Continue to build on a community based approach, developing our assets of volunteers, carers, third sector organisations, active communities and statutory services.
- Adopt this community based approach to provide comprehensive and integrated services and support for people living with Dementia.
- Ensure that the environment and infra-structure enables people to make healthy choices such as cycling and walking, as well as supporting economic growth and improved connectivity.
- Target preventative activities at the major causes of morbidity and premature mortality, in particular smoking, alcohol and falls.
- Make childhood obesity a priority for all stakeholders, tackling the underlying causes as part of a joined up strategy.
- Ensure continued improvement for Early Years and Foundation Programme, primary and secondary school children to achieve top quartile performance.
- Ensure the various strategies targeting families living in poverty are joined up to provide an integrated response.
- Address social inequalities through a comprehensive approach, encompassing opportunities such as employment as well as lifestyle behaviours, access to services and community engagement.

## 9. Learning and Skills in Herefordshire

The aim of this review is to enable effective partnerships between businesses, education/training providers and communities, and maximise external funding in order to:

- Help all residents, including the most vulnerable, to find out what education, training and volunteering support/information is available to them and what they need to do to gain employment or start a business.
- Help businesses to find out how to develop their workforce and find new employees with the general and specialist skills which they require.
- Work towards realising the full potential of Herefordshire residents and businesses, enabling them to grow, compete and prosper in a global economy.

Unlike the other Root and Branch reviews, Learning and Skills has not gone through the accelerated process, and so remains aligned to its original timeframe (March-October 2013). The review is currently in the initial 'Discovery' phase, so has not yet identified workstreams.

Actions to date are as follows:

- Scoping of the Project
- Background research on current and best practice opportunities
- Discovery workshops with staff and key stakeholders

Outputs and outcomes to date are

- A quick win savings opportunity was identified prior to the initiation of the review with a deliverable of £30k. This represents a 62.5% saving on the small in-scope budget of £48k. This is a reduction in base budget revenue funding supporting the management of the programme of Adult & Community Learning. Work is underway to identify an appropriate future model for the hosting/management of Adult & Community Learning. This area of work receives significant external funding; maximising this funding, both in terms of how much we are able to secure, and how it is utilised, is therefore a key priority for the review.
- Mapping and group discussion workshops have been held looking at in-scope areas of work, functions and context in order to:
  - Categorise key stakeholder groups and identify who the in-scope areas work with directly, via other teams, or links which have potential for development;
  - Identify the points of entry for residents and businesses;
  - Build a representation of the framework which shapes, informs and supports the in-scope areas of work, incorporating Herefordshire Council's organisational priorities, the various stakeholder groups, policy/legislation, funding sources and research/data.

Relationships between the teams who participated in the workshop sessions are highly collaborative; an in-built strength and value in this area. There is an understanding of the commonalities between them and a shared commitment and contribution to prioritising the local economy and enabling vulnerable people. Many of the in-scope areas of work are key enablers with the potential to prevent and alleviate vulnerability, break multi-generational cycles of social and economic marginalisation, and also contribute to the resilience and sustainability of the local economy.

Therefore, whilst this is an area which draws on minimal internal funding, if these links are not sufficiently augmented into the councils strategic planning, there is a risk of overlooking a fundamental opportunity to build economic sustainability within the county and region.

Savings identified are:

	£k	2013/14	2014/15	2015/16
Learning & Skills	30	30	0	0

## 10. Herefordshire 2020 Review

The Herefordshire 2020 Review was planned as the last review. The conclusions from all the other Reviews need to feed into H2020 so that we can describe the Council's purpose, functions and structure.

The Delivery Board recommends that the Herefordshire 2020 scope be extended to become the strategic vehicle by which the R&B programme and all remaining work from the reviews are completed. This re-scoping will offer the opportunity to consider any areas of work undertaken by the R&B programme to date that could benefit from further challenge against the H2020 purpose. It will also extend the programme beyond the original timescales to recognise the likely scale of some of the transformational change.

The two strands of Herefordshire 2020 are:

- Future Council
- Savings

### Future Council

The high level outcomes anticipated from the Future Council element of the revised programme are:

- Clarity of the Council's future core purpose and community leadership role
- Agreement on the services that we provide and stop providing, and as a result the Core Functions and models of delivery for that business (outsource, third sector, partnership, social enterprise, staff mutual, in house etc)
- Provision of services, information and processes that will deliver our core purpose:
  - helping people to be independent and to thrive
  - safeguarding vulnerable children and adults
  - supporting the positive and sustainable development of the Herefordshire economy
  - demonstrating positive outcomes, good performance and value for money to residents

Engagement, consultation and organisational development work streams will be developed.

### Savings

The budgets covered by Herefordshire 2020 total £18.661m. The budget for 2013/14 includes a savings requirement of £1.540m. Approximately £994k of savings has already been delivered. In addition, further savings need to be identified for 2014/15 and 2015/16. Further savings will be sought from the following project areas:

- 1 Management Costs
- 2 Support Services
- 3 Corporate Services
- 4 Hoople
- 5 Corporate Budgets

Savings identified are:

	£k	2013/14	2014/15	2015/16
Herefordshire 2020	1540	1540	0	0

## 11. Adults Social Care (ASC) Business Change Programme

The original Supporting Vulnerable People Review scope and activities have been merged with the Phase 1 Older Peoples Services Review within the scope of the Adult Social Care (ASC) Business Change Programme.

Herefordshire has a significant transformation and savings agenda to deliver in the short and medium term and requires a structured programme management methodology to ensure that change is managed effectively, benefits are realised and timescales and resources are aligned. The ASC 'Plan on a Page' for 2013/14 shown below is focused on projects that will deliver cashable savings in year. Change management and project management control, with a specific focus on deliverables for 13/14 as set out in the Service Delivery Plan, will be achieved through the Business Change Programme (BCP) and will go live at the beginning of April. This will ensure a robust governance structure for projects agreed by the Directorate Leadership Team. The outcomes will be: change that benefits service users, carers and the wider community; service improvements and savings.

The savings plans for 2013/14 have been developed in a high level of detail with costed models of savings to be derived from demand management activities and cost reduction plans. Savings plans have been developed with four key themes and will be monitored and reported through the Financial Sustainability Group. Every savings target is allocated to a cost centre and will have an owner responsible for delivery.

The 'Plan on a Page' 2013/16, shown below places much greater emphasis on communities; preventative interventions; promoting and maintaining well-being and consequently deferring and preventing the need for more expensive, acute and intensive health and social care interventions

Commissioning for Health & Well Being will take forward the Transformation Programme through a whole system review of services in the sector. The Transformation will promote health and well-being through effective development of universal services, ensuring that we enable 'something for everyone' through provision of clear information about facilities and activities in their community.

Priority in future service delivery will focus on helping people recover, recuperate, and rehabilitate so they are able to live as independently as possible. Within Adult Social Care the Choice and Independence/Rapid Improvement Programme will ensure that professionals work with service users in ways that promote their independence, ensure their safety and support their recovery.

The challenge of achieving further budget reductions will necessitate a truly collaborative approach across the sector.

- Demographic pressures are creating additional financial pressures for statutory ASC services although partly offset by the fact that more people are paying or partly paying for their services;
- Some traditional methods have been used to deliver a large part of recent cash releasing savings e.g. fees paid to independent providers of both residential and domiciliary care have been suppressed. There are likely to be diminishing returns from this approach over the next few years;
- More fundamental change is required from now on through a redoubling of effort to manage the demand for formal social care intervention: help people who may be at risk of needing

formal health and social care intervention to remain independent for as long as possible; build the capacity of communities to support people in new ways; prioritise the development of services that support people’s recovery after an accident or episode of ill-health (including re-ablement, intermediate care, crisis response and telecare); ensure that personalisation works for those with on-going needs so they are able to plan and direct their own support and have a choice of cost effective solutions.

- These approaches need to be underpinned by rigorous examination of the effectiveness of existing ASC services through an outcome based approach to assessment, commissioning and measurement of success;
- A pre-requisite for delivering further budget reductions is partnership working, particularly with the NHS; integrated service models and joint commissioning plans will make the best use of resources and improve outcomes for communities;
- Co-production of solutions with service providers, community groups and people who use services is essential;
- Fundamental change to behaviours and new ways of working are required are even more important than changing structures, systems and processes. The energy, commitment and professional skills of staff employed across the sector needs to be harnessed to find new and better ways of meeting individuals’ needs.
- The development of more appropriate performance indicators, bench-marking and a more robust evidence base to achieve a better sector-wide understanding of what works is a pressing need.

Savings identified are:

	£k	2013/14	2014/15	2015/16
Older People	2692	1792	900	0
Vulnerable People	6719	6219	500	0



# HEREFORDSHIRE'S ADULT SOCIAL CARE BUSINESS CHANGE PROGRAMME – 1 YEAR PLAN ON A PAGE 2013/14

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<b>Context</b>	181000 population	13/14 ££48.641 net budget 13/14	High and rising population aged >65	Financially challenged CCG/ acute providers	High and rising prevalence of LTC	Geographic-ally dispersed population
<b>Vision</b>	<i>Herefordshire is a place where adults live independently, and are active participatory citizens with a sense of well being and good quality of life</i>					
<b>Objectives</b>	* Building social capital within local communities * Making a strategic shift to prevention and early intervention * Improving health & well being through preventative services * Facilitating access to universal services * Integrated working across the health and social care system * Commissioning support for critical points and transitions to maintain people in their own homes * Improve quality and safety of care * Empower service users and carers to control the support they need * Improve sustainability of health and social care system					
<b>Work Programmes</b>	Modernising Safeguarding Adults Programme ( MS)	Shaping the Market, a Sector led Approach Programme ( MS)	Prevention & Early Intervention Programme ( MS)		One Herefordshire Approach to Transformation Programme ( MS)	
	Wye Valley NHS Trust Next Stage Integration Programme ( HC)	2gether Foundation Trust Next Stage Integration Programme ( HC)	Financial Sustainability ( Delivering Savings and Medium Term Financial Strategy Planning Programme) (HC)		ASC Developing the Right Workforce for Herefordshire Programme ( HC)	
	ASC Systems, Business Process and Infrastructure re engineering ( HC)	Implementing Strategic Business Change Governance Structure and Board Programme ( HC)			ASC Specific Commissioning and Procurement 13/14 Implementation Programme ( MS)	
<b>Outcomes Framework</b>	Adult Social Care Outcomes Framework 2013/14					
<b>Outcomes 2013/14</b>	<b>Communities</b> Extended use of community support networks and resources  People exercise maximum control over their lives	<b>Health &amp; Well Being</b> Better health and well being achieved through preventative, practical and self help services	<b>Diversion</b> Interventions to avoid inappropriate admissions to hospital or residential care	<b>Live Independently</b> Stay healthy and recover quickly from illness	<b>Access Community Opportunities</b> Have best quality of life through access to leisure, appropriate housing and social activities	<b>System Transformation</b> Service users experience a seamless health and social care system Financial sustainability
<b>Aspirations 2015/16</b>	* Implemented health & wellbeing transformation programme * Implementation of Personalisation and the Care and Support Bill * Developed market offering greater choice and control to individuals * Shift from over reliance on residential and nursing care through effective commissioning of help to live at home alternatives* Financially balanced health and social care economy					
<b>Cross Cutting Themes</b>	* Service user, Carer & Stakeholder Involvement * Quality & Safeguarding * Prevention * Partnership Working * Workforce * Governance & Assurance					
<b>Strategic Performance Measures</b>	Reduction in admissions to residential and nursing homes - % of people supported to achieve and maintain independence - % of people completing a period of reablement with reduction or ending of care - % contacts sign posted to other agencies- delivery against national Outcomes Frameworks- Market development is evidence based and informed by service user analysis- delivery of financial savings					



# HEREFORDSHIRE'S APPROACH TO THE ADULT TRANSFORMATION PROGRAMME – 3 YEAR PLAN ON A PAGE 2013/16

Context	<div style="display: flex; justify-content: space-around; text-align: center;"> <div style="border: 1px solid black; padding: 5px; width: 15%;">181000 population</div> <div style="border: 1px solid black; padding: 5px; width: 15%;">13/14 ££48.641 net budget 13/14</div> <div style="border: 1px solid black; padding: 5px; width: 15%;">High and rising population aged &gt;65</div> <div style="border: 1px solid black; padding: 5px; width: 15%;">Financially challenged CCG/ acute providers</div> <div style="border: 1px solid black; padding: 5px; width: 15%;">High and rising prevalence of LTC</div> <div style="border: 1px solid black; padding: 5px; width: 15%;">Geographic- ally dispersed population</div> </div>					
Vision	<i>Herefordshire is a place where adults live independently, and are active participatory citizens with a sense of well being and good quality of life</i>					
Objectives	<ul style="list-style-type: none"> <li>* Building social capital within local communities</li> <li>* Making a strategic shift to prevention and early intervention</li> <li>* Improving health &amp; well being through preventative services</li> <li>* Facilitating access to universal services</li> <li>* Integrated working across the health and social care system</li> <li>* Commissioning support for critical points and transitions to maintain people in their own homes</li> <li>* Improve quality and safety of care</li> <li>* Empower service users and carers to control the support they need</li> <li>* Improve sustainability of health and social care system</li> </ul>					
Work Programmes	<b>Community/Sustainable Systems</b>  Community strategy and Capacity Building  Building social support networks  Housing Options	<b>Demand Management</b>  Universal Offer  Customer Contact  Information & Advice  Market Shaping  Carers Support	<b>Prevention &amp; Early Intervention</b>  Partnership on implementation of community teams with virtual wards and neighbourhood teams as a service continuum	<b>Integrated Commissioning</b>  Integrated care pathways  Help to live at Home: re-ablement; telecare/Assistive Technology/Home Care	<b>Service Developments</b>  Day Opportunities  Supported Living Options	<b>System reconfiguration</b>  Next Stage Integration  Self Directed Support  Care & Support Bill
Outcomes Framework	ASC / Public Health and Health Outcomes Framework					
Outcomes 2013/14	<b>Communities</b>  Extended use of community support networks and resources  People exercise maximum control over their lives	<b>Health &amp; Well Being</b>  Better health and well being achieved through preventative, practical and self help services	<b>Diversion</b>  Interventions to avoid inappropriate admissions to hospital or residential care	<b>Live Independently</b>  Stay healthy and recover quickly from illness	<b>Access Community Opportunities</b>  Have best quality of life through access to leisure, appropriate housing and social activities	<b>System Transformation</b> Service users experience a seamless health and social care system Financial sustainability
Aspirations 2015/16	<ul style="list-style-type: none"> <li>* Implemented health &amp; wellbeing transformation programme</li> <li>* Implementation of Personalisation and the Care and Support Bill</li> <li>* Developed market offering greater choice and control to individuals</li> <li>* Shift from over reliance on residential and nursing care through effective commissioning of help to live at home alternatives*</li> <li>Financially balanced health and social care economy</li> </ul>					
Cross Cutting Themes	<ul style="list-style-type: none"> <li>* Service user, Carer &amp; Stakeholder Involvement</li> <li>* Quality &amp; Safeguarding</li> <li>* Prevention</li> <li>* Partnership Working</li> <li>* Workforce</li> <li>* Governance &amp; Assurance</li> </ul>					
Strategic Performance Measures	Reduction in admissions to residential and nursing homes - % of people supported to achieve and maintain independence - % of people completing a period of re-ablement with reduction or ending of care - % contacts sign posted to other agencies- delivery against national Outcomes Frameworks- Market development is evidence based and informed by service user analysis- delivery of financial savings					



**Transformation Fund: Breakdown of Spend**  
**Cabinet 18 April 2013**

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## Transformation Fund - Progress report

### 1. Introduction

1.1 The Transformation Fund was approved by Council in February 2012 at £1.164m as part of the one off funding arising from the council tax freeze grant. An initial allocation of £325k was agreed to fund staff in the Corporate Transformation team, with the balance to be approved by the RTTC Board following the submission of a bid.

### 2. Current balance

2.1. The position of the fund to date is set out below;

#### Transformation Fund

	£
<b>Opening balance</b>	<b>1,164,000</b>
 <i>Allocated</i>	
Corporate Transformation Team	325,000
Resourcing – Root and Branch	191,036
Introducing Lean Systems Thinking	100,000
Broadband	140,000
Transport consultant	25,000
Quality of Life survey	10,000
Re-ablement – expand capacity	197,302
Older Person’s Accommodation & Support	100,000
 <b>Total</b>	 <b><u>1,088,338</u></b>
 <b>Balance uncommitted</b>	 <b>75,662</b>

2.2 The following paragraphs provide a brief progress report on the use of the funds from the project leads. Use of the Fund is monitored by the Delivery Board.

### 3. Transformation Team

3.1 The funding allocation for the transformation team, now part of Hoople (project and programme managers, business analysts), has supported the following programmes and projects which have been identified as priorities for the Council:

- Better ways of working (project manager/implementation officers/business analysts)
- Public health transition (project manager)
- Business support review (project manager)
- Agresso self-service (project manager)
- Homecare procurement (project manager)
- S75 agreement with CCG (project manager)

- Information management programme (business analyst)
- Customer organisation programme (programme manager)
- Frameworks improvement (project manager)
- ICT Infrastructure projects (project managers/business analysts)

### 4. Root and Branch Resourcing

- 4.1 Following an innovative recruitment process to identify skills and experience for the Root and Branch programme, a team of 4/5 people were recruited via the Hoople Agency. The fund was also used to backfill vacancies where internal employees were used for the reviews.
- 4.2 The resources have been used to support delivery of Root and Branch to date and have identified significant savings for delivery in 2013/14 and 2014/15. The fund also additional project management support to the Child's Journey, Ofsted improvement plan and Multi Agency Safeguarding Hub (MASH).

### 5. Lean Systems Thinking

- 5.1 In May 2012 the Council introduced Lean Systems Thinking into the organisation. In conjunction with Hoople (via the new Lean Academy), it was agreed that resource would be recruited to the Academy to specifically support this aim. The Rising to the Challenge (RttC) programme board agreed to utilise £100k from the transformation fund to support this.
- 5.2 This fund was used to provide external consultancy support and the appointment of a full time LST specialist to support the Root and Branch reviews.

### 5.3 Lean Redesign - Case Study - Major Adaptations (Disability Facilities Grant)

- 5.3.1 The Home Improvements Agency (HIA) is part of the Private Sector Housing team within the Places & Communities Directorate. Private sector housing has overall responsibility for the management of the Disabled Facilities Grants (DFG) and implements major adaptations to properties occupied by disabled people. The department cannot function without Occupational Therapist (O/T) support and referral as it is a fundamental part of the process; however in this county they are employed by Herefordshire Primary Care Trust (PCT).
- 5.3.2 The objective of the review was to use Lean & Systems Thinking methods to understand the work 'end to end' and from a resident's perspective. This included several organisations and departments:
- 5.3.3 The redesign was undertaken working in partnership with both workforces (Occupational Therapy and Housing Improvement Agency). The staff are confident that the outcomes are achievable and these are supported by the management of both organisations. Work has already started on the implementation planning.
- 5.3.4 This is a **Spend to Save Area**, savings will not be found directly within this team or directorate, but the impact of earlier and quicker responses in terms of adaptations will prevent rising costs in the adult social care budget associated with complex care packages, residential and nursing placements. Significant savings due to this review appear in the Root & Branch financial analysis.
- 5.3.5 The customer experience will also improve significantly. Capability data collated during the review evidenced that the journey from the resident's perspective (initial enquiry to completion) on average took 296 days but it could typically take up to 822 days to complete. This will be a key measure of improvement during the implementation.

**6. Broadband**

- 6.1 The Transformation Fund is to be used to make the most of the improved Broadband infrastructure in Herefordshire by encouraging more services to be delivered electronically, whilst simultaneously encouraging residents to use the internet to access services. A contract for the infrastructure was signed with BT in December 2012. The commercial roll out in Hereford City is near completion and Ledbury and Leominster have been confirmed to have fibre infrastructure this year.
- 6.2 The **Go-On HERE**fordshire is linked to a national campaign to drive internet use in order to address issues of social isolation, supporting people with household finance, aid learning and a tool to assist health and wellbeing. Also whilst public services become digital by default, the Go-On programme is concerned with ensuring the public is ready to maximise the use of digital services.
- 6.3 The project will be run by a co-ordinator, under the title of Digital Inclusion Officer. This post will run for two year working through the deployment to support more people to use the internet. The focus will be on older people to be more familiar with the technology and maximise its use when more dependent.
- 6.4 There has been minimum spend and outcome to date due to the timing of the recruitment of the lead officer who will now work towards an action plan.

**7. Transport and Travel Review**

- 7.1 Funding has been used to provide the Council with technical advice and support for the review of transport and travel. This was to provide external expertise, awareness of best practice and approaches which have been successful in other locations and also to add capacity to the officers leading the review.
- 7.2 The advice and support received has been used to support project management, engagement with providers, workshops with commissioners. This informed the review options (56 in total) for change leading to final recommendations. The external consultant is now supporting implementation of the agreed recommendations to achieve the savings target of £1.76m.

**8. Quality of Life Survey**

- 8.1 This is a large scale residents' survey to provide a statistically robust understanding of the views on aspects of quality of life in Herefordshire and to provide some insight regarding how these vary across the localities.
- 8.2. The survey covered a wide range of topics primarily concerned with experiences of living in the area and (mostly council-provided) services. For example: what things are important and what needs improvement; volunteering, participation and involvement; respect, consideration, anti-social behaviour and community safety; satisfaction with a range of services (e.g. doorstep, recycling, bus services etc), the council overall and other public services.
- 8.3 The Herefordshire Quality of Life survey was a postal survey, sent to around 4,000 randomly selected households across the county and stratified to reduce cost whilst at the same time providing information on views for each of the 9 localities and plus the sub localities Hereford North, South and rural. Outcomes were:
  - Response rate of 33% with 1,346 responses with fieldwork completed by July 2012.
  - Reports produced: headline, localities, full (including analysis of views by rurality and age) reports produced and published.
  - Headlines presented at senior management team, leadership team, health and well-being board and other groups. Thematic analysis done for root and branch review areas to inform priorities and savings proposals. Information used to inform 'your community, your say' qualitative research in the autumn, including conversations with communities and parish councillors.

## **9. Re-ablement**

- 9.1 The re-ablement project is an invest to save project. Currently a high proportion of patients are being placed into long-term care services without the support of a personalised re-ablement approach that promotes independent living.
- 9.3 The additional investment funding is to be used to further develop the re-ablement function within Neighbourhood Teams. At present efficiencies and associated benefits are not being effectively realised due to lack of resource and co-ordination of the customer journey this is contributing to unnecessary or higher cost care packages for service users.
- 9.4 This will also enhance Case Co-ordination and re-ablement capacity in the Teams, supporting a more efficient process by enabling team managers to provide a re-ablement service that can be monitored and measured by Care Co-ordinators and administrators aimed at enabling service users to gain independence.
- 9.5 Implementation of this proposal will also deliver benefits to service users including increased access to re-ablement programmes, improved independence and well-being and increased service user satisfaction.
- 9.6 The re-ablement project was granted £197,302, in the main for additional staffing to support the re-ablement process. To date the recruitment process has proved to be difficult and has caused delays to the project. This funding was pass-ported to Wye Valley Trust under a section 75 agreement, to provide this additional resource. Under this agreement £102,231 of this £197,302 funding has been underspent due to the slippage in recruitment as at the end of March.

A request will be made to place the final underspend into a reserve fund during the closedown of 2012/13 accounts. This money can then be utilised so that the project delivers the required outcomes and savings in the next financial year.

## **10 Older Person's Accommodation and Support**

- 10.1 Funding has been agreed for a project manager to implement changes to older person's accommodation and support. Key tasks are to:
- Launch the action plan with Peter Fletcher through seminar/workshops (draft format of the event has been established)
  - Take forward workshops with existing Registered Social Landlords and providers of sheltered housing to discuss remodelling etc. (draft format of the event has been established)
  - Finalise the draft action plan with the existing steering group members and co-ordinate the establishment of task and finish groups for the various projects, whilst ensuring that the actions correlate with The Strategic Delivery Plan for Transforming Adult Services.
- 10.2 Extra care provision has already been identified and work has commenced to take forward potential sites across Hereford city. Initial discussions have taken place between directorates to ensure that resources are focussed when needed in terms of initial assessments for households moving from residential care and appropriate attendance on steering groups to maximise the benefits to be realised.
- 10.3 Very little of the £100k has been spent so far.





**Root and Branch Core Purpose Statements**  
**April 2013**

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**ROOT AND BRANCH REVIEW PROGRAMME - Appendix A**

**HERS Review - Core Purpose**

To deliver a range of housing, regulatory and economic services that minimise red tape and support the delivery of the Council's strategic objectives around vulnerable people and creating a thriving local economy.

**Safer and Stronger - Core Purpose**

- "Get it right first time":
- Prevention and preparedness – assign resources to avoid the need for higher levels of intervention.
  - Localised decision making and delivery – service design to reflect distinctive local needs.
  - Enable and empowerment – build self-reliance, proactive and resilient communities.
  - Choices - options and choices for decisions to be made on allocating resources.

**Streetscene - Core Purpose**

To deliver Public Realm, Property and ancillary services at the best possible value for money whilst meeting customer expectations through a greater emphasis on locality working to tailor the delivery and implementation of services to meet local needs.

**Customer Services (MECC) - Core Purpose**

- To improve outcomes for our residents and Herefordshire by making every contact count, so that the following outcomes:
- Predict and prevent the need for services
  - Support people to be independent and self-reliant
  - Manage and divert demand for services to self-service channels
  - Customer led service improvements
  - Clear points of access
  - Achieve Value for money for residents

**Older People & Vulnerable Children and Adults - Core Purpose**

- Inclusion of those who are most vulnerable in our society
- Access to universal services for all
- Removing barriers inhibiting inclusion and access to universal services for vulnerable older people who have additional needs
- Early identification of triggers leading to crisis and prevention of high level vulnerability

**Living and Wellbeing - Core Purpose**

- To promote and improve:
- the health and wellbeing of the population
  - physical and mental wellbeing
  - belonging to the community and involvement in activities to enhance life
- Whilst promoting individual and community responsibility for their own health.

**Children and Young People - Core Purpose**

To ensure positive and sustainable outcomes for all children and young people in Herefordshire, by ensuring that those who are unlikely to thrive are supported.

**Environment - Core Purpose**

- Promote HC as an environmental exemplar
- Draw together environmental resources to:
  - Deliver renewable energy projects to reduce costs and maximise income
  - Develop energy efficiency projects both in-house and in the community to reduce energy costs
  - Minimise the amount of waste produced to reduce the cost of collection and disposal
  - To view waste as a resource and maximise recovery of value including energy production
  - Protect and enhance Herefordshire's countryside environment for the benefit of residents and visitors

**Learning and Skills - Core Purpose**

- To enable effective partnerships between businesses, education/training providers and communities, and maximise external funding in order to:
- Help all residents, including the most vulnerable, to find out what education, training and volunteering support/information is available to them, and what they need to do to gain employment or start a business.
  - Help businesses to find out how to develop their workforce and find new employees with the general and specialist skills which they require.
  - Work towards realising the full potential of Herefordshire residents and businesses, enabling them to grow, compete and prosper in a global economy

**Herefordshire 2020 - Core Purpose (initial headlines)**

- Unique democratic role
- Providing community leadership
- Doing the things only we can & should do
- Economy, jobs, wages

- Helping people to help themselves
- Safeguarding & vulnerable people
- Getting the basics right
- Demonstrating value for money

**Transport and Travel - Core Purpose**

- To deliver a cleaner, healthier more prosperous county(create and maintain a successful economy)
- To maintain connectivity for all and to reduce social isolation of the elderly and those without access to a car (enable residents

to be independent and lead fulfilling lives)



<b>MEETING:</b>	<b>CABINET</b>
<b>DATE:</b>	<b>18 APRIL 2013</b>
<b>TITLE OF REPORT:</b>	<b>DIGITAL STRATEGY</b>
<b>REPORT BY:</b>	<b>ASSISTANT DIRECTOR PEOPLE, POLICY &amp; PARTNERSHIP</b>

## 1. Classification

Open

## 2. Key Decision

This is not a key decision.

## 3. Wards Affected

County-wide.

## 4. Purpose

To seek approval for a new Digital Strategy 2013/18 encompassing information management, technology, communications and engagement.

## 5. Recommendation(s)

**THAT:**

- (a) **the Digital Strategy 2013/18 be approved; and**
- (b) **the Commercial & Commissioning Board ensure that the principles within the strategy inform future commissioning arrangements.**

## 6. Key Points Summary

- The Digital Strategy will guide the future development and implementation of technology infrastructure, information management, and tools to support effective communication and engagement focused on delivering the priorities within the Corporate Plan.
- The strategy, supporting the customer service strategy, will provide customers with easier access to information and services at a time of their choosing.

## **7. Alternative Options**

- 7.1 Continuing to work with the existing ICT strategy (agreed in 2011) has been discounted as it doesn't sufficiently cover the issues of requiring more flexible ways of working, the rollout of broadband across the county, the increased financial pressures, Information Management as a key consideration, new emerging technologies and social media channels and the need for performance improvement in specific council service areas.
- 7.2 This revised five year strategy has been developed to take account of these changes. It will be important to check our approach however at least annually to ensure that this work remains aligned to the priorities of the organisation and the county (including the Herefordshire 2020 work) and that our approach locally adopts new technologies that continue to emerge. This must be managed in a way that delivers benefits to Herefordshire whilst minimising any risks associated with early adoption of new technology.

## **8. Reasons for Recommendations**

- 8.1 The strategy broadly lays down key guiding principles, supported by a clear delivery plan, which enables Herefordshire Council to meet its current priorities in the most cost effective way.

## **9. Introduction and Background**

- 9.1 The purpose of the Digital Strategy is to provide the framework through which technology and information support delivery of the Corporate Plan; it seeks to balance investment required to maintain and enhance technology services used by customers, employees, partners, and businesses with cost savings that can be made.

## **10. Key Considerations**

- 10.1 The aim is to use available technologies to improve service delivery more cost effectively. Delivery of the Corporate Plan within the available resources will require the council and communities in Herefordshire to operate very differently.
- 10.2 The strategy sets out:
- The ways that customers will interact with us in the future
  - How we will make better use of information
  - How we enable staff to do their job even better and more flexibly
  - How we continue to ensure our technical infrastructure is most cost effective
- 10.3 The strategy also sets out the key priorities for investment and a high level five year road map for delivery; a more detailed delivery plan for year one is in place. The delivery plan is a living document and must be flexible to ensure it continues to meet the needs of the organisation as resources and priorities for investment change. .
- 10.4 The previous ICT strategy recognised information as a core organisational asset, but did not provide an overarching information management framework to connect up our different information activities. This has led to an over reliance on paper which in turn has led to inefficiencies in the use of accommodation, IT and human resources. The Digital Strategy sets out the approach to information management enabling the council to store and use information safely and cost effectively.

## **11. Community Impact**

11.1 The strategy will have the following benefits for customers:

- Promoting independence and customer empowerment – engaging residents in the choice of service, working alongside them as equals to develop solutions that meet their needs;
- Reducing unnecessary contact and simplifying demand management – making contacting the council – or the wider public sector - as easy and stress-free as possible;
- Enabling customers to access our services remotely and at a time of their choosing;
- Simplifying contact with services whilst increasing improved levels of customer service;
- Easier access to accurate more joined up information.

## **12. Equality and Human Rights**

12.1 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 digital development, leading to fairer, transparent and informed decisions being made.

12.2 The strategy is underpinned by a set of principles which include the provision of information in an accessible way for staff and residents alike leading to increased equality of opportunity and access.

## **13. Financial Implications**

13.1 There are no direct costs to the council arising from the strategy; it will however guide how resources are prioritised. Any investment will be determined through the normal governance process, informed by a clear business case.

## **14. Legal Implications**

14.1 The strategy complies with the requirements of access to information legislation; it also seeks to ensure that individuals' data is managed securely and appropriately.

## **15. Risk Management**

15.1 If the strategy is not approved the council is at risk of information governance breaches; these can both impact individuals concerned and carry a reputational and financial risk to the council. Having an approved strategy in place ensures that necessary steps will be taken to ensure that individuals' data is managed securely and appropriately.

15.2 If this revised strategy is not in place there is a risk that investment in technology is not properly aligned to the priorities of the council and will not provide the important support for performance improvement and cost reduction.

## **16. Consultees**

16.1 Consultation on development of this strategy has been primarily with staff working in the council and Hoople Ltd. Consultation has involved those who have considered best practice

from a range of sources to inform this strategy and has worked with the priorities of the organisation and those outlined in the Corporate Plan.

**16.2 General Overview and Scrutiny reviewed the paper on the 8 April 2013 and resolved that:**

1. The report and the draft Digital Strategy 2013/18 be noted and the following be considered by Cabinet when considering the Strategy for approval:
2. That it is essential that Cabinet be assesses the full financial implications, both investment required and potential savings, for the Digital Strategy 2013/18;
3. That the Strategy is written in plain English and a glossary of terms used be included;
4. That Cabinet ensures that the Strategy addresses issues of potential exclusion of certain social groups or lack of access to broadband connection.
5. Emphasis needs to be given to data security to ensure that data storage systems, whether internal servers or external cloud solutions, are as secure as possible.
6. That staff are adequately trained to ensure that software and systems are fully utilised and that staff are confident in their usage.
7. That Cabinet ensures that the Strategy is aligned with the Herefordshire 2020 Review.

## **17. Appendices**

- 17.1 Appendix 1 – Draft Digital Strategy 2013/18

## **18. Background Papers**

- 18.1 None identified.





**Herefordshire Council  
Digital Communication Strategy (R3 0)**

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# 1. Executive Summary

There are a number of reasons why it is important now for Herefordshire Council to consider how we will use technology moving into the future;

- More than ever before the Council needs to deliver performance improvement and cost reductions and technology can help to do this.
- Whilst our resident surveys tell us that their experience of interacting with the Council and their satisfaction with us is improving there is still significant room for improvement.
- There is now a plan agreed to implement super fast broadband so that by 2018 Herefordshire is one of the most digitally connected counties in the UK. It is important that we exploit this opportunity.
- The Council has invested in new technology over the last two years which provides a good platform upon which to build and achieve further performance improvement.

There are a number of principles that were used to inform our proposed direction of travel and how we will get there. We need to;

- Deliver services that are digital by default as this is a far more cost effective way for residents to communicate with the Council; this means we need to provide digital ways of working that residents prefer to use over and above face to face and telephone contact.
- Support our residents and workforce in the use of new technologies. This does not mean however that we will create a group of people excluded from communicating with us because they cannot use technology. We will work with these people to understand what needs to be in place so as not to exclude them.
- Continue to bring together, standardise and reduce where possible our Council owned technical infrastructure where this provides performance improvement and cost reduction.
- Continue to exploit the technology that we already have whilst also working with the new technology advancements that may provide further performance and cost reduction opportunities.
- Make sure that the information that we have is accurate and secure, observing data protection requirements as well as making the best use of it.

Using these principles to align our programme of work will achieve on-going change in the way we do things, which will have a positive impact on our residents and employees.

## **What does this mean for our Residents?**

- Independence with residents taking greater control because they can access the information they need when they need it.
- A reduction in unnecessary contact whilst making contacting the Council and wider services as easy and stress-free as possible.
- Enabling access to our services remotely and at a time of our residents choosing.

- Provision of support to enable residents to use digital channels and the requirements of those unable to do so understood so as not to exclude them.

### **What does this mean for our staff?**

- More flexibility in the way that they work; where they work from and when they work.
- Improved access to information which enables staff to make better decisions and provide an improved service.
- Maximised learning opportunities.
- Improved ability to handle and share resident information safely.

### **What does this mean for our organisation?**

- Reduced costs and improved performance.
- Continued development as an agile organisation; which is flexible and can continue to move with the changing environment.
- Improved reputation, trust and confidence in Herefordshire Council.

### **How will this happen?**

We will deliver this by concentrating on the following four key areas:

1. The ways that residents will interact with us in the future that emphasises the use of more costs effective digital channels
2. Better use of information for residents and our staff
3. How we enable staff to do their job even better and more flexibly
4. How we continue to ensure our technical infrastructure is most cost effective

Further details about these four critical delivery areas, the risks and the plan to deliver this are provided in the remainder of this report.

## 2. The Strategy

The following sections summarise how the key areas will be delivered.

### 2.1 The way that residents will interact with us in the future

Moves to a truly customer-centric approach is fundamental to our transformation journey. This is challenging because people now expect public services to be delivered with the same customer focus they can expect to experience as private consumers.

New technologies, improved information management and the right skills will support us to meet these expectations.

This is not about forcing customers online but about providing excellent online transactions. We will build products and services that work elegantly for residents using digital channels that they want to use whilst over time scaling back other ways of communicating with the Council.

Open access to data and engagement with residents is going to be critical to ensuring this works for residents. This will require us to open up all our depersonalised data and make this useful to residents. Engagement and on-going conversations with residents are also going to be critical; being responsive to their feedback in order that we continually improve.

Our new internet platform will be in place by the end April 2013 and will play a fundamental role in future communications with residents. The rollout of super fast broadband and the support to communities to use it is also very important if we're to fundamentally change the way we communicate.

We will manage the risk of excluding those who cannot use technology through a range of approaches to be linked with the Broadband rollout plan. We will work with our communities to identify opportunities to develop the required technical skills and identify those who are unable to use or access technology and provide appropriate solutions. This will include using our staff and others who have personal interaction with affected groups i.e. older people and lower income families/individuals, to assist in accessing necessary resources.

### 2.2 Better use of information

A clearly defined approach to information management will improve access to information, as well as the storage and destruction of irrelevant information. Better classification and rationalisation of information will enable the Council to store information safely and cost effectively. With more information stored digitally by using scanning technology, much less paper will be held and the costly disposal process will be automatic.

We have organised our approach to this work into three areas;

### **Holding information in context**

Herefordshire Council has developed an Organisational Information Model (OIM) focused from our residents' perspective rather than the organisations. This work is in its early stages and needs building upon. This approach for example enables residents to establish an account with us and more easily transact on line whilst also ensuring that our staff have all of the appropriate information available to them to assist with decision making and improved service delivery.

### **Managing our information safely**

Herefordshire Council is committed to being transparent and open in how it delivers services. However we also need to ensure that access to information is managed within legal boundaries and balances competing human rights for example around individual privacy and our statutory obligations. We will always be clear about how we will use and share any information that we collect. This is linked to our Organisational Information Model above requiring different levels of access to personal information. We will start by opening up our depersonalised information and making it more relevant to residents. There are a significant number of standards that we need to take account of;

- Data Protection Act 1998
- Freedom of Information Act 2000
- Environmental Information Regulations Act
- Privacy and Electronic Communications Regulation (PECR)
- Public Records Act
- Protection of Freedoms Act
- Regulation of Investigatory Powers Act
- Human Rights Act
- Common Law Duty of Confidentiality
- Children's Act 1989 & 2004
- Health and Social Care Act
- Access to Health Records Act 1990
- The NHS Code of Practice on Confidentiality
- The NHS Code of Practice for Information Security
- The NHS Code of Practice for Records Management
- BS ISO/IEC 27001/27002 Information Security

- PD0008 (Records Management) & PCI: DSS standards (Credit cards).

It is critical that the personal information we deal with every day is used appropriately and stored securely, however an overly restrictive approach due to data protection risks can be counter-productive. We will look to provide maximum flexibility whilst also managing information securely.

The security of networks and the way we collect, hold and share information is of paramount importance to our residents and whilst unable to guarantee that advancements in technology are 100% secure we will take all appropriate steps to ensure that personal information is managed safely. This will require close engagement and monitoring with new technologies such as the PSN<sup>1</sup> and G Cloud<sup>2</sup> solutions to ensure that all possible steps have been taken in this area.

## **Making sense of our information**

Making sense of our information will help us to make better decisions and improve performance. Therefore we will continue to build on our role to provide expert County insight into what people in Herefordshire need. . 'Understanding Herefordshire' (the overall Integrated Needs Assessment) is helping us to make sense of our county information in an integrated way so that we can design joined up services for our localities.

### **2.3 How staff will be enabled to do their jobs even better**

We are already part way through a work programme that is providing staff with the right devices and telephony to do their job; we are standardising this where ever possible so that staff can work from any location (including) home; working more flexibly, reducing travelling and the number of costly buildings from which the council currently operates from. This includes the introduction of a standardised desktop environment providing data, voice, video and conferencing capability with access to applications according to the users profile and follow-me telephony technology so that staff can more easily be contacted.

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<sup>1</sup> Public Services Network (PSN) is part of the Government ICT Strategy providing an assured ICT network where services can be shared safely between public sector organisations

<sup>2</sup> A government led datacentre solution providing secure data storage for government, local authorities and the wider public sector

Investment in mobile working solutions for specific field based roles will also assist with more timely access to information and support inter-agency collaboration.

The flexibility for staff to be able to use their own devices is included in this strategy and not something that is currently possible. This can be at odds with our principle to standardise in order to reduce costs and can also bring information security issues; we are however committed to work through these to ensure we have the most effective approach.

Technology and information management can also support better collaboration, helping break down professional silos and promoting closer working.

Staff will notice a number of major improvements:

- Provision of a device ranging from a desktop, lightweight laptop, standard laptop and mobile device – helping employees to work flexibly and be more responsive to residents.
- The technology will be managed and maintained remotely - IT will be invisible to the end user and will just work.
- Security will be tighter, driven by clear information governance, moving to role based security.
- Necessary systems will be accessible remotely.
- Mobile working solutions will be widely deployed, wherever they can deliver efficiency savings, customer service improvements or improved data management. Real-time data capture will reduce transcription and duplicated data entry and lead to improved data quality.
- Tools, including Cisco Jabber<sup>3</sup> and SharePoint 2010<sup>4</sup> are being exploited helping staff work together virtually, improving productivity.
- The virtual desktop environment will be accessible from non-HC devices and under an Enterprise Licence Agreement, enabling a 'bring your own device' (BYOD) packages to be designed.

In order to enable the above as well as support residents to use the technology training for staff will be key.

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<sup>3</sup> A Cisco Product for Instant Messaging, presence awareness and Video communication through devices such as personal computers and laptops

<sup>4</sup> A Microsoft product providing an environment to organise and effectively share work and documents safely with people inside and outside the organisation



## 2.4 Most cost effective technical infrastructure

Herefordshire Council aims to achieve less dependence of physical technical infrastructure by 2018 in order that we can flex capacity as required by business demands without the need for capital investment / disinvestment. To achieve this we will:

- In the shorter term achieve maximum utilisation of our current infrastructure including our Business Systems that support of critical services such as children's and adult's social care.
- Make progress on shared infrastructure services. Herefordshire already has a maturing model through Hoople Ltd for the provision of a range of technical services, including networks, equipment and software. We will continue to achieve more progress on shared infrastructure services, using Framework Agreements to procure and deliver technical services which will realise economies of scale and increased buying power, opening up opportunities for further joint service provision.
- Where appropriate and over time, migrate our Business Systems to Secure Cloud services (e.g. Public Services Network (PSN)) which can be purchased as products as required. The key to the success of these migrations will be the approach to integration ensuring that we optimise the improved sharing of data from a single source.

## 3. Delivery

The programme of work that will make this strategy happen over the next five years is outlined in Appendix A.

## 4. Risks

Risk	Mitigating actions
The underlying strategy and the speed of delivery is reliant on available resources with the appropriate skills. There are particular risks aligned with technical delivery of the Digital by Default web capability.	Current activity is focussed on creating a robust web team which contains the broad skills necessary for effective delivery and maintenance, comprising of Hoople and Herefordshire Council employees. This will be an area requiring investment over the next 12 – 18 months.
Financial constraints continue to impact the ability to effectively invest in technology which will deliver benefits.	Ensure that budgetted funds available are allocated to priority areas of investment through uncomplicated governance procedures. Areas requiring further investment will need to be supported by a robust Business Case.

The five year plan will inevitably need to flex over time particularly in the current environment	Regular reviews of the five year plan with annual refresh activity as appropriate to ensure that areas of focus remain valid.
There are risks around partnerships which will affect collaboration and cost saving opportunities.	A proportion of these risks can be mitigated against by negotiations and relationships developed with regards specific partnership objectives.t.

The plan will therefore need to be regularly reviewed to ensure it remains relevant.

# Appendix A – The Delivery Plan

2013	2014	2015	2016	2017
<b>Information Management and Information Governance</b>				
<b>Understanding the Business Need</b> – Understanding how information and data is stored on our systems				
<b>Managing Information and Data Assets</b> – Implementing the Information Programme to make sure information is held in context, is managed safely and can be effectively used				
<b>Managing Information Flows</b> – Connecting information to improve the customer experience				
<b>Access Control and Management</b> – Managing how our staff access our systems, safely and securely				
<b>Devices and Telephony</b>				
<b>Mobile Device approach and implementation</b> – Looking at how our staff can more flexibly access our systems using a range of devices				
<b>User Controlled Device Management</b> – Provide staff with more self management on devices				
<b>Single Desktop Rollout</b> – Implementation of the standardised desktop environment				
<b>Telephony rollout</b> – to include voice, video and conferencing capability				

2013	2014	2015	2016	2017
<b>Infrastructure Light</b>				
<b>Network and Infrastructure provider selection</b> – Review network and infrastructure options for procurement in 2014				
<b>Network rollout</b> – Implement changes to networks				
<b>Data Storage/Cloud and Hosted solutions options and implementation</b> – Migration of business systems to secure cloud services				
	<b>Printing as a Managed Service</b> – Review options for print services			
<b>Review Infrastructure Requirements and Options</b>				
<b>Local Partner Engagement</b> – Collaborate with local partners for Infrastructure and Network requirements to reduce costs				
<b>Collaboration</b>				
<b>SharePoint implementation and team sites</b> – Enable staff to share information safely using SharePoint Team site functionality				
	<b>Collaboration and Multi Agency Working</b> – Enable safe data sharing between local partners, including Social Care, Health and Police			
	<b>Collaboration for Businesses</b> – Review how the Council interacts more effectively with local business using technology			
<b>On-line Collaboration</b> – Using technology to work more effectively with staff, residents and businesses				
<b>Local Partner Engagement</b> – Collaboration with local partners to reduce costs				

2013	2014	2015	2016	2017
<b>Digital by Default</b>				
<b>Digital by Default Channel Shift</b> – Improving and increasing communication with residents through digital channels				
<b>Digital by Default, Alternative Options</b> – Identifying residents who are unable to use digital technology and how to support them				
	<b>Wi-Fi and Public Access</b> – Increased access to Wi Fi provided in public areas			
<b>Employee Lifecycle</b> – Further improving the HR and business processes and systems supporting a member of staff, reducing paper forms, more timely employee data and how staff are managed.				
<b>Skills and Capacity</b>				
<b>e-Learning</b> – Increasing access to learning through technology providing flexibility to manage time and training				
<b>Learning Management Systems</b> – Ensuring that learning and development for our staff is managed appropriately				
<b>Staff, Members Empowerment and Confidence Building</b> – Supporting staff in the use of technology to enable increased confidence and improve service delivery for our residents				
<b>Digital County and Residents support and capability</b> – Enabling our residents to use broadband technology more effectively to communicate with the council				

2013	2014	2015	2016	2017
<b>Application Solutions</b>				
<b>License Review</b> – For Council applications				
<b>Applications Rationalisation Review</b> – Review applications used across the Council to rationalise where appropriate				
<b>Enterprise Renewal Strategy</b> – Review Microsoft products used and propose alternatives where appropriate				
<b>Business Systems Optimisation and Upgrade Planning (Frameworki, Agresso, Civica, CRM, Performance Plus)</b> – Review of all major business systems to ensure they are delivering value				
<b>Directorate Application Reviews</b> – Review all Business Systems across the organisation to ensure they are delivering value				
<b>Strategic Commissioning</b>				
<b>Contract Management</b> – Managing and negotiating our contracts more effectively				
<b>Procurement Collaboration</b> – Partnering with organisations an groups on contracts to reduce costs				

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2.00	27 Mar 2013	Second release building in feedback from members
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### References

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