

MINUTES of the meeting of Cabinet held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Tuesday 5 February 2013 at 2.00 pm

Present: Councillor PD Price (Deputy Leader in the Chair)

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

In attendance: Councillors AM Atkinson, JA Hyde, NP Nenadich, P Rone, J Hardwick, MAF Hubbard, TM James, RI Matthews JW Millar, C Nicholls, AJW Powers, SJ Robertson and A Seldon.

61. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor JG Jarvis and Councillor RJ Phillips.

62. DECLARATIONS OF INTEREST

There were no declarations of interest made.

63. MINUTES

RESOLVED: That the Minutes of the meeting held on 17 January 2013 be approved as a correct record and signed by the Chairman.

64. BUDGET 2013/14 AND MEDIUM TERM FINANCIAL STRATEGY

The Cabinet Member Financial Management presented the report of the Chief Officer Finance and Commercial, which proposed the draft financial strategy for 2013/14 to 2015. The report also included the 2013/14 revenue and capital budget for approval by Council on 18th February 2013, and the outcome of a consultation on proposals for savings.

A supplementary report entitled "Budget Consultation Headline Results" was also tabled at the meeting. This report captured the main themes emerging from the consultation on proposals for savings, following the closure of the consultation period on 31st January 2013. The consultation results also contained letters from the Herefordshire Third Sector Board and the Herefordshire Voluntary Organisations Support Service. In addition, the recommendations to Cabinet from both the General Overview and Scrutiny Committee and the Health Overview and Scrutiny Committee, were tabled in one document. This followed meetings of both Committees held on 1st February 2013, where the 2013/14 Budget and the medium term financial strategy had been considered.

The Cabinet Member Financial Management summarised the key points of the report, highlighting a reduction in Herefordshire's funding from central government of almost 7% for 2013/14 and the significant challenges arising therefrom. He referred to the proposed Council Tax increase of 1.9% as a difficult but necessary choice which would be used to fund Adult Social Care and further enable the Council to deliver its core objectives relating to vulnerable people and infrastructure. A monitoring process would be introduced in respect of Council Tax collection to identify any risks and to assist with keeping the budgets within

proposed limits. He highlighted approximate savings of £9 million achieved through root and branch reviews to date, which were included in the budget.

Cabinet noted that the final settlement had been received from central government on 4th February 2013, and initial indications were that it was marginally better than anticipated. Members observed that local government funding systems would undergo significant changes during 2013/14, presenting further challenges for the Council. The Cabinet Member Financial Management reported that the MP for north Herefordshire had taken up the issue of service provision and finance in rural areas, which he welcomed as a step towards recognition of the additional financial pressures faced by rural local authorities such as Herefordshire. He emphasised that the support of all Members was needed to convey a public message about the aim of the budget proposals in relation to the Council's core objectives.

The Chief Officer Finance and Commercial reported that the final settlement figure, and a new national £18 million grant from central government for services in rural areas, would both impact on the finalised budget to be considered by Council on 18th February 2013, and this would be reflected in the report to Council. He anticipated that there would be an overall balance increase of approximately £2 million.

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

The outcomes of the public and stakeholder consultation on proposals for savings:

- The recommendations emerging from the consultation would be considered in detail over the coming months, would be factored into the existing budget process wherever possible and would be used to inform future budgets.
- **Community:** Overwhelming support for reducing/ending the distribution of Herefordshire Matters in favour of electronic methods was observed, and members acknowledged the need to ensure that the Council maintained effective methods of communication and find ways to reach those without access to any form of electronic media.
A significant proportion of the public disagreed with any reductions to funding of the voluntary sector, and this would need to be balanced with what was realistic and achievable financially. Cabinet acknowledged the need to engage with the Herefordshire Third Sector Board and the Herefordshire Voluntary Organisations Support Service when considering proposals for voluntary sector funding.
Any considered reduction in opening hours of community facilities would have to be fully researched to ensure that they remained open at peak times of use.
- **Transport:** The Cabinet Member Education and Infrastructure, and the Travel and Transport Working Group would address the issues raised in the survey relating to the need for better coordination of public transport and proposals for service integration in order to achieve savings.
- **Environment:** Public support for investment in energy-efficient technology was welcomed. Cabinet accepted the need to increase household recycling rates and to remove remaining 'bring and recycle' glass collection points, although some members called for alternative arrangements for those without access to wheelie bins.
- **Economy and growth:** Cabinet would consider ways to bring major infrastructure projects together to create a 'whole destination' for Hereford, and benefit the economy in the long-term.
- Members thanked the Research Team for producing the concise results of the consultation in time for the meeting.

Observations from the Overview and Scrutiny Committees on the 2013/14 budget and the medium term financial strategy:

- The Chairmen of the Health and Social Care Overview and Scrutiny Committee and the General Overview and Scrutiny Committee presented their recommendations in respect of the budget for 2013/14 and the medium term financial strategy, which were contained in a separate report to Cabinet, tabled at the meeting. The Chairman of the Health and Social Care Overview and Scrutiny Committee said that the recommendation from his Committee reflected the need to support Peoples' Services and in particular Adult Social Care during the present period of transition, and to ensure effective monitoring of the budgets. The Chairman of the General Overview and Scrutiny Committee said that his Committee had highlighted the need to put in place a thorough monitoring system for the collection of Council Tax and Business Rates to enable a rapid response to any adverse impacts on the budget through reduced levels of income, and to ensure that the root and branch reviews were sufficiently effective to deliver necessary changes to the Authority.
- The Overview and Scrutiny Committees' role in relation to the budget was defined as providing independent assurance, and care would be taken to avoid any duplication between the work of the Committees and that of Cabinet.
- Cabinet members confirmed that measures were being put in place in line with the recommendations made by both Overview and Scrutiny Committees, and endorsed all recommendations with the exception of the Health and Social Care Overview and Scrutiny Committee's recommendation (c), and part of its paragraph (3) in the report. Recommendation (c) had called for the introduction of a transition fund to ensure efficiency, and Cabinet stated that this could not be supported because there was no additional funding available in the 2013/14 budget. Cabinet deleted the phrase "including country parks and woodlands" from paragraph (3) because there were stringent guidelines attached to the use of the Public Health budget which would prevent its use for such a purpose.

Whilst discussing the 2013/14 budget and medium term financial strategy in general, Cabinet also noted the following comments from members of the opposition:

- A suggestion that Council undertook to deliver effective in-house project management, contract design and contract management, as a medium-term strategy to deliver year-on-year savings.
- Identifiable economic drivers, such as "Visit Herefordshire" and the Courtyard Theatre, should fall within the remit of Economic Development rather than Cultural Services in order to achieve maximum benefits.
- In response to requests for further very detailed information in certain budget areas, Cabinet members suggested that members approach them directly for assistance.

RESOLVED: that

- (I) **Cabinet, having considered the outcome of public and stakeholder consultation, recommends to Council on 18 February 2013:**
 - (a) **approval of the Medium Term Financial Strategy (MTFS) shown in Appendix A, which includes the 2013/14 budget and Treasury Management Strategy and Policy Statement;**
 - (b) **approval of a 1.9% increase in Council Tax for 2013/14; and**
 - (c) **approval of the Capital Programme outlined in paragraph 10.56 of the report;**
- (II) **Cabinet notes the arrangements put in place by the Leadership Team to assure delivery of budget savings and the actions from the Root and Branch Reviews; and**

(III) Cabinet, having considered the recommendations of the General Overview and Scrutiny Committee and the Health Overview and Scrutiny Committee:

- (a) will ensure that all statistics used in compiling the budget, e.g. the population figures, are accurate, timely and used correctly;**
- (b) will ensure that all risks arising from the budget are clearly set out in the Risk Register, that the mitigation of the risks is clearly stated and includes a plan, with clear timescales and milestones, for addressing the risks;**
- (c) in the light of the fact that over fifty per cent of the recovery plan for Social Services for 2012/13 is amber or red, will ensure more focus is placed on the plan in order to ensure greater compliance with the Transformation Plan;**
- (d) will ensure that full use be made of the Public Health budget in order to promote preventative measures against ill health and encourage better and more appropriate use of the County's facilities;**
- (e) will closely monitor the collection of Council Tax and Business Rates to ensure that any adverse impacts on the budget due to reduced levels of income are known and addressed;**
- (f) will ensure that there is sufficient management expertise (either in-house or externally) for the Root and Branch reviews to be implemented across the organisation.**

The meeting ended at 3.45 pm

CHAIRMAN