

AGENDA

Cabinet

Date: **Thursday 3 December 2015**

Time: **2.00 pm**

Place: **Council Chamber, The Shire Hall, St Peter's Square,
Hereford, HR1 2HX**

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

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Agenda for the Meeting of the Cabinet

Chairman

Vice-Chairman

Councillor AW Johnson

Councillor PM Morgan

Councillor H Bramer

Councillor JG Lester

Councillor GJ Powell

Councillor PD Price

Councillor P Rone

AGENDA

PUBLICINFORMATIONFIREINFO OCT 14

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	The future of the council's smallholdings estate (county farms)	Contracts & Assets	General	03/09/15
6	Hereford Library and Museum	Contracts & Assets	General	21/10/15
7	Fastershire Broadband Next Phase Delivery	Economy, Communities & Corporate	General	21/10/15
8	Proposed Capital Programme 2016-17	Corporate Strategy & Finance	General	09/09/15
9	Revision to the council Tax Reduction Scheme	Economy, Communities & Corporate	General	28/08/15
10	Local Council Tax Support Effect of Parish Precepts	Economy, Communities & Corporate	General	
11	Review of Off-Street Parking Tariffs	Transport & Roads	General	
13	West Midlands Rail	Infrastructure	General	

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

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

3. MINUTES

To approve and sign the minutes of the meeting held on 15 October 2015.

4. OUTCOME OF ADULT SAFEGUARDING PEER CHALLENGE AND ACTION PLAN

To consider the outcome of the Adult Safeguarding Peer Challenge undertaken in September 2015 and agree the council's response to the areas for improvement identified.

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5.	THE FUTURE OF THE COUNCIL'S SMALLHOLDINGS ESTATE (COUNTY FARMS) To seek cabinet approval for future management arrangements for the council's small holdings estate.	45 - 58
6.	HEREFORD LIBRARY AND MUSEUM To consider implications and choices regarding Hereford library and museum in light of its current temporary closure and impacts on overall library, museums and customer services provision.	59 - 76
7.	FASTERSHIRE BROADBAND NEXT PHASE DELIVERY To consider further phases of the delivery of high speed broadband across Herefordshire.	77 - 102
8.	PROPOSED CAPITAL PROGRAMME 2016-17 To recommend the proposed capital programme for 2016/17 – 2019/20 to Council on 18 December 2015.	103 - 112
9.	REVISION TO THE COUNCIL TAX REDUCTION SCHEME To recommend the revisions to the current council tax reduction (CTR) scheme for approval by Council in December.	113 - 190
10.	LOCAL COUNCIL TAX SUPPORT EFFECT ON PARISH PRECEPTS To recommend to Council the future approach to distribution of the council tax reduction scheme grant funding.	191 - 224
11.	REVIEW OF OFF STREET PARKING TARIFFS To agree the new off-street council car park tariffs for implementation in 2016.	225 - 240
12.	QUARTER 2 CORPORATE PERFORMANCE AND BUDGET REPORT 2015/16 To consider performance for the first two quarters of 2015/16 and the projected budget outturn for the year.	241 - 264
13.	WEST MIDLANDS RAIL To agree arrangements for participation in the West Midlands Rail Partnership in preparation for potential devolution of the West Midlands rail franchise currently operated by London Midland and managed centrally by the Department for Transport.	265 - 314

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HEREFORDSHIRE COUNCIL

MINUTES of the meeting of Cabinet held at Council Chamber, The Shire Hall, St Peter's Square, Hereford, HR1 2HX on Thursday 15 October 2015 at 2.00 pm

Present: Councillor AW Johnson (Chairman)
Councillor PM Morgan (Vice Chairman)

Councillors: H Bramer, JG Lester, GJ Powell and PD Price

In attendance: Councillors JM Bartlett, WLS Bowen, TM James, RI Matthews, AJW Powers, DB Wilcox, CR Butler, J Hardwick, D Summers and EJ Swinglehurst

Officers: Alistair Neill, Jo Davidson, Geoff Hughes, Peter Robinson, Claire Ward

98. APOLOGIES FOR ABSENCE

Apologies were received from Councillors PA Andrews, JA Hyde, RJ Phillips and P Rone.

99. DECLARATIONS OF INTEREST

None.

100. MINUTES

RESOLVED: That the Minutes of the meeting held on 11 September 2015 be approved as a correct record and signed by the Chairman.

101. ADOPTION OF THE HEREFORDSHIRE LOCAL PLAN - CORE STRATEGY 2011-2031

Before the item was introduced, the group leader for It's Our County sought assurance that in publishing the supplement to the agenda one day before the meeting the council had acted within the constitution.

The monitoring officer confirmed that no procedural errors occurred as the supplement had merely been provided to aid clarity but that all necessary documentation had been published with the necessary notice. The monitoring officer confirmed that the documents to be considered for recommendation to Council were the core strategy as submitted to the planning inspector taken together with the main and minor modifications published as appendices to the report.

The cabinet member, infrastructure introduced the report. The pre-submission document had gone through the process of examination with the planning inspector. The modifications identified by the inspector as being necessary to ensure the soundness of the plan had also undergone consultation and the inspector's report had confirmed that, having taken account of the main modifications, the core strategy was a sound document. Cabinet was asked to agree the core strategy and modifications to recommend to Council for adoption.

The group leader for It's Our County asked whether his proposed additional recommendation previously provided to the cabinet member had been discussed. The Leader confirmed that the proposal had been noted and would be addressed at Council.

The chairman of the General Overview and Scrutiny Committee commented that it would be useful to have provision to make small amendments to the strategy after it was approved. It was important to have the core strategy in place so that the council was not in a state of limbo. He welcomed the five-year land supply as a protection against developers making additional planning applications. It was noted that this point had been discussed and would be covered at Council.

The group leader of Herefordshire Independents expressed concern about the risks raised by the inspector and sought assurance that amendments will be taken into account over time. The Leader confirmed that, in accordance with good practice, the local plan would be regularly reviewed.

The Green group leader endorsed comments already raised and referred to the five-year land supply and the delivery of the housing supply, where there was a case for ongoing review. The Leader commented that the local plan would be kept under review and evolve over time.

RESOLVED

THAT:

- (a) the local plan inspector's report (at appendix 1) be noted;
- (b) the Herefordshire local plan core strategy 2011-2031 (at <https://www.herefordshire.gov.uk/planning-and-building-control/planning-policy/core-strategy>), incorporating the recommended main modifications (at appendix 2) and the schedules of minor modifications (at appendix 3) be recommended to Council for adoption; and
- (c) it be recommended to Council that delegated authority be given to the programme director growth to make any further minor modifications, (e.g. typographical) to ensure consistency with other development plan documentation.

102. LOCAL ACCOUNT 2014/15

The cabinet member for health and wellbeing introduced the local account for adult social care. The document represents a snapshot of local performance with an improving picture in adult social care.

The cabinet member, economy and corporate services referred to performance figures contained in the report and noted that year to year comparisons were made on internal performance for the service for two years rather than reflecting good performance against national figures. For example, the service had a lower percentage of admissions to residential care. Feedback from residents reflected this good performance. He noted that staff had done a good job, and offered thanks and congratulations.

The Green group leader commended the report although there was concern that there were pressures improving lifestyles and outcomes. She highlighted that with regard to healthy lifestyle choices, 50% of objectives had been met for people on plans and so there was more work to do in that regard.

Officers explained that there were plans in place to make every contact count and to promote public health awareness and wellbeing. The whole project plan was going live in January with the aim of involving all council services so that all professionals could signpost people to appropriate services and add support to the health and wellbeing agenda. It was intended also to engage children's services to work together more closely.

The cabinet member, economy and corporate services commented that he had experience of shadowing the healthy lifestyle trainers and noted that achieving the 50% rate of completed plans was an achievement and exceeded expectations.

The chair of the general overview and scrutiny committee welcomed the work on direct payments and hoped that it might rolled out further with suitable support. Officers confirmed that the pre-pay card was being rolled out which would make transactions easier. It was noted that this was a challenge to achieve.

The cabinet member for health and wellbeing added that the local account was a snap shot and acknowledged that there was room for improvement and that the intention was to do better next year.

RESOLVED

That the publication of the local account be approved.

103. ADULT AND COMMUNITY LEARNING PLAN 2015-18

The senior adviser, post 16 learning and skills, presented the plan, which is essential for the delivery of the Skills Funding Agency contract. The main points being:

- much of the contract is fulfilled through community and voluntary organisations which enables access to specialist providers and reduces the need to appoint staff directly to the council;
- the plan supports access to those furthest away from the labour markets and success rates were high with people engaging and achieving qualifications particularly in English, maths and ICT;
- learning is in the community to encourage access to learning and over 1000 people have been engaged;
- there was close working with the Department for Work and Pensions and Jobcentre Plus, children's centres and troubled families teams;
- there were many benefits to supporting improved life chances;
- within its small budget, the service was achieving its aims;
- adult and community learning is personal to the individual. However, it was intended to establish an impact analysis and so a follow up survey would be sent out to see how it has helped to improve outcomes. Responses showed that people were able to progress to further learning or to employment;
- the fees policy is in place on the basis that if people can pay for learning, they should pay.

The cabinet member, young people and children's wellbeing, added that this was an important service for people to access and had benefits to the wider community and securing their wellbeing. Officers were thanked and their work was welcomed, and it was evident that it was appreciated within the community.

The Leader thanked officers and acknowledged the value of this work.

In answer to a question from the group leader of the Herefordshire Independents regarding the resilience of small organisations such as Herefordshire Headway, it was explained that as it is hard for smaller organisations to operate, support was available with quality assurance and access to funding streams such as the Big Lottery Fund to support growth of their business.

The Green group leader commended the report and the work of the service and noted the positive outcomes. She noted that the budget has been static and so the number of learners that could be accommodated was dropping. Officers acknowledged that Herefordshire had a small settlement in 2000 which had not changed and which had

prompted debate regarding whether the community learning programme should remain. There were opportunities to look at funding such as European Social Funding and Local Enterprise Partnership.

The leader of It's Our County endorsed the comments and asked about the timing of evaluation surveys which might have shown a better position if learners were tracked over a longer period of time. He also commented on the relationship between fees and cost of delivery and whether this reflected subsidy levels. It was explained that learner evaluation is longer term and personalised with the focus on the most deprived areas. As regards fees, consideration was being given to whether to grow the business and where it could be placed in the market.

The leader of It's Our County asked if the report had been to scrutiny and it was confirmed that it had not.

The Leader thanked officers for superb work.

RESOLVED

THAT:

- (a) the Adult and Community Learning Service's (ACLS) delivery and outcomes for 2013/2014 be noted;**
- (b) the Adult and Community Plan for 2015/2018 be approved;**
- (c) the expenditure of the grant allocation for the academic year 2015/16 from the Skills Funding Agency (SFA) against priorities identified be approved; and**
- (d) the Fees Policy for 2015/2016 academic year be approved.**

104. PLANNED CAPITAL PROGRAMME FOR SCHOOLS 2015/16

Approval was being sought for allocation of grant funding to ensure it best meets priorities to allow schools to continue running safely. Allocations are included to accommodate special needs and disability.

The cabinet member, economy and corporate services asked about possible backlogs in maintenance and how funding was prioritised for schools that were unable to prioritise from their own reserves. Further detail would be provided for scrutiny in terms of how to keep up to date with maintenance. In terms of schools' contributions to schemes, this would be on the basis of their making best use of their resources alongside the council. The schools forum budget working group was considering how the scheme could be embedded; the investment strategy also looks at accessing support and funding from a number of funding sources.

In answer to a question from the chair of the general overview and scrutiny committee regarding conditions surveys and concern about keeping up to date with building regulations, it was confirmed that the current arrangement for condition surveys was on a five-year rolling programme. Work under the capital investment strategy was designed to address this in relation to all schools in Herefordshire including academy and free schools to ensure all children received good quality education. The budget working group was looking at prioritising funding with governors working closely with the council. Consideration was being given to strengthening the education structure over the next few years and discussions with the education funding agency had been positive.

In answer to a question from the leader of Herefordshire Independents regarding Section 106 money it was confirmed that it was allocated to capital and further information could be provided on this.

Assurance was given to the cabinet member for contracts and assets that specific references to fire safety precautions were there as routine items in the condition survey rather than to identify particular issues.

RESOLVED

THAT:

- a) that £1.9m of school building improvements and maintenance works, be approved; and
- b) adjustments to the programme of works and budget allocation based on detailed quotations be delegated to the head of education development.

105. FUTURE DELIVERY ARRANGEMENTS FOR WEST MERCIA YOUTH OFFENDING SERVICE (WMYOS)

The cabinet member, young people and children's wellbeing introduced the report. It was a sensible proposal for the Police and Crime Commission (PCC) to host the Youth Offending Service (YOS) as a joined up approach.

Responding to the cabinet member, economy and corporate services, regarding transition costs and retained profits, it was clarified that profit would not be retained but would reduce in line with grant funding and that it should be noted that funding was reducing at both a national and local level.

An observation was made by the group leader of Herefordshire Independents regarding key risks referred to in the report and that the current assessment of risks remained high. It was confirmed that there were no risks involved with the transition. Further reassurance was given that there were no plans for the office of the police and crime commissioner to be abolished.

RESOLVED

That the Office of the West Mercia Police and Crime Commissioner acts as the host organisation for West Mercia Youth Offending Service from April 2016.

The meeting ended at 2.58 pm

CHAIRMAN



MEETING:	Cabinet
MEETING DATE:	3rd December 2015
TITLE OF REPORT:	Outcome of safeguarding adults peer challenge and action plan
REPORT BY:	Director for adults and wellbeing

Classification

Open

Key Decision

This is not a key decision

Wards Affected

County-wide

Purpose

To consider the outcome of the Adult Safeguarding Peer Challenge undertaken in September 2015 and agree the council's response to the areas for improvement identified.

Recommendation(s)

THAT:

- (a) the outcome of the review attached at appendix 1 be noted;
- (b) the action plan attached as appendix 2 be approved as the response to the areas for improvement identified; and
- (c) any further actions necessary be identified to secure improvement.

Alternative Options

- 1 No alternative options are listed as this is a report to enable cabinet to consider and approve the proposed actions in response to the peer review team's identified areas for improvement and make further recommendations.

Reasons for Recommendations

- 2 The council is required to submit a response to the report outlining how it intends to address each of the identified areas for improvement, the timescales for action to be undertaken, and the monitoring and evaluation arrangements.
- 3 To provide cabinet with an opportunity to comment and make further recommendations as part of the improvement process of a key priority area for the council.

Key Considerations

- 4 As the centrepiece of its programme of sector-led improvement, the statutory directors of adult social services from all 14 local councils across the West Midlands region have agreed to deliver a process of peer challenge. Every council was subject to such a challenge during the 18 months running to summer 2015, and Herefordshire volunteered to be the first council to go through the process for a second time. The programme is monitored by the regional Adult Social Care Sector-Led Improvement Board, which is chaired by Martin Reeves, Chief Executive of Coventry City Council. In addition to the individual site visits, the regional programme also incorporates an annual desktop peer challenge, in which all 14 councils, including Herefordshire, participate. The process developed by the West Midlands is widely seen as an exemplar and is being adapted for use in a number of other regions across the country
- 5 The safeguarding peer challenge was undertaken over three days from 1 September 2015.
- 6 The review was led by Ian James, director of adult social care, Solihull Metropolitan Borough Council and supported by the following people:
 - Kevin Rudge – Expert by Experience
 - Councillor Ken Meeson– Cabinet member Sandwell
 - Karen Capewell – strategic manager (Stoke on Trent)
 - Sarah Hollinshead-Bland – adult safeguarding manager (Shropshire)
 - Eddie Clarke – WMADASS peer challenge programme lead
- 7 The Peer Challenge team was provided with a number of key documents prior to the visit including a self-assessment completed by the adults and wellbeing directorate leadership team.
- 8 During the onsite visit, the review team interviewed a number of stakeholders including:
 - Service users and carers (both at the council offices and at the service locations)

Further information on the subject of this report is available from
Martin Samuels, director for adults and wellbeing on Tel (01432) 260048

- Front line staff and managers
- Members of the safeguarding board and sub groups (including independent chairs across children's and adults)
- Clinical Commissioning Group senior leaders
- Senior leaders within NHS provider organisations
- Members, health overview and scrutiny and group leaders
- Adults and wellbeing directorate management team
- Commissioners
- Project teams
- Independent and voluntary sector providers
- Key stakeholders and partners including Healthwatch, Herefordshire Carer Support Service, Herefordshire Disability United
- Making it Real Board
- Director of children's wellbeing
- Community Safety partnership representatives

- 9 Following the receipt of the findings from the peer challenge, the report has been shared initially within the council, the Herefordshire Safeguarding Adults Board support unit and independent chair to undertake a high level analysis of where work is currently underway and where we need to further develop our work plans.

Scope of the review

- 10 As part of the West Midlands peer challenge process, the host council outlines the scope of the review. In this instance, the following questions were set to provide the focus for the review:
- Has the new governance and membership of the safeguarding adults board delivered change and do action plans have sufficient focus and pace?
 - What impact is Making Safeguarding Personal having on the confidence of the workforce and practice?
 - How effective are benchmarking and performance management arrangements and how could service user/carer feedback be utilised?
 - How could partnership engagement and involvement be strengthened?

Key findings from the review

- 11 The main points identified during the peer challenge visit:
- Adult safeguarding has had a higher profile and planned development over the last year

- There are strengths related to the appointment of the new independent chair and the opportunity to look at cross cutting issues by the business unit for the Safeguarding Children's Board (SCB), Herefordshire Safeguarding Adults Board (SAB) and the Community Safety Partnership (CSP)
- A business plan is in place which will be supplemented by a board strategic plan later in the year
- Making Safeguarding Personal (MSP) has begun to be implemented and is understood by adults and wellbeing staff
- The independent chair of the HSAB should be supported to improve the accountability of the council and partners to the chair and the board
- A multi-agency training plan for adult safeguarding should be developed along with a targeted performance framework that looks at outcomes and quality as well as levels of activity
- The safeguarding documentation should be reviewed as well as further guidance arranged for staff on the Care Act principles and the new Safeguarding requirements
- The above actions should strengthen the foundations and platform for taking safeguarding delivery forward with Partners

Key strengths

12 As part of the Peer Challenge review, the team identified a number of key strengths within the service area including:

- There has been significant progress on adult safeguarding in the last year with the appointment of an independent chair, a revised Herefordshire Safeguarding Adults Board membership and structure and preparations for the Care Act
- The board is now in a good position to have a greater impact
- Making Safeguarding Personal has begun to be implemented with an auditing of outcomes
- Partnerships across agencies are positive and all are committed to adult safeguarding
- There has been good political leadership
- The business unit for children's and adult safeguarding and community safety provides a good foundation for cross-cutting work

Key areas of focus

13 Where the review team identified some of the critical areas requiring focus, these areas have been prioritised as part of the action planning process and a number of changes have been initiated. These include:

Further information on the subject of this report is available from
Martin Samuels, director for adults and wellbeing on Tel (01432) 260048

- A number of people talked about safeguarding feeling disjointed and this was observed by the team in terms of the various safeguarding leads
 - The safeguarding executive group membership does not include the independent chair and the sub-groups report to the executive group. There appears to be some fragility about the arrangements
 - Clarifying the role and membership of the executive group
 - The Herefordshire Safeguarding Adults Board should have a strategic plan which covers a period of three or five years
 - The competency framework for adult safeguarding needs updating to reflect changes in the Care Act
 - The health overview and scrutiny committee (HOSC) has not included adult safeguarding in its work programme
 - Lack of training to partners on Making Safeguarding Personal
 - The number of people currently in receipt of services who will be reviewed by the end of the financial year is projected to be 60%. Reviews link to safeguarding in that if they do not receive a review for a year or more the council and partners cannot be assured that people are safe and receiving appropriate care and support, especially people with complex needs
 - There were varied views on the effectiveness of the partnership arrangements in the Board with some people feeling it was still very council led. Equally there is a need for Partners to make a full contribution to the board and its agenda
 - Service user and family carer engagement should be more consistent and at early stages based on co-production principles and resourced appropriately
- 14 The action plan, attached at Appendix 2, is an iterative process and will continue to be refreshed and updated as part of the improvement plans. Cabinet will be kept informed of progress against the action as part of the corporate performance reporting process.

Community Impact

- 15 The implementation of the action plan will deliver further improvement towards achieving the council's priorities of enabling residents to live safe, healthy and independent lives.
- 16 Vulnerable adults and their carers will experience different approaches to service delivery as a consequence of the implementation of the actions set out in the plan and through the delivery of the wider improvement programme.

Equality and Human Rights

- 17 As the action plan is implemented, equality impact assessments will be carried out where relevant.

Financial Implications

- 18 It is anticipated that the actions will be delivered utilising existing capacity and absorbed within current work programmes. Where new actions arise, this will be considered by the most appropriate resources and work reprioritised as necessary. .

Legal Implications

- 19 The local authority is legally required to comply with all legislation and any relevant statutory guidance, which includes NHS and Community Care Act (1990); Mental Capacity Act (2005); Deprivation of Liberty Safeguarding (2009); Mental Health Act (1983); and the Care Act 2014.

Risk Management

- 20 The risks associated with the failure to implement the action plan are:

- Reputational risk – this is both from a professional (Peer Challenge, LGA and ADASS) perspective and to the service users, staff and key partners
- Operational and practice risk – there is a risk of failing to understand and meet the individual outcomes for service users and carers including safeguarding

Ongoing risks to the implementation of the action plan will be identified and captured as part of the risk management process within the adults and wellbeing directorate governance and also the equivalent safeguarding adults board risk framework.

Consultees

- 21 The action plan has been developed via consultation from a number of people and will continue to be developed as the findings and recommendations report back into the various safeguarding bodies.

Appendices

Appendix 1- Herefordshire Peer Challenge Feedback and Recommendations

Appendix 2- Action Plan

Background Papers

None identified.



Solihull
METROPOLITAN
BOROUGH COUNCIL

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Your Ref:
Our Ref:

Please ask for: Ian James
Date: 21st September 2015

Dear Martin

I write to give you formal feedback following the Peer Challenge visit on 1-3 September 2015. This builds on the provisional feedback we shared with you at the end of the Challenge Visit on Thursday 3 September 2015.

I was pleased to lead the Peer Challenge and I was joined by Kevin Rudge, Expert by Experience; Councillor Ken Meeson Cabinet Member Solihull; Karen Capewell Strategic Manager Stoke on Trent; Sarah Hollinshead-Bland Designated Adult Safeguarding Manager Shropshire, and Eddie Clarke Peer Challenge Programme Lead.

I would like to thank you for putting Herefordshire forward to host this Peer Challenge. There were many positive things that we will take away from our visit, including the examples of good policy and practice that we all observed which I will share with regional colleagues across West Midlands ADASS.

I would like to thank all the people who use services, staff, partners, Cabinet Member, Group Leaders and Scrutiny Chair who participated in the Challenge. We were made very welcome and the process was very well organised by Meg Swain. We were very impressed with the way in which people embraced the peer challenge and this helped make it constructive and fruitful.

This letter provides our findings and recommendations on the 4 main subject areas on which you asked the Team to report plus the findings from the Case Audit (attached as an appendix). The headline scope was:

- 1. Has the new governance and membership of the Safeguarding Adults Board delivered change and do action plans have sufficient focus and pace?**
- 2. What impact is Making Safeguarding Personal having on the confidence of the workforce and practice?**
- 3. How effective are benchmarking and performance management arrangements and how could service user/carers feedback be utilised?**
- 4. How could partnership engagement and involvement be strengthened?**



In addition, there was a case audit of 20 cases chosen at random. The results of this are attached in the appendix and the findings have been shared with Managers and the Principal Social Worker. Please see the appendix (page 12) for further information.

The following includes an Executive Summary, an initial Overview of the positives we identified and then a section on each of the two main areas of the scope.

Executive Summary

The main points identified during the Peer Challenge visit are:

- * Adult safeguarding has had a higher profile and planned development over the last year
- * There are strengths related to the appointment of the new Independent Chair and the opportunity to look at cross cutting issues by the Business Unit for the Safeguarding Children's Board (SCB), Safeguarding Adults Board (SAB) and the Community Safety Partnership (CSP)
- * A business plan is in place which will be supplemented by a Board Strategic Plan later in the year
- * Making Safeguarding Personal (MSP) has begun to be implemented and is understood by Adult Social Care staff
- * The Independent Chair of the SAB should be supported to improve the accountability of the Council and Partners to the Chair and the Board
- * A Multi-Agency Training Plan for adult safeguarding should be developed along with a targeted Performance Framework that looks at outcomes and quality as well as levels of activity
- * The safeguarding documentation should be reviewed as well as further guidance arranged for staff on the Care Act principles and the new Safeguarding requirements
- * The above actions should strengthen the foundations and platform for taking safeguarding delivery forward with Partners

Overview

The Peer Challenge Team (hereafter referred to as the Team) identified a number of main strengths:

- * There has been significant progress on adult safeguarding in the last year with the appointment of an Independent Chair, a revised Safeguarding Adults Board membership and structure and preparations for the Care Act
- * The Board is now in a good position to have a greater impact
- * Making Safeguarding Personal has begun to be implemented with an auditing of outcomes
- * Partnerships across agencies are positive and all are committed to adult safeguarding
- * There has been good political leadership
- * The Business Unit for Children's and Adult Safeguarding and Community Safety provides a good foundation for cross-cutting work

Main Comments and Recommendations

1. Has the new governance and membership of the Board delivered change and do action plans have sufficient focus and pace?

Strengths

There is a visible new impetus to the Board and its work with a clear focus and mandate for change following the Board development days which have been a valuable mechanism to shape the Board's priorities. This has been conducted in an ethos of partnership.

The SAB Independent Chair is viewed very positively and this will support greatly the future partnership work.

The sub-groups of the SAB support shared responsibility from the partners in taking forward the Board's business plan.

The Business Unit has a presence and has started to bring more organisation and leadership to the Board and adult safeguarding. There are now positive opportunities to coordinate strategic priorities and shared learning across Children's and Adult Safeguarding and Community Safety.

Elected Member training on safeguarding is now mandatory.

There is a web page for the Board which is easy to find.

Areas for Consideration

A number of people talked about safeguarding feeling disjointed and this was observed by the Team in terms of the various safeguarding leads.

1. The Team recommends that the roles of the strategic, operational and business unit leads for safeguarding be clarified and made clear

The Executive Group membership does not include the Independent Chair and the Sub-Groups report to the Executive Group. There appears to be some fragility about the arrangements. The Team concluded that the whole SAB structure should be accountable to the Independent Chair including the Sub-Groups, Executive Group and the Business Unit (jointly with the SCB Chair and the CSP Chair). This will enable the Chair to have clear leadership and for him to be able to hold all partners to account fully.

2. The Team recommends that the Independent Chair be supported to take on clear accountability for the whole SAB structure

Given this recommendation, it would be helpful to clarify the role and membership of the Executive Group. Key roles for this Group should be agreeing the draft agenda for the SAB, overseeing the work of the Sub-Groups and having early discussions of key developments and plans locally, regionally and nationally.

3. The Team recommends that the role and membership of the Executive Group is reviewed and clarified

The SAB has a business plan currently but is required under the Care Act Statutory Guidance to have a Strategic Plan which should cover a period of 3 or 5 years. We understand that discussions on a Strategic Plan are to take place in the next few months.

4. *The Team recommends that a Strategic Plan be developed for the next 3 or 5 years that builds on the vision and priorities of the Board*

Whilst there is a competency framework for adult safeguarding, this has not been updated to reflect changes in the Care Act. The learning and development needs of staff across agencies are delegated to each individual agency so some consideration should be given regarding how you evidence its implementation. There is an absence of a multi-agency training plan, including the Voluntary and Community Sector (VCS) and the Independent Sector, which should sit alongside the competency framework and support the Board's plans and identify learning and skill gaps. The Plan should identify which core training is relevant for all agencies, including other Council staff, and how this will be arranged, and which is the responsibility for individual agencies. The Team recognised that this may have resource implications for all partners.

5. *The Team recommends that a Multi-Agency Training Plan be developed, with associated resources where possible, and that the monitoring of delivery be established*

There is work on a Performance Framework for the Board which is essential if the Board is to assure itself of the quality and quantity of the safeguarding work. At present the Board cannot do this without a Performance Report. The current draft Framework is quite long and includes various data that could be seen as tangential to adult safeguarding.

6. *The Team recommends that a Performance Framework is finalised that is relevant and focused in its content*

As part of the Board's eventual Strategic Plan the Independent Chair should appraise the partner contributions to the Plan annually and the Board, for the Annual Report, should receive a report from each core agency that summarises their action and achievements relating to the sections relevant to them in the Plan. Other Boards in the West Midlands are considering this or putting it in place.

7. *The Team recommends that an accountability agreement is developed for holding partner agencies to account for their contribution to the Board and its Strategic Plan*

Elected Member scrutiny of adult safeguarding has not occurred and given its importance this is a significant gap. The Health Overview and Scrutiny Committee (HOSC) has not included adult safeguarding in its work programme and there is the opportunity for it to look both at the progress in developing safeguarding arrangements in Herefordshire and the actual activity and performance on adult safeguarding on a regular basis.

8. *The Team recommends that HOSC includes adult safeguarding in its work programme*

Elected Member training is mandatory but has not taken place as yet. It is based on e-learning. The Team believes that a workshop-type face to face session with all Members (not just newly elected to the Council) would be beneficial and should supplement the e-learning package.

9. *The Team recommends that Elected Member training should include a workshop for all Members*

The Joint Review Sub-Group of the Board (and the SCB and CSP) has a strong focus on Serious Case Reviews for the SCB. The SAB and the Sub-Group should be considering appropriate different formats for Safeguarding Adult Reviews (SAR) which may be determined on a case by case basis. Shared learning events should be held after any SAR to assist improvements in practice and partnership work.

10. The Team recommends that the Joint Review Sub-Group consider the SAR process and how it can ensure that Reviews are conducted effectively from a range of options in the future and how shared learning events can be held

The SAB membership does not include any lay members, meaning service users or family carers or community representatives. They can offer a different and important challenge at the Board and to partner agencies. Making It Real Board representatives stated that they would be interested in representation on (or participation in) the Board

11. The Team recommends that lay members be considered for membership of the Board

The Business Unit for the SAB, SCB and CSP is new and is the subject of a Review, relating to scope, functioning and funding base. There is a need to ensure that each Board is supported in delivering its work programme and that cross cutting issues are also agreed with a prioritised action plan.

12. The Team recommends that the Business Unit completes and agrees a delivery plan for each Board and an action plan for discussing and addressing cross cutting issues over the next 1-2 years

2. What impact is Making Safeguarding Personal (MSP) having on the confidence of the workforce and practice?

Strengths

The Council and Board have committed to MSP and the Council has provided training for adult social care staff, including those in Mental Health Services who recently transferred back to the Local Authority.

There was evidence that staff understood and owned MSP.

The Deprivation of Liberty Safeguards (DoLS), Mental Capacity Act (MCA) and Best Interest Assessor (BIA) staff were described to the Team as being very skilled.

The implementation of MSP had been noticed by Adult Social Care Providers and there is awareness from the Clinical Commissioning Group (CCG) and the Police.

Areas for Consideration

There has not been a utilisation of Making It Real Board members and their experience of personalisation in discussing and implementing MSP. There are clear links and this has been a missed opportunity.

13. The Team recommends that the future development of MSP is informed by and coordinated with the wider personalisation agenda

In meetings with both senior and operational staff the Team found the language used about adult safeguarding to be at times confusing and stated in old terms which was not in line with the Care Act Statutory Guidance – for example staff had been told that an Enquiry becomes an Investigation after 5 days (confirmed by the process on Frameworki [Fwi]).

14. The Team recommends that the terminology and processes are reviewed to ensure consistency with the Care Act

Local timescales (2 days, 5 days, and 28 days for different stages of the safeguarding pathway) are driving practice and are not consistent with the West Midlands Procedures. They are at risk of stifling MSP in that some flexibility may be necessary in the time taken to work with people on their outcomes and how they can be supported to be safe. Timescales are helpful as a guide but should not dictate practice at all times.

15. The Team recommends that managers and staff be advised about the flexibility of timescales in appropriate circumstances

In a similar vein the lack of advocacy could mean that delays in identifying an advocate could lead to timescales being seen as paramount and therefore limiting the following of MSP principles and practice.

16. The Team recommends that the availability of advocacy be reviewed with a view to improving prompt access

Adult Social Care Providers had noticed a change in approach to adult safeguarding but did not know why. They said they had not been informed about MSP nor received briefings on the Care Act.

17. The Team recommends that improved communication and briefings be considered for Providers, and other partners, on any significant legislative and practice changes

Whilst Adult Social Care staff had had training on MSP this had not been made available to all partners. This meant there were differing levels of knowledge and understanding which could limit the application of MSP.

18. The Team recommends that training and briefings be considered for all partner agencies on MSP

MSP is not mentioned in the Concern Guidance which does not reflect the Care Act Statutory Guidance about fully involving the person in determining their desired outcomes and any future action.

The Concern Form and Guidance do not list self neglect as one of the 10 types of abuse. This omission means that self neglect cases are not recorded and cannot be included in any Performance Report to the Board.

19. The Team recommends that the Concern Form and Guidance be reviewed to incorporate MSP principles and self neglect

The identification and recording of outcomes desired by people who are the subject of concerns is not included on the Concern Form. This does occur at the Enquiry stage but referrers should be advised and assisted to identify outcomes with the person at the Concern stage.

20. The Team recommends that outcomes be recorded at the Concern stage and all main referrers be advised and assisted to do so

Other agencies such as Health and Care Homes may be requested by the Council to make and lead a Safeguarding Enquiry. The other agencies are not aware of the process for this and what their responsibilities would be.

21. The Team recommends that a process and guidance be produced for when the Council wishes an Enquiry to be made by another agency/organisation

The knowledge, confidence and practice in relation to the Mental Capacity Act (MCA) could be improved according to some staff that the Team met. Also, it was evident from the Case Audits that application of the MCA was not consistent or fully compliant where necessary.

22. The Team recommends that further guidance and training on the MCA be considered for managers and staff

3. How effective are benchmarking and performance management arrangements and how could service user/carer feedback be utilised?

Strengths

The draft Performance Framework matrix is a positive step forward. It will enable the Board to assure the level of activity, the quality of safeguarding work, the quality of social care services and the outcomes achieved with service users.

The case audits are a real strength and will prove useful in monitoring outcomes. Feedback to managers and staff will be important so that learning on best practice and improvement can occur, where necessary.

The Making It Real Board has been established and offers the opportunity for having an input into the SAB. This would facilitate shared learning across personalisation and Making Safeguarding Personal.

Areas for Consideration

There was no evidence presented on the use of service user and family carer feedback in safeguarding. This would be helpful in assisting the Board and staff in all partner agencies to understand the experience of service users and what the strengths are in current practice and where improvements should be made.

23. The Team recommends that the options for regular service user and family carer feedback mechanisms are considered

Family carers and Healthwatch commented that more use could be made of existing networks for their involvement and for feedback.

24. The Team recommends that in arranging any engagement and feedback mechanisms the Council consider whether existing groups and forums can be used effectively

The Team heard from service users and carers that at times feedback is requested and given on services or service developments but a response is not always given by the Board or relevant agencies and so there is not a feedback loop. This was as much a general comment as well as specific to safeguarding.

25. The Team recommends that feedback always be given after any consultation

The Performance Framework should cover activity, quality and outcomes such as that in the Solihull or Staffordshire/Stoke approach. It should be succinct, fully relevant to adult safeguarding and with an analysis and commentary – more like a dashboard.

26. The Team recommends that the draft Performance Framework be reviewed and finalised with core, relevant information agreed on activity, quality and outcomes (link to recommendation 6)

The Annual Report was formally approved at the July HSAB. However partner agencies need to be requested to present it to their respective internal governance boards. In addition, it should be added to the HSAB website and presented to HOSC in the near future.

27. The Team recommends that the Board consider how the Annual Report can be circulated widely and presented to the statutory agencies

The performance on case reviews is projected to be 60% by the year end. Reviews link to safeguarding in that if they do not receive a review for a year or more the Council and Partners cannot be assured that people are safe and receiving appropriate care and support, especially people with complex needs. As well as the quantity of reviews the quality of them is just as important.

28. The Team recommends that the Council considers how the performance on case reviews can be increased

4. How could partnership engagement and involvement be strengthened?

Strengths

It is a real strength for collaboration that the SCB and SAB Chair are members of the Community Safety Partnership. This supports discussion on cross cutting areas such as hate crime and sexual exploitation.

The Safeguarding Adults Board has begun to broaden its scope from traditional areas into a wider remit including areas such as domestic violence.

There has been work with the Diocese on loneliness with presentations to them on adult safeguarding and Making Safeguarding Personal. This has led to further community connections with adult social care.

The Keeping Safe, Healthy and Living Happily handbook has been produced and provides helpful information and advice for the public.

There is a new Engagement Officer who has given confidence to the Making It Real Board members.

There is some good work with the Voluntary and Community Sector (VCS) such as Street Triage and informal support at night for people who may be at risk.

Areas for Consideration

There were varied views on the effectiveness of the partnership arrangements in the Board with some people feeling it still very Council led. Equally there is a need for Partners to make a full contribution to the Board and its agenda.

See recommendations 2, 3 and 7

Service user and family carer engagement should be more consistent and at early stages based on co-production principles and resourced appropriately. People stated to the Team that sometimes they are just consulted on firm proposals rather than involved in determining ideas and proposals.

29. The Team recommends that the Council considers how it can improve co-production and make it more consistent

Service Providers and paid carers could be more helpful in communicating service changes or developments if informed by the Council. Letters sent without notice to service users and family carers may not always be understood or may be ignored.

30. The Team recommends that the Council considers how Providers could assist in communicating changes and plans

Feedback is not always given to referrers or Providers who are in a monitoring role on safeguarding. This means that they may be unclear what their role and responsibilities are or not informed of any changes in the safeguarding plan.

31. The Team recommends that the Council considers how Providers can be kept informed if they are in a safeguarding monitoring role

The Team heard very little about prevention in adult safeguarding. Some staff, the Making It Real Board and the VCS were keen to ensure that a prevention focus with communities should be further developed, in part by using existing groups and forums instead of creating new ones.

32. The Team recommends that the Board considers how the focus on prevention can be improved

The Team were informed that West Mercia Police are considering options for the resourcing and organisational arrangements for "safeguarding vulnerable children and adults". The Board and each partner agencies will wish to assess the potential impact of any proposed changes and to contribute to any consultation.

33. The Team recommends that the Board Chair requests a report from West Mercia Police and that the Board discusses any future proposals and implications, following liaison with other Boards in the Police Force's area.

Please note: the findings of the case audit are covered in the appendix (page 12).

Conclusion

Finally, we have sought to make the findings of the peer challenge constructive and helpful to the Council and also to strike an appropriate balance between support and challenge. We hope that you are able to receive positively the comments in this context. We have learnt from the process ourselves and we have really appreciated the opportunity to take away many good policy and practice examples that we can share with our own Councils.

On behalf of the Team I would like to thank you for hosting this peer challenge and for working so positively with us. I hope you will agree this has resulted in a helpful and constructive outcome.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian James', with a long horizontal flourish extending to the right.

Ian James
Director for Adult Social Care
Solihull MBC

cc Alistair Neill - Chief Executive, Herefordshire Council
 Peer Challenge Team Members

ADULT SOCIAL CARE PEER CHALLENGE (SEPTEMBER 2015) - ACTION PLAN APPENDIX 2

No.	Recommendation	Lead	Our Response	Links to current work or projects	Updated position ()	Status	Priority (H/M/L)	By When	Monitoring and Evaluation
1	The Team recommends that the roles of the strategic, operational and business unit leads for safeguarding be clarified and made clear	Assistant director ASC operations/ business unit manager	Safeguarding Adults lead and Head of Safeguarding posts have recently been reviewed and put through job evaluation, these posts have now been recruited to. The business unit lead role will now be defined.	None		Operational and strategic reviews completed. Business manager role in progress	L	January 2016	Safeguarding Adults Executive
2	The Team recommends that the Independent Chair be supported to take on clear accountability for the whole SAB structure	Independent chair HSAB	The chair's role is to hold board members to account for delivery as distinct from being personally accountable. This can be reflected within the constitution and terms of reference of board, executive and sub groups. It will also form part of the ongoing monitoring of board member activity	SAB development days and SAB business unit board member performance monitoring		Ongoing	M	April 2016	Safeguarding Adults Board

No.	Recommendation	Lead	Our Response	Links to current work or projects	Updated position ()	Status	Priority (H/M/L)	By When	Monitoring and Evaluation
3	The Team recommends that the role and membership of the Executive Group is reviewed and clarified	Independent chair HSAB / business unit	Safeguarding Adults Board independent chair and business unit will review and clarify current membership and report to board and sub groups as appropriate	None		New	M	January 2016	Safeguarding Adults Board/Business Unit
4	The Team recommends that a Strategic Plan be developed for the next 3 or 5 years that builds on the vision and priorities of the Board	Independent chair HSAB / business unit	SAB plan is currently under development by independent chair and business unit for other members to consider. This will be reviewed at the forthcoming SAB development days	SAB business planning	Draft being prepared and circulated for comments	In progress	M	April 2016	Health Overview and Scrutiny

No.	Recommendation	Lead	Our Response	Links to current work or projects	Updated position ()	Status	Priority (H/M/L)	By When	Monitoring and Evaluation
5	The Team recommends that a multi-agency training plan be developed with associated resources where possible	Independent chair HSAB / workforce development sub group	<p>There is a competency framework that holds individual agencies accountable for their training plans. As part of reviewing this framework, agencies will be required to evidence their plans around safeguarding training</p> <p>The workforce development sub group will consider this as part of its monitoring of the competency framework</p>	Part of the work programme for the workforce development group		In progress	H	February 2016	Safeguarding Adults Board
6	The Team recommends that a Performance Framework is finalised that is relevant and focused in its content	Independent chair HSAB /PAQA	Performance scorecard currently under development by PAQA and due for sign off in January 2016	PAQA programme of work	Further discussion with partners and business unit manager as there is still a resource requirement to administer the framework moving forwards.	In progress	H	January 2016	Safeguarding Adults Board
7	The Team recommends that an accountability agreement is developed for holding partner agencies to account for their contribution to the Board and its Strategic Plan	Independent chair HSAB	Agreed.	This is part of the Board's ongoing constitutional work		Ongoing	L	April 2016	Safeguarding Adults Board

No.	Recommendation	Lead	Our Response	Links to current work or projects	Updated position ()	Status	Priority (H/M/L)	By When	Monitoring and Evaluation
8	The Team recommends that HOSC includes adult safeguarding in its work programme	Director adults and wellbeing/cabinet lead health and wellbeing	Agreed. The strategic plan and constitution already has a commitment to present the annual report to HOSC (this is not a Care Act requirement).		HOSC will be approached with this recommendation	In progress	H	December 2015	Safeguarding Adults Board
9	The Team recommends that Elected Member training should include a workshop for all Members	Director adults and wellbeing /monitoring officer	Adult safeguarding is a mandatory module of induction for all members and is provided via an online training facility to monitor completion rates. Additional briefings and refresher sessions are scheduled periodically and a survey on the effectiveness of induction training is carried out			New	L	April 2016	Director of AWB/Cabinet Lead

No.	Recommendation	Lead	Our Response	Links to current work or projects	Updated position ()	Status	Priority (H/M/L)	By When	Monitoring and Evaluation
10	The Team recommends that the Joint Review Sub-Group consider the SAR process and how it can ensure that Reviews are conducted effectively from a range of options in the future and how shared learning events can be held.	Head of children's safeguarding / Business unit	Options for the Safeguarding Adults reviews will be considered by the Joint Case Review sub group in November 2015 and recommendations put forward to Board in terms of future developments of review programme			New	H	January 2016	Safeguarding Adults Board
11	The Team recommends that lay members be considered for membership of the Board	Independent chair HSAB	Agreed. The makeup of the SAB will be reviewed as part of the upcoming development sessions. This will include consideration of lay member participation in the SAB as well as other partnership options.	SAB Board development sessions	Development sessions have been planned for Nov/Dec 2015	In progress	L	January 2016	Safeguarding Adults Board
12	The Team recommends that the Business Unit completes and agrees a delivery plan for each Board and an action plan for discussing and addressing cross cutting issues over the next 1-2 years.	Business unit manager and chairs of HSAB/HSCB & CSP	The scope of the unit is currently under review. The relevant Boards will consider a single action plan for cross cutting issues that go across the CSP/HSAB/HSCB – as opposed to action plans for each Board	Business of the Boards	The SAB has a business plan which details the work of the sub groups, cross cutting issues should be the subject of a cross board discussion and agreement informed by the JSNA.	In progress	M	April 2016	Business Unit Manager and Board Chairs

No.	Recommendation	Lead	Our Response	Links to current work or projects	Updated position ()	Status	Priority (H/M/L)	By When	Monitoring and Evaluation
14	The Team recommends that the terminology and processes are reviewed to ensure consistency with the Care Act	Head of safeguarding	All MSP documentation and process will be reviewed and linked to the ongoing system development for Mosaic project.	Mosaic project. Training and Development plan	Currently under review by the Head of Safeguarding and Performance Lead Training and development will take account of changes and make necessary arrangements to meet training needs	In progress	M	April 2016	DASS/DLT
13	The Team recommends that the future development of MSP is informed by and coordinated with the wider personalisation agenda	Head of safeguarding	All MSP documentation and process will be reviewed and linked to the ongoing system development for Mosaic project.	Mosaic project. Training and Development plan	Currently under review by the Head of Safeguarding and Performance Lead – Training and Development will take account of changes and make necessary arrangements to meet training needs	In progress	M	April 2016	DASS/DLT
14	The Team recommends that the terminology and processes are reviewed to ensure consistency with the Care Act	Head of safeguarding	All MSP documentation and process will be reviewed and linked to the ongoing system development for Mosaic project.	Mosaic project. Training and Development plan	Currently under review by the Head of Safeguarding and Performance Lead – Training and Development will take account of changes and make necessary arrangements to meet training needs	In progress	M	April 2016	DASS/DLT

No.	Recommendation	Lead	Our Response	Links to current work or projects	Updated position ()	Status	Priority (H/M/L)	By When	Monitoring and Evaluation
15	The Team recommends that managers and staff be advised about the flexibility of timescales in appropriate circumstances	Head of safeguarding / head of operations	<p>This work has started and will be ongoing as part of Head of Service, Team Lead, Senior Practitioner and frontline staff meetings and supervision.</p> <p>Future training and development around the MSP agenda will also take account of the recommendation and ensure that the message is clearly communicated</p> <p>Future commitments from the performance team will include a clear message that explains about the flexibility of timescales</p>	<p>Service and Team meetings.</p> <p>Future training and development for MSP</p> <p>Weekly performance reporting</p>		<p>Leads for all work streams updated.</p> <p>Initial work complete</p> <p>Future work is now ongoing and is business as usual</p>	H	November 2015	Head of Safeguarding/ Head of Operations

No.	Recommendation	Lead	Our Response	Links to current work or projects	Updated position ()	Status	Priority (H/M/L)	By When	Monitoring and Evaluation
16	The Team recommends that the availability of advocacy be reviewed with a view to improving prompt access	Commissioning							
17	The Team recommends that communication and briefings be considered for Providers on any significant legislative and practice changes.	Head of safeguarding /commissioning officer (targeted support)	<p>Communications have been sent to care home / nursing home and Dom Care providers on policy and legislation changes. This includes updates at all provider forums</p> <p>This remains under review to ensure consistency of practice.</p>	<p>Ongoing work with the provider forums such as the residential and nursing, links to the managers forum, the Learning Disability Board, and Carers.</p>	<p>The local authority is currently looking at how to engage more effectively with providers.</p> <p>Current provider forums are used to provide information and an adult social care email distribution list is being set up. Currently considering a pilot newsletter to see if this is a consistent way of getting information out to our provider and therefore this will offer opportunity to providers to get involved in any significant legislative changes and practice. Providers are being engaged more in commissioning developments and policy changes to better understand how policy and legislative changes may affect them so we can better support them.</p>	<p>Progressed and have updated contact lists.</p> <p>Provider event on the 18th November 2015.</p>	H	<p>Early January 2016</p>	<p>LT to monitor and act as a co-ordinator for this.</p> <p>Evidence will be emails/newsletters and minutes of meetings.</p>

No.	Recommendation	Lead	Our Response	Links to current work or projects	Updated position ()	Status	Priority (H/M/L)	By When	Monitoring and Evaluation
18	The Team recommends that training and briefings be considered for all partner agencies on MSP	Independent chair HSAB /workforce development group	All MSP documentation and process will be reviewed and linked to the ongoing system development for Mosaic project.	Mosaic project. Training and Development plan	Currently under review by the Head of Safeguarding and Performance Lead – Training and Development will take account of changes and make necessary arrangements to meet training needs	In progress	M	April 2016	SAB Chair
19	The Team recommends that the Concern Form and Guidance be reviewed to incorporate MSP principles and self-neglect.	Head of safeguarding	All MSP documentation and process will be reviewed and linked to the ongoing system development for Mosaic project.	Mosaic project.	Currently under review by the Head of Safeguarding and Performance Lead	In progress	M	April 2016	DASS/DLT
20	The Team recommends that outcomes be recorded at the Concern stage and all main referrers be advised and assisted to do so	Head of safeguarding	All MSP documentation and process will be reviewed and linked to the ongoing system development for Mosaic project.	Mosaic project.	Currently under review by the Head of Safeguarding and Performance Lead	In progress	M	April 2016	DASS/DLT
21	The Team recommends that a process and guidance be produced for when the Council wishes an Enquiry to be made by another agency/organisation.	Head of safeguarding	All MSP documentation and process will be reviewed and linked to the ongoing system development for Mosaic project.	Mosaic project.	Currently under review by the Head of Safeguarding and Performance Lead	In progress	M	April 2016	DASS/DLT

No.	Recommendation	Lead	Our Response	Links to current work or projects	Updated position ()	Status	Priority (H/M/L)	By When	Monitoring and Evaluation
22	The Team recommends that further guidance and training on the MCA be considered for managers and staff	Assistant director ASC operations /workforce development manager	Advanced MCA and DoLS training for all Heads of Service, Team Leads and Senior Practitioners developed and mandated for attendance. Review of existing MCA/DoLS training to be completed by Workforce Development. – mandated for all staff	Training and Development Plan	Advanced training delivered in October/November 2015.	In progress	H	January 2016	DASS/DLT
23	The Team recommends that the options for regular service user and family carer feedback mechanisms are considered	Engagement lead	The council has a Making it Real Board with new terms of reference and a work programme to facilitate this action.	Making it Real Board agenda SAB Board communications sub group	Following the production of new terms of reference, the board now has an elected chair and a working model in place which is working well. An Engagement Lead has been appointed to provide the necessary links between service user feedback and commissioning requirements.	Ongoing	M	Jan 2016	SAB Chair

No.	Recommendation	Lead	Our Response	Links to current work or projects	Updated position ()	Status	Priority (H/M/L)	By When	Monitoring and Evaluation
24	The Team recommends that in arranging any engagement and feedback mechanisms the Council consider whether existing groups and forums can be used effectively	Engagement lead	The Making it Real Board is being promoted within the organisation and externally to recruit new members.	An Engagement Gateway facilitated by Healthwatch continues to be used as a method for sharing advice and information relating to engagement activity.	A shared engagement calendar has been now published. The council's engagement lead is liaising with the commissioning team to raise awareness and encourage utilisation of this shared resource.	Ongoing	M	Jan 2016	SAB Chair
25	The Team recommends that feedback always be given after any consultation	Engagement lead	The appointment of an Engagement Lead is helping officers manage events and consultations more effectively as well as ensuring feedback is provided.		Engagement Lead appointed. Now business as usual	Complete	H	N/A	N/A
26	The Team recommends that the draft Performance Framework be reviewed and finalised with core, relevant information agreed on activity, quality and outcomes (link to recommendation 6)	Independent chair HSAB /PAQA	See Item 6		Links to action 6 – will be treated as one and the same. The SAB Chair has acknowledged that we need a PAQA dashboard and a SAB dashboard, this is being progressed by PAQA and Chair.				

No.	Recommendation	Lead	Our Response	Links to current work or projects	Updated position ()	Status	Priority (H/M/L)	By When	Monitoring and Evaluation
27	The Team recommends that the Board consider how the Annual Report can be circulated widely and presented to the statutory agencies.	Independent chair HSAB /Business Unit	Each agency will be required to present the report to their Executive Boards The report will also be presented to HOSC and added to HSAB website		A wider communication strategy will be considered by the Communication and engagement sub-group	In progress	H	December 2015	SAB Chair
28	The Team recommends that the Council considers how the performance on case reviews can be increased	Head of operations	Business case for increased resource has been completed and agreed. Locality teams have also been asked to nominate a review lead for each area.	Performance monitoring Recruitment Plan	Recruitment underway but unsuccessful in appointments following first round of interviews Leads identified	In progress	H	November 2015	DASS/DLT
29	The Team recommends that the Council considers how it can improve co-production and make it more consistent	Engagement Lead	The appointment of an Engagement Lead is helping officers manage events and consultations more effectively as well as ensuring feedback is provided.	Transformation Programme	Engagement Lead appointed. Now business as usual	Business as usual	H	N/A	DASS/DLT

No.	Recommendation	Lead	Our Response	Links to current work or projects	Updated position ()	Status	Priority (H/M/L)	By When	Monitoring and Evaluation
30	The Team recommends that the Council considers how Providers could assist in communicating changes and plans	Commissioning officer (targeted support)	<p>Agreed.</p> <p>This will be considered as part of the development working with the newly formed Herefordshire Care Providers Group who will be integral to in assisting in communicating plans and changes.</p> <p>Providers are engaged in future commissioning projects such as the development of a new home care service</p>		This is current and ongoing work. Providers will be invited to actively work with us to seek solutions and share these ideas with their peers.	Ongoing	H	Ongoing	LT to provide evidence through TOR, minutes from meetings, continued meetings with providers. Emails and project briefs.

No.	Recommendation	Lead	Our Response	Links to current work or projects	Updated position ()	Status	Priority (H/M/L)	By When	Monitoring and Evaluation
31	The Team recommends that the Council considers how Providers can be kept informed if they are in a safeguarding monitoring role	Head of quality and contracts	<p>Contract management and quality teams are now in place to manage the relationship between the council and the provider market.</p> <p>A new quality framework is being implemented to ensure that all quality, safeguarding and performance issues are captured to support a proactive approach to relationship management.</p> <p>All contracts are being risk assessed (volume, value, performance, political risk etc) to ensure that Council contract management / quality monitoring resources are allocated appropriately.</p>	New Quality Framework		In progress	H	December 2015	

No.	Recommendation	Lead	Our Response	Links to current work or projects	Updated position ()	Status	Priority (H/M/L)	By When	Monitoring and Evaluation
32	The Team recommends that the Board considers how the focus on prevention can be improved	Independent chair HSAB	The Board and Local Authority are exploring how our local understanding of 'loneliness' and 'vulnerability' might be used for some targeted prevention activity (possibly with HWFRS and the keeping safe process). Accepted this is but one initiative of a broader agenda.	Chair has already had some discussion with Det Supt Steve Ecclestone and the OPCC, once a negotiated and agreed position has been established written confirmation will be sought.	Links made between SAB Chair and Local Authority Leads	Ongoing	M	January 2016	SAB Chair
33	The Team recommends that the Board Chair requests a report from West Mercia Police and that the Board discusses the proposals and implications, following liaison with other Boards in the Police Force's area.	Independent chair HSAB	<p>This relates to the fact that during the peer review it was commented upon that WMP are intending to put the adult safeguarding work into general crime investigation department (CID).</p> <p>This is the case and needs to be part of a formal consultation/communication with the board (s). Formal letter being drafted to WMP.</p>			In progress	L	December 2015	SAB Chair



Meeting:	Cabinet
Meeting date:	3 December 2015
Title of report:	The future of the council's smallholdings estate (county farms)
Report by:	Head of corporate asset management

Classification

Open

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.

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

Wards Affected

Countywide

Purpose

To seek cabinet approval for future management arrangements for the council's small holdings estate.

Recommendation(s)

THAT:

- (a) the council undertakes a structured sale of the entire smallholding estate taking into account expert legal advice as to achieving best value for the council and excluding land and/or buildings which are identified as having potential development value which should be retained for separate promotion and sale/development to maximise commercial/development value;**
- (b) the new smallholdings policy set out in appendix A be adopted; and**
- (c) the executive response to the recommendations of the general overview and**

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scrutiny committee (GOSC) be approved.

Alternative options

1 Do nothing – business as usual

This option has been shown to be not sustainable even in the medium term. The current policy and its management arrangements are not delivering on what are now outdated outcomes. There is a growing backlog maintenance liability and progression arrangements and development of the holdings has not taken place.

2 The council undertakes a structured partial sale retaining a reduced estate of starter and progression farms.

The reason for not pursuing this is that it would require the council to invest money it does not have, would reduce the opportunity to maximise the return on investment, and leave the council fulfilling a function (supporting farming) that is not a priority role for the council and one which it does not do for any other employment sector.

(see appendix b; executive response to recommendation number 1)

It would also require significant capital investment to remove backlog maintenance which is unlikely to result in any significant improvement in rate of return on the capital invested or achieve the objective of farm progression.

3 The council undertakes a comprehensive investment programme to bring the estate properties up to modern standards and increases the rental charges to reflect the improvements.

The cost of this work has been estimated at a minimum of £2.8m at 2014/15 prices. The annual prudential borrowing cost of investing £2.8m in the estate to clear the backlog maintenance would be £168k per annum which would not be recovered from increased rental. However this has not been identified as being a primary role of the council to undertake.

Reasons for recommendations

4 The provisions of the 2009 strategy did not enable the transformation of the estate which was hoped for to be realised. The low turnover of the tenancies has prevented the move to viable progression units being created.

5 The backlog of maintenance required to be undertaken by the council continues to grow despite a significant capital injection in the early years of the strategy. The ongoing investment needed to rectify the situation does not represent value for money or produce any significant improvement in the gross rate of return.

6 Although most of the land will continue to be afforded agricultural use following sale, there are significant areas of land that could be afforded alternative use value under the recently adopted core strategy. These sites could provide valuable residential, commercial or infrastructure creation opportunities and should be marketed independently of the core agricultural holdings which are likely to remain as current use in the open countryside.

- 7 The proposal for a structured sale reflects the need to seek best overall value for the asset. All options for disposal will be explored in order to optimise any capital receipt.

Key considerations

- 8 The county farms estate comprises approximately 4,800 acres (1942 hectares) dispersed throughout the county into 14 separate parcels of land, including woodland and comprising 45 holdings.
- 9 The council's estate is let through three types of tenancy subject to when the tenancy commenced:
- Pre 1984 – Agricultural Holdings Act (AHA 1986) life tenancy.
These tenancies have no pre-determined end date.
 - Post 1984 – AHA 1986 retirement tenancy.
These tenancies have a fixed termination date through a contractual term of the tenant reaching the age of 65.
 - Post 1995 – Agricultural Tenancies Act 1995.
These tenancies are known as Farm Business Tenancies (FBT) and are for a fixed period. All agricultural tenancies are now let under this legislation.
- 10 The gross revenue income receivable from the total smallholdings estate is £400k per annum. However, when including the maintenance costs and the support cost of providing this service the net income value is negligible. This takes no account of the capital value of the estate. Furthermore, there exists a significant backlog maintenance liability of approximately £2.8m which takes into account liabilities on both farm buildings and residential accommodation (maintenance liability is structured over a number of years and prioritised as short, medium and long term). The statutory obligations and liabilities surrounding the building assets are growing and represent an additional cost liability in future years, including electrical inspections and remedial works, asbestos surveys and Legionella Inspections.
- 11 Whilst taking into account the revenue position and future maintenance obligations, the value of the estate over the last decade in particular has gained significantly as a result of capital appreciation. Other than through periodic rent reviews the increases have not significantly helped the council's revenue position.
- 12 At its meeting on 27 October 2015 the council's GOSC considered a report from the task and finish group review requested by the executive to inform a cabinet decision on the future of the smallholding estate. The following paragraphs 13-22 of the key considerations of this report summarise some of the more significant issues raised by the group and the reflections taken on those issues as contained in the minutes - the full report approved by GOSC is available at:

<http://councillors.herefordshire.gov.uk/ieListDocuments.aspx?CId=809&MId=5529&Ver=4>

- 13 The GOSC review considered the degree to which it was possible to maximise the potential benefits to the wider community of realising the capital value of the estate and directing the value towards statutory services and/or the reduction of debt.
- 14 Whilst there was divergence in the views of the GOSC task and finish group regarding any proposal to dispose of the entire estate to realise the full capital value, there was general agreement that some sales were justified and that any sales should be undertaken in a structured way so as to achieve the best value. This was considered important either in the case of full disposal or any rationalisation of the estate which would also lead to release of capital and beneficial reductions in the current and ongoing maintenance liabilities.
- 15 Agriculture contributes 9% to the county's economy. The county farms estate represents approximately 1% of the total farmed area of the county. This would suggest that it accounts for only a small part of the whole agricultural economy in Herefordshire.
- 16 Some participants in the GOSC review argued that county farms contribute to the agricultural economy and support local businesses only in the same way as any other small farm contributed and did not do so in any meaningful or unique sense. Against an intention of encouraging new businesses and creating economic growth other participants in the review doubted that the county farms, in their current form, delivered this objective and would have minimal impact on local employment and generation of income to the local area. Overall, there was no broad agreement about the extent to which the county farms uniquely supported agriculture in Herefordshire compared to any other small farms. This exposed an area where there was a divergence in the views of the task and finish group regarding the future of the county farms estate. In considering witness evidence that argued that the farming sector was moving towards larger scale, commercial farms to achieve economic viability some members of the task and finish group were increasingly of the view that the council should divest itself of the county farms estate.
- 17 The average age of lifetime tenants is 65, retirement tenants 56 and farm business tenancies 48. Only one tenant is under the age of 30. The average duration of current life tenancies and retirement tenancies is 27.5 and 23 years respectively. It is estimated that these tenancies have 8.5 and 7 years remaining on average respectively. The average duration of current FBT's is 14 years and the average remaining duration is less than two years. The task and finish group considered these facts in coming to the view that the county farms were currently not delivering the turnover of tenancies to meet the desire that county farms provide for the aspirations of young, prospective farmers, to progress within and beyond the estate. Specifically, only three new tenancies have been granted in the last five years with the average age of the incoming tenants being 32. Whilst views were expressed that the size of the county farms estate would not make any significant contribution to the corporate objective of 'balancing the county's age profile', the age of applicants for new farm tenancies has recently reduced compared to historic trends. However, due to the protections offered by Agricultural Holdings Act tenancies it would take some time to see sufficient turnover to make a significant change in the overall age profile. Evidence confirmed that in the last 10 years there had been only four new entrants

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into the county farms estate. 13 holdings had expanded through the amalgamation of land which had enabled expansion for 13 tenants within the existing estate. However, no progressions beyond the estate had occurred since 2006. This suggested to the task and finish group that the county farm estate was not delivering a significant number of starter and progression outcomes.

- 18 In respect of the potential disposal of the estate, it is important to understand that there are different types of tenancies which will be subject to discounting arrangements depending upon the farm, age of tenant and details of the tenancy based on life expectancy tables. The discounting percentages against market value quoted below are for guidance purposes only.

Agricultural Holdings Act life tenancies – this is estimated at between 15 – 50%. It is calculated upon the average ages of our tenants and is currently estimated to be between 30-40%. It is possible for a life tenancy to convert to a succession tenancy, but it is not anticipated that any of the council's tenancies would qualify. This reversion would result in a reduction of 50%+, bearing in mind that it could be in excess of 50 years before vacant possession could be obtained.

Retirement tenancies – these are only retirement tenancies whilst the respective farms are in council ownership, once they are moved out of council ownership they revert to lifelong tenancies. These cannot be converted to succession tenancies.

Farm business tenancies – these are fixed term tenancies, the tenants being the younger ones who have taken tenancies since 1995, the majority of these come terminate 2017. If sold with a farm business tenancy to 1-3 years in place, there is likely to be a small discount on value up to 10%. It is anticipated that these may be offered to the tenants at open market value or placed on the open market and the tenants could bid either at auction or by tender.

- 19 In considering the evidence gathered from consultations, the main barriers to progression were identified as being the lack of availability of larger farms to rent, including progression units within the county farms estate. Whilst the management of the estate has enabled the amalgamation of a number of farms to create some larger smallholdings there remains an imbalance in the proportion of smaller farms compared to larger. Furthermore, difficulties in obtaining finance/capital to progress to larger farms emerged as a barrier in the responses from both tenants and stakeholders. A more general point highlighted by stakeholders, referred to the changing scale and intensiveness of farming in the UK, which required farmers to possess significant business skills as well as practical skills. Furthermore, it was apparent from the responses to the tenant questionnaires that a number of tenants had to supplement their incomes by working, part-time, off the smallholding. However, a significant number of these tenants, who were working part-time, were working within the agricultural industry.
- 20 The current composition of the estate is based upon historical factors that leads to two third of the holdings being 100 acres or less. This reflects the time when farms of

such scale were more common and economically viable. The county farms are not structured in a way which provides for the right balance between starter and progression tenancies. It is possible that this could be rectified by the review of county farms policy, the existing tenancies and the rationalisation of the estate. Such a review would however require some very fundamental changes to tenancies and an appetite to terminate/not renew to achieve the progression needed to make this achievable. This would not be popular and require a level of investment that is unlikely to be recouped over anything but the long term.

- 21 Consideration was given at GOSC to offering existing tenants the opportunity to purchase their holdings at full market value on the basis that this would not detract from any marriage value of adjacent land. Each proposal should be considered on a case by case basis. Whatever option selected for disposal, the rights of any existing tenant would be protected and transfer to any new landlord in accordance with legislation.
- 22 The summary of recommendations and executive responses of the task and finish group are attached as appendix B.
- 23 Through the disposal of the estate, significant opportunities will be created to enable the stimulation of the economy of the county as a whole. Some elements of the estate that possess the potential for commercial/development value through alternative use can be used to provide vital infrastructure and housing growth opportunities. The resultant business rates and council tax income created will be retained in the county in perpetuity and the multiplier impact of the investment in terms of jobs and services created will be secured to the local economy.
- 24 Having regard to the recommendations of the general overview and scrutiny committee and taking account of the priorities of the council and the opportunities to maximise the economic benefits of council investment, a revised policy is attached at appendix A. Subject to approval of the policy by cabinet a master disposal plan will be developed by April 2015, which will be subject to executive approval. It will be updated on a regular basis and will be monitored as part of the council's performance management framework.

Community impact

- 25 The vast majority of the farms will continue to exist in their current form with very little changes to the land or farm buildings. As little or no development will be permitted in the open countryside, the principal change is likely to be the change of landlord to the existing tenants.
- 26 A new landlord is likely to be in a better position to invest in the farm infrastructure than the council would be in future years. There is a general consensus among both tenants and wider stakeholders that the tenants and councils interests are not best served by the council retaining the management and ownership of the estate.
- 27 The main principle for the disposal of the estate is that the revenue savings created from reduction in capital borrowing servicing can be more appropriately applied to corporate priorities. The disposal of the council farms was the single most supported option for savings as identified in the 2016/17 budget consultation with approximately

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1/3 of the respondents favouring this option.

- 28 The estate currently has 45 tenants which represents a very small proportion of the total population of the county.

Equality duty

- 29 The proposed sale of the estate is not expected to generate any negative impacts as identified under the council's public sector equality duty.
- 30 In general the rights of the individual tenants will not be affected other than those which hold retirement tenancies which will revert to lifetime tenancies (and potentially succession tenancies subject to a legal test). This will provide greater security to any affected tenants and therefore impact in a positive way.

Financial implications

- 31 The gross revenue income from the smallholdings estate is £400k per annum. However, when including the maintenance costs and the support cost of providing this service net income is negligible. This takes no account of the capital value of the estate.
- 32 The value of the receipts realised could be used to repay debt or used for investment in the county in lieu of further borrowing, eg schools, vital infrastructure or housing growth. The annual value of the receipt in reduced debt charges or savings in borrowing costs equate to approximately £2.5m per annum.
- 33 The annual prudential borrowing cost of investing £2.8m in the estate to clear the backlog maintenance would be an additional £168k per annum which would not be recovered from increased rental.

Legal implications

- 34 The council's general overview & scrutiny committee (GOSC) has the power pursuant to section 9f (2) of the Local Government Act 2000 to review/scrutinise decisions or actions relating to the discharge of functions, make recommendations as to the discharge of functions and on matters affecting the council's area or inhabitants. In this instance recommendations have been made by the GOSC which have been considered. The cabinet is not required to follow those recommendations.
- 35 A principal council cannot dispose of its land for a consideration less than the best that can be reasonably obtained in the market, except with the express consent of the Secretary of State (section 123(1), Local Government Act 1972 (LGA 1972)) unless certain criteria are satisfied in accordance with the General Consent Order 2003.
- 36 The council will therefore need to be able to evidence that it will in any sales achieve the best price for the site(s) which will require in order to demonstrate that it has achieved the best consideration possible that it:
- markets the property(ies);
 - obtaining an appropriate independent valuation; or
 - Both of the above.

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- 37 Agricultural Holdings Act 1986 tenants have legal security of tenure such that on the contractual expiry of their lease they have the right to continue to occupy unless the council is able to satisfy certain statutory criteria following statutory process. Such tenants also have succession rights. Tenants occupying pursuant to farm business tenancies (under the Agricultural Tenancies Act 1995) do not have security of tenure but unless their tenancies fall within exceptions including short term leases of a year, statutory period of notice to quit is required. Any sites sold subject to tenancies will include in the sale documentation that the buyer fully complies with its obligations to the tenants and indemnifies the council in relation to the same.

Risk management

- 38 If the council does not proceed with the sale, then it will face considerable financial pressures in respect of unavoidable backlog maintenance demands especially where these relate to statutory compliance issues.
- 39 If the council does not depart from the current 2009 policy framework, then there will be little scope to make any improvements to the viability of the holdings and create progression opportunities.
- 40 If the sale and projected receipts are not realised, then there will be a significant impact upon the delivery of the medium term financial strategy and this could result in revised savings targets that could impact upon critical services.
- 41 If some of the sites with development potential are not able to be brought forward, then the ability to support infrastructure schemes and derive enhanced value from the holdings will be lost.
- 42 If the recommendations are not implemented in a visible and transparent manner and communications are not handled sensitively, then there is the risk of significant reputations loss to the council.

Consultees

- 43 At the request of the executive general overview and scrutiny committee undertook a review of the policy and made a number of recommendations as set out at appendix B. In the course of their review the committee consulted with a number of stakeholders (these are outlined in detail in the GOSC report).
- 44 Of the six recommendations made two have been accepted in full and three in part. The reasons for rejection are set out in appendix B.

Appendices

Appendix A – New Smallholdings Policy

Appendix B - Executive response to the recommendations of GOSC

Background papers

None.

Revised Smallholdings Policy 2015

- 1 The council is clear that its policy is to conduct a structured disposal of its entire smallholdings estate, having established that the retention of a rural estate is no longer a corporate priority.
- 2 The disposal of the estate will involve, on a case by case basis, the consideration of all options and the commissioning of expert independent professional advice to ensure that best value is obtained for the tax payer.
- 3 Any disposal will be conducted in line with the requirements of the constitution and with full openness and transparency with a view to open market value being realised in all cases.
- 4 Land and/or buildings which are identified as having development potential should be identified as separate from protected agricultural use and promoted for sale to maximise commercial/development value.
- 5 Tenants with life or retirement tenancies will be offered a 'without prejudice' and without obligation opportunity to discuss at a time convenient to them options for early termination of their tenancy where this would assist the delivery of the redevelopment of the estate. The council will consider each on a case by case basis.
- 6 In disposing of any element of the smallholding estate the council will have regard to the welfare and needs of current tenants who are affected by the sale, ensuring that their respective rights are protected to the end of their contractual term.
- 7 As part of the disposal process, the council will consider potential redevelopment of surplus farm houses and farm buildings, such as barns. This may involve the seeking of planning consents where it is felt that this will enhance the value of surplus property to be sold. Where appropriate any disposal of surplus buildings could include a small amount of land if this could generate an enhanced capital receipt.
- 8 Any disposal of areas of land identified as containing mineral deposits of commercial value should be subject to the council retaining mineral rights.
- 9 Any maintenance undertaken prior to disposal shall reflect unavoidable compliance obligations. This expenditure should be based on an assessment of any risk involved and the potential to contribute to an enhanced capital receipt at disposal.
- 10 Any capital investment undertaken prior to disposal should be evaluated on its ability to protect and enhance the capital value of the asset and be subject to the approval of an appropriate business case.

- 11 A master disposal plan will be developed which will be subject to executive approval. It will be updated on a regular basis and be monitored as part of the council's performance management framework.

Summary of recommendations and executive responses [Task and finish group: smallholdings estate (county farms)]

On 27 October 2015, the General overview and scrutiny committee considered the item: Task and finish group report: smallholdings estate (county farms) Amendments were made to the recommendations in the report and the following was agreed for submission to the executive.				
Recommendation No. 1	The council recognises the significant role of agriculture in the county's economy and should retain an interest through the retention of an agricultural estate. The council should undertake a structured partial sale retaining a reduced estate of starter and progression farms as a way of offering a route into farming and onward progression for aspiring farmers. The current policy for the management of the County Farms should be reviewed and amended to facilitate a more flexible and progressive approach. Land and/or buildings which are identified as having development potential should be retained for separate promotion and sale to maximise commercial/development value.			
Executive Response	Partially accepted – the recommendation comprises of four statements. 1) The council recognises the significant role of agriculture in the county's economy and should retain an interest through the retention of an agricultural estate – not accepted . It is not essential for the authority to retain ownership of an agricultural estate for it to continue to contribute to the county's economy. It is more likely to provide a greater contribution in the hands of a landowner who is better placed to provide the investment needed to secure economic benefits. This is similar in approach to that taken by the council in relation to some employment land; the council transfers ownership of the freehold title where appropriate. 2) The council should undertake a structured partial sale retaining a reduced estate of starter and progression farms as a way of offering a route into farming and onward progression for aspiring farmers – not accepted . There is little evidence that by retaining a reduced estate that a route into farming and onward progression will be effectively realised. 3) The current policy for the management of the County Farms should be reviewed and amended to facilitate a more flexible and progressive approach – not accepted . For progression to be achieved a fundamental restructuring of tenancies would be needed. Given the proportion of retirement and lifetime tenancies that exist this could only be effectively delivered over a long-term horizon, and in the meantime significant investment would be required at a time when council resources are being placed under increasing pressure. 4) Land and/or buildings which are identified as having development potential should be retained for separate promotion and sale to maximise commercial/development value – accepted ; the draft policy reflects this approach..			
Action	Owner	By When	Target/Success Criteria	Progress
To progress (4) in accordance with revised policy	Director of Resources			

Recommendation No. 2	That any disposal of areas of land identified as containing mineral deposits of commercial value should be subject to the council retaining mineral rights.				
Executive Response	Accepted in full; the revised policy reflects this.				
Action	Owner	By When	Target/Success Criteria	Progress	
To progress in accordance with revised policy.	Director of Resources				

Recommendation No. 3	That in disposing of any element of the smallholding estate the council should take a supportive and sympathetic approach to the welfare and needs of current tenants who are affected by the sale, ensuring that their respective rights are protected. A proportion of the capital released should be used to invest in any remaining estate to improve the estate and respond to recently imposed legislative obligations.				
Executive Response	Partially accepted – the recommendation comprises of two statements. 1) That in disposing of any element of the smallholding estate the council should take a supportive and sympathetic approach to the welfare and needs of current tenants who are affected by the sale, ensuring that their respective rights are protected – accepted and reflected in the draft policy. 2) A proportion of the capital released should be used to invest in any remaining estate to improve the estate and respond to recently imposed legislative obligations – not accepted. Such investment is not likely to be recovered through rental income and provides poor value for money when judged against other investment return. Any unavoidable backlog maintenance, especially of a compliance nature will need to be managed through the corporate maintenance allocation until such time as the properties are disposed of,				
Action	Owner	By When	Target/Success Criteria	Progress	
To progress (1) in accordance with revised policy.	Director of Resources				

Recommendation No. 4	That the council should, on a case by case basis, provide existing tenants with the opportunity to purchase their own holdings conditional upon the assessed impact upon the remainder of the identified estate for sale or retention and ensuring best value is achieved.				
Executive Response	Accepted in full and reflected in the draft policy.				
Action		Owner	By When	Target/Success Criteria	Progress
To progress in accordance with revised policy.		Director of Resources			

Recommendation No. 5	That all land, following evaluation, should be let under farm business tenancies on a full repairing and insuring lease with annual reviews which monitor the viability of the business and its potential for progression in considering the award, extension or cessation of any lease.				
Executive Response	Not accepted – This does not provide a vehicle for optimising the value of the estate, is management intensive and inconsistent with emerging policy.				
Action		Owner	By When	Target/Success Criteria	Progress
No action.		Director of Resources			

Recommendation No. 6	That the council should investigate the potential for any remaining estate to be managed through co-operation with a neighbouring council ensuring cost-effectiveness and improved opportunities for the progression of tenant farmers.				
Executive Response	Partially accepted - . Given that the council will have a retained estate for some years while it progresses sales it will explore any short-to medium term options for managing that estate more cost effectively.				
Action		Owner	By When	Target/Success Criteria	Progress
No action.		Director of Resources			



DECISION MAKER:	Cabinet
DECISION DATE:	3 December 2015
TITLE OF REPORT:	Hereford Library and Museum
REPORT BY:	Assistant director, communities; director of resources

Classification

Open

Key Decision

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

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards Affected

County-wide (Central ward location)

Purpose

To consider implications and choices regarding Hereford library and museum in light of its current temporary closure and impacts on overall library, museums and customer services provision.

Recommendations

THAT,

- (a) subject to Council approval of the capital programme in December 2015; the Hereford Library Users Group (working with other relevant stakeholders) be invited to confirm by the end of February 2016, whether or not they wish to work with the council to explore options for future service delivery of a library in Hereford;
- (b) subject to Council approval of the capital programme, works be undertaken at the earliest opportunity to remove asbestos from the Broad Street building at a cost of £86k; and
- (c) a further report be brought forward following consultation with stakeholders to determine a preferred option.

Alternative options

- 1 That the current site is made good for the services to return to the venue to resume status quo; this is not currently recommended as there has been insufficient time to establish the degree of community interest in developing different service delivery models and does not address the longer term maintenance needs of the building or the fact that the building is not sufficiently flexible to meet the demands of a modern library service.

- 2 The authority seeks alternative sites; this is not recommended as the council does not have sufficient funds of its own to enable such a move, and regardless of its future use work is required to remove the asbestos.
- 3 The current site is enhanced beyond repair and maintenance; this is not currently recommended as the council does not have sufficient funds to support this.
- 4 The services are withdrawn to meet the authority's required budget savings; this is not recommended as it is unlikely to enable the council to fulfil its statutory duties or its wish to secure the future of library services in the county in a way which is sustainable.

Reasons for recommendations

- 5 To determine if there is sufficient support to collaborate on an ambitious plan to create an improved library facility in Hereford before investing in the current site to 'make good'. The recommendations are concerned with progressing options – in the first instance exploring if there is sufficient interest to explore whether a community fundraising scheme has viability to achieve the shared ambition of a sustainable and improved facility either at the current site or an alternative location.
- 6 To progress work to remove asbestos, that work being necessary whatever option is finally selected.

Key considerations

- 7 Hereford library and museum is situated at Broad Street in Hereford within a listed building. The services provided from the site have developed over time as the requirements for a library service have changed. As well as the loan of stock (books, talking books, DVDs, games), the centre also houses public access computers, free wifi, a reference library and holds special events (e.g. summer reading challenge). As part of the changing nature of libraries it is seen as a place of community interaction, a resource for health and well-being and a venue for education / learning. Libraries across the country are facing a challenge in their funding, combined with a step-change in their nature as they became a focus for a range of public services and community functions. The current layout and design of the Broad Street building means that the changing requirements of the service cannot be fully addressed.
- 8 The museum on the first floor is the main county museum and covers the history of the county. The arts gallery, which is also on the first floor, is the main publicly run gallery in Herefordshire, showing the work of the collection, visiting exhibitions and individual artists / artist collections. The Woolhope Club, a membership society interested in the natural history, geology, archaeology, and history of Herefordshire, has a room in the building for its collection.
- 9 The Wellbeing Information and Signposting Service (WISH) was due to locate to the library to provide a complimentary role. WISH will provide information for both adults, children and young people to support the council's preventative role and aspects within the Care Act and Children and Families Act. Whilst preparing for building work to accommodate WISH pre-demolition surveys and inspections uncovered traces of asbestos in the library and basement areas. An executive report of the findings is in appendix 1.
- 10 Whilst the asbestos can be safely removed further work to reinstate the building will be required to make the building usable and return it to the status quo before the asbestos traces were found. Also long standing repair work required over the next five years on the historic building takes the expenditure to an estimated £1m - see

financial breakdown:

Works required	Cost per £'000
Asbestos removal works	86
Re-instatement works	219
Improvements required over next five years	543
WISH	152
Total	1,000

- 11 Therefore, there are three key options:
- Conduct the work to resume services at the Broad Street site. That is, remove the asbestos, undertake reinstatement works and future proof the condition of the building.
 - Conduct community fundraising campaign to undertake work on the current site to bring it up to standard and further enhance it to become a library and museum fit for purpose.
 - Conduct community fundraising campaign to secure an alternative venue for the services and find an alternative use for the current building.
- 12 **Conduct the works to resume services at the Broad Street site.** Though this is the quickest and less involved option the site in its current form does not meet the needs of a modern library service and not ideal in having the museum and art gallery situated on the first floor.
- 13 **Undertake work on the current site.** This would involve enhancement of the current site including essential works and improvement to the format and layout that would meet the potential of a contemporary library. The scale of the scheme would determine the level of cost.
- 14 **Find an alternative venue for the service.** An alternative venue could take the form of co-locating with another venue, finding different Herefordshire Council or commercial premises, or a new build. The costs and timescales for delivery of this option could vary considerably.
- 15 Hereford (LUG) has been campaigning for a new or improved library for many years. Though there may be a number of other groups and individuals interested in Hereford library, it is suggested working through the LUG as the official membership body linked to the library. It is expected there would be involvement from the Woolhope Club, Hereford Museum Support Group and potentially the Friends of Herefordshire Museums and Arts.
- 16 Recommendation A, if accepted, would provide time within which discussions could be held with the LUG and interested stakeholders to establish the community appetite to pursue an alternative model of delivery (whether at the Broad Street site or an alternative). Terms of reference to include:
- The authority could not allocate more than £900k
 - Agree timescale on next stages, including producing outline proposals and business case

- That a scheme would need to enable earned income to offset revenue costs for running the Hereford library
 - The operation of the service and the ownership of the building can form part of the discussion
 - The LUG (possibly with a combination of other stakeholders) would run any fundraising campaign
 - The options for the museum service will be subject to a separate report, but could be included in a scheme.
- 17 It is recommended the LUG is given until the end of February 2016 to consider and consult members and stakeholders on the level of their commitment to lead a community scheme. In this time the draft terms of reference on a partnership between the local authority can be developed and the time scale for further stages.
- 18 If the decision is made to run the fundraising campaign the provision of a library, museum and art gallery could be delayed for some considerable time. Temporary arrangements are currently in place for the library service, and the museum service continues to operate from the Old House in the city centre and the Resource Centre at Friar Street. Options for the future provision of a museum service in the county are currently under review and will be the subject of a separate report. Consideration would also need to be given for access to the Woolhope Club collection by its members and the future siting of WISH.

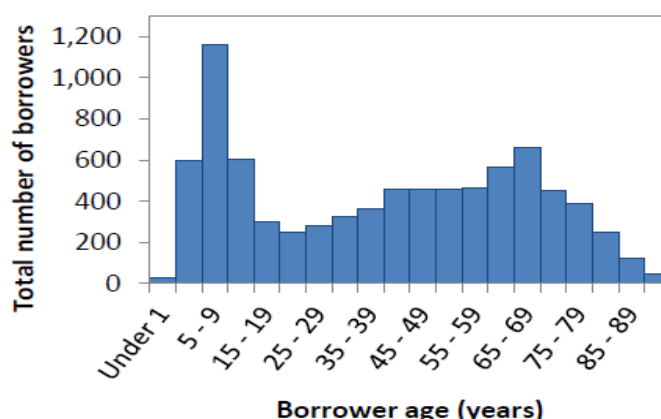
Community impact

- 19 There were 184,434 visits to Hereford library between April 2014 and March 2015 with 175,638 issues of stock (more information on the use of the library service can be found at Herefordshire Council library website: www.herefordshire.gov.uk/libraries).
- 20 There were 14,000 visits to the museum and art gallery between April 2014 and March 2015.
- 21 The recent budget consultation (published on the council website) shows considerable support for retaining a library service and demonstrates the potential to support a fundraising campaign.
- 22 Correspondence as part of the budget consultation, previous consultations and national research demonstrate the well-being, health and educational benefits of a library service. The museum and art gallery function has a link to tourism as an economic benefit to the wider county.
- 23 There may be concerns over the health risks of asbestos traces found at the Broad Street site.

Equality and human rights

- 24 The Equality Act 2010 – sets out the public sector equality duty regarding protected characteristics. The equality impact assessment relating to the options for Hereford Library are set out in Appendix 2.
- 25 In summary the impact is on age. Significant high active borrowers are children and people over 65 years – therefore change of service will have an impact on these groups.

Hereford Library age profile of active borrowers 2014/15



Financial implications

- 26 £1m provision for Hereford library is to be included in the capital programme proposals for cabinet consideration in early December before making a recommendation to Council. If the recommendations of this report are approved £86k would be used for immediate removal of asbestos, leaving the remaining £914k available for potential investment in a new provision.
- 27 The cost of leaving the current building unoccupied while feasibility options are considered and provided temporary facilities can be contained within the current library revenue budget.
- 28 Costs of alternative sites and options would form part of the work with the community and form part of the decision making.
- 29 Opportunities for additional contributions beyond the council allocation include national lottery, charities, sponsorship, donations and local fundraising.
- 30 The draft medium term financial strategy for the council, 2016/17 – 2019/20 to be approved in February 2016 includes reducing the subsidy for libraries and museums from 2017/18. The alternative sites and options developed need to take this into consideration.

Legal implications

- 31 Section 7 of the Public Libraries and Museums Act 1964 (PLMA 1964) states that 'it shall be the duty of every library authority to provide a comprehensive and efficient library service for all persons desiring to make use thereof.' When fulfilling its duty under section 7, a local authority must have regard to the desirability:
 - 'Of securing that facilities are available for the borrowing of or reference to books and other printed matter, pictures, gramophone records, films and other materials'.
 - That these facilities are sufficient in number, range and quality to meet the general and special requirements of adults and children.
 - Of encouraging children and adults to make full use of the library service.
- 32 If the Secretary of State is concerned that a library authority is in breach of this duty s/he may order a Public Inquiry. The remodelling of library services across the country has generated several legal challenges in recent years.

- 33 These legal challenges have tended to focus on whether the authority has complied with its obligations under the Equalities Act 2010 - the public sector equality duty (PSED). This duty imposes a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the PSED when taking any decisions on service changes. However, the courts also recognise that local authorities have a legal duty to set a balanced budget and that council resources are being reduced by central government.
- 34 Where a decision is likely to result in detrimental impact on any group with a protected characteristic it must be justified objectively. This means that attempts to mitigate the harm need to be explored. If the harm cannot be avoided, the decision maker must balance this detrimental impact against the strength of legitimate public need to pursue the service remodelling to deliver savings. The more serious the residual detrimental impact, the greater the financial savings must be to justify the decision. The harm can only be justified if it is proportionate to the financial benefit and if there have been reasonable efforts to mitigate the harm.
- 35 The library at Broad Street is subject to restrictive covenants on the title restricting its use is such that it cannot be used 'for any purpose whatsoever other than for the purpose of a free library'.
- 36 The community group will need to exist as a legal entity before any funding or property transaction can take place. Depending on the lack covenant strength of that entity personal guarantees or other security will be required. The business case of the entity will need to be carefully examined.
- 37 If the group is to be required to provide a library service this will fall within the public procurement legal regime requiring process in accordance with the Public Contracts Regulations 2015 to be followed. This service is within the remit of the light touch regime but as a minimum advertising of the proposed award will be required allowing bids.
- 38 Consideration will then need to be given as to the type of disposition to be effected to the group(s). In order for the council to retain control a lease is recommended of an initial short duration.

Risk management

Health risks – the traces of asbestos found in the building could raise concerns of a health risk to staff and visitors who have visited the library.

Mitigation – A public health advice note will be produced as guidance for people who are concerned.

Fundraising – if sums cannot be raised to enhance the service offer, then any new development will not take place.

Mitigation – a time limit given on fundraising and if unsuccessful resume status quo services at the Broad Street site.

Property – if a suitable and existing alternative venue cannot be identified the costs of a new build would significantly increase the additional funding required.

Mitigation – Scoped the cost of a new build if part of the proposals.

Broad Street Site – if it is decided to relocate services from the Broad Street site then consideration will need to be given to the future use of the building in the context of the restrictive covenants.

Mitigation – any consideration of the options will need to include the implications for the Broad Street site and costs.

Community resources – If there is insufficiently resourced to manage the requirements of a community led project, then the fundraising scheme might not meet its potential.

Mitigation – Review what support can be allocated from the authority to aid a community led scheme and the involvement of a range of stakeholders.

Consultees

Initial discussion with Hereford Library Users Group representatives has been held and they have confirmed their willingness to explore the proposals further.

Appendices

1. Hereford Library Asbestos Executive Summary
2. Equality Impact Assessment

Background papers

None identified.



1 Executive Summary

Environmental Management Solutions Ltd (EMS) has undertaken a Refurbishment Asbestos Survey at Hereford Library and Museum. The survey was undertaken by Jo Page of EMS on the 21st - 25th September 2015.

The report was commissioned by Integral UK Limited to address the potential risk of asbestos containing materials (ACMs) within the property prior to planned works as part of the client's commitment to the Control of Asbestos Regulations 2012 (CAR2012).

The scope of the survey included a refurbishment level survey, utilising standard access equipment, in Hereford Library and Museum. Intrusive entry was carried out as far as possible with respect for the listed status of the unit, historic features, and valuable displays. Roof areas, including voids, were accessed where safely accessible without scaffold or other high level specialist access equipment. Subsurface areas outside of the accessible basement, and soil contamination, are outside the remit of this report. The unit surveyed is shown on the appended plan.

Full details of all materials and their locations can be found within the asbestos register section of the report.

In summary, the following materials were identified:

Risk Rating	Material	Location	Recommendation
Low	Insulation board cladding to beams of mezzanine	Library 012 and 014	Manage
Low	Composite nosings	Mezzanine staircase	Manage
Low	Imitation slate roof tiles	Museum roofs	Manage
Low	Imitation slate tile debris	Roof voids and external flat roofs	Remove prior to maintenance which may disturb the material
Low	Cement panel in former coal hatch	Basement 2 room 005	Manage



Risk Rating	Material	Location	Recommendation
Low	Green vinyl floor tiles and associated adhesive	Basement 1 book stores	Manage
Low	Insulation board soffit	External of rear fire escape	Manage
Low	Presumed gaskets	Flange joints throughout site	Manage
Medium	Damaged insulation board	Redundant hatch basement 1 store 1	Remove
Medium	Insulation board debris	Within rubble of gas intake area 010	Restrict access Remove
Medium	Insulation board debris	Within riser of gf library area 012	Restrict access Remove
Medium	Paper thermal insulation	Basement 1 rooms 005, 002, 011, 012 and library subfloor	Repair Manage Restrict access to subfloor
Medium	Insulation board beam cladding	Rear fire escape including above door	Encapsulate Manage
Medium	Insulation board header panel	Basement 1 stairwell corridor 002	Encapsulate Manage
Medium	Cement debris	Library subfloor	Restrict access to subfloor Remove
Medium	Insulation board lining	Lift shaft	Manage
High	Sprayed fire protection to beams and all associated debris	Ground floor library 010 and first floor library 006	Restrict access Remove/remediate Environmental clean
High	Thermal insulation debris	Basement 1 rooms 003, 004, 005, 006 and 010 Duct passing through entrance hall and tea room	Restrict access Remove or permanently seal areas where possible
No Access	Some areas of the site have not been accessed during this survey as detailed within section 4.5 of this report		

Initial Equality Impact Assessment - Hereford Library Cabinet Report December 2015

Herefordshire Libraries Service

This report gives an overview of equality impacts in relation to the options for Hereford Library and Museum. The findings also reflect on the wider use of libraries across Herefordshire as the Hereford facilities is a key component of the county library offer. As a decision on options and location has not been made this assessment is an initial overview. However, the report does give some equality impacts mitigations to consider.

Based on the findings these include:

- A temporary library is established to support people's continued access to services
- That alternative venues for free use of PCs / the internet are promoted
- Promotion of the on-line services
- Additional drop-off points are arranged
- Non reduction of services in the market town and Belmont whilst Hereford Library is closed
- Any new venue will be fully accessible and will incorporate a range of accessibility aids that support people with particular impairments and take into consideration the needs of visitors of different ages
- That a public health element is included in any new development which would aid people of different ages and with different access needs
- Public consultation to take place on wider changes to the Herefordshire Library Service
- Public access PCs an important feature of a new library development
- If the closure is prolonged explore specific and targeted scheme for younger children and older adults.

The report does not reflect on the users of the museum and art gallery as profiles are not retain and the impact considerably less considering the numbers of visits involved. However it can be presumed that impact will be on age, specifically children as part of their learning and knowledge about Herefordshire would be gained from the visit to the museum and art gallery. Consequently the above mitigating impacts can also apply to the museum and art gallery functions.

Equality Duty

The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the Public Sector Equality Duty when taking any decisions on service changes.

Where a decision is likely to result in detrimental impact on any group with a protected characteristic it must be justified objectively. This means that attempts to mitigate the harm need to be explored. If the harm cannot be avoided, the decision maker must balance this detrimental impact against the strength of legitimate public need to pursue the service remodelling to deliver savings.

Details of user's age is collected and their purpose to visit the centre, but not details of other protected characteristics.

The demographic profile of Herefordshire

Herefordshire population and demography (taken from Herefordshire Council Facts and Figures)

The current (mid-2014) estimate of the county's resident population is 187,200. Herefordshire is a predominantly rural county, with the fourth lowest population density in England. The city of Hereford, in the middle of the county, is the centre for most facilities; other principal locations are the five market towns of Leominster, Ross-on-Wye, Ledbury, Bromyard and Kington.

Unlike other rural counties, which have large areas with no residents, Herefordshire's 82,700 homes and 184,900 residents are scattered across its 842 square miles. Almost all its land area falls within the 25% most deprived in England in terms of geographical barriers to services; the Golden Valley in the south-west and the Mortimer locality in the north-west are particularly affected. Compounding the physical access issue, access to broadband, mobile phone services and other service infrastructure is an issue for some residents and businesses in rural areas.

The county has an older age structure than nationally, with 22% of the population aged 65 years or above (40,800 people), compared to 17% nationally. This includes 5,500 residents aged 85 and over.

The numbers of children living in the county have been increasing for the last three years but are still 7% lower than in 2001. However, within this, the number of under-fives has been rising over the last nine years and the numbers of births has largely been rising throughout the last decade.

Herefordshire Library Service

In Herefordshire over 23% of local residents are active library members (have had a library transaction within the last two years). This includes customers who join to access the public computers, borrow inter-library loans, use online resources or access other library services, as well as those who borrow library resources. In 2014-15 over 17% of people in the county had at least one item on loan.

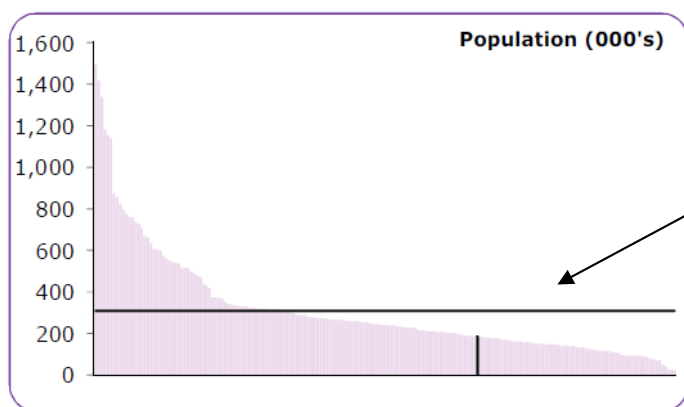
Herefordshire Council runs eleven libraries across the county. The central library in Hereford is the largest site which holds 30% of the county's active library stock and also houses the county's local studies and special collections. Housed in a Victorian building in Broad Street opposite Hereford Cathedral, it shares the building with Hereford Museum and Art Gallery. The libraries in the market towns also include Herefordshire Council Customer Services and other services.

Smaller branch libraries and book schemes are run in partnership with the community. Leintwardine, Peterchurch and Weobley libraries are community libraries staffed by volunteers with ongoing support and training from professional library staff, including the provision of book stock and public computers. Belmont and Colwall are Partnership Libraries where the parish council contributes to the running costs of the site.

Also Delivered Services provides a regular supply of books and talking books to people who are housebound and unable to access a library. The service delivers to over 200 individuals and 30 residential homes and sheltered housing centres and is often described as a lifeline for people who are at risk of feeling isolated and lonely. The Schools Library Service supports local schools by providing books and project material - last year over 90 primary and high schools bought in to the Schools Library Service. The Schools Library Service is effectively cost neutral with the subscribed schools paying for the service they receive.

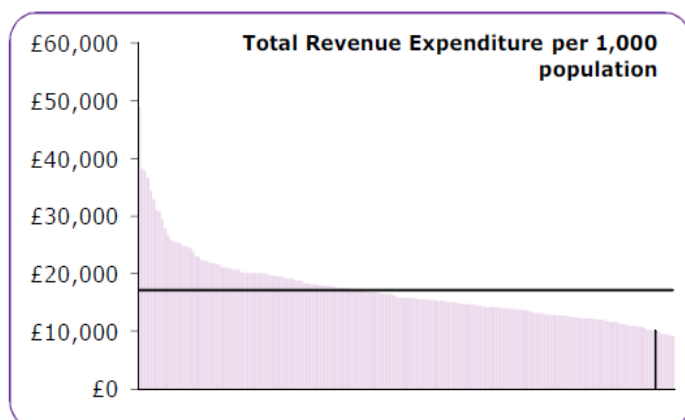
The following tables are taken from the CIPFA report for 2013-14. These tables show where Herefordshire comes in comparison with all other library authorities in the UK.

n.b. The 2013-14 annual report is the latest one currently available. When the 2014-15 report is released later this year these charts will be updated.



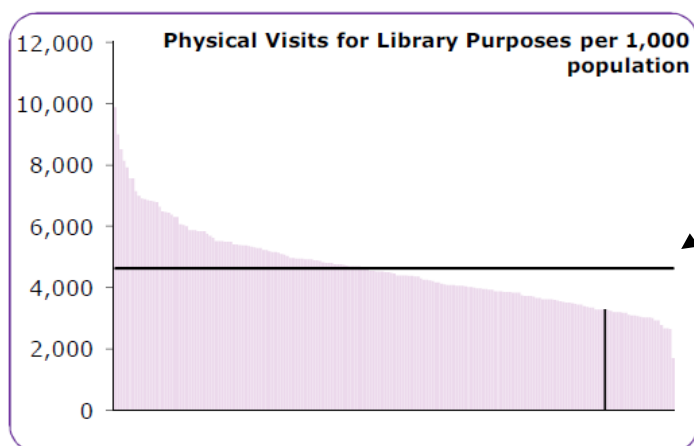
Population

Herefordshire is the 65th smallest of the 189 UK authorities compared in terms of population.



Expenditure

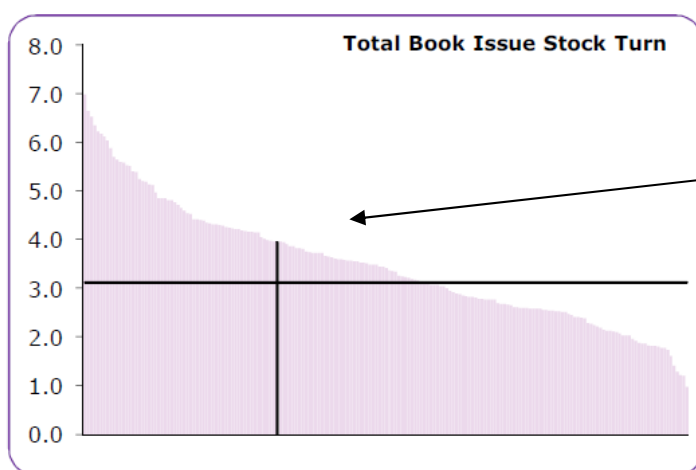
This chart shows revenue expenditure per 1,000 population as a key cost indicator. Herefordshire is shown at the lower end of the spectrum compared to other local authorities.



Physical Visits

The number of visits per 1,000 population is another measure of engagement and offers a more complete picture as it will include other reasons for visiting the library as well as borrowing.

n.b. this includes other library usage, e.g. using public computers, but it doesn't include visits for other purposes, e.g. Customer services, DWP, Halo, Registrars, etc.



Stock Turnover

The average number of times each book was issued during the year.

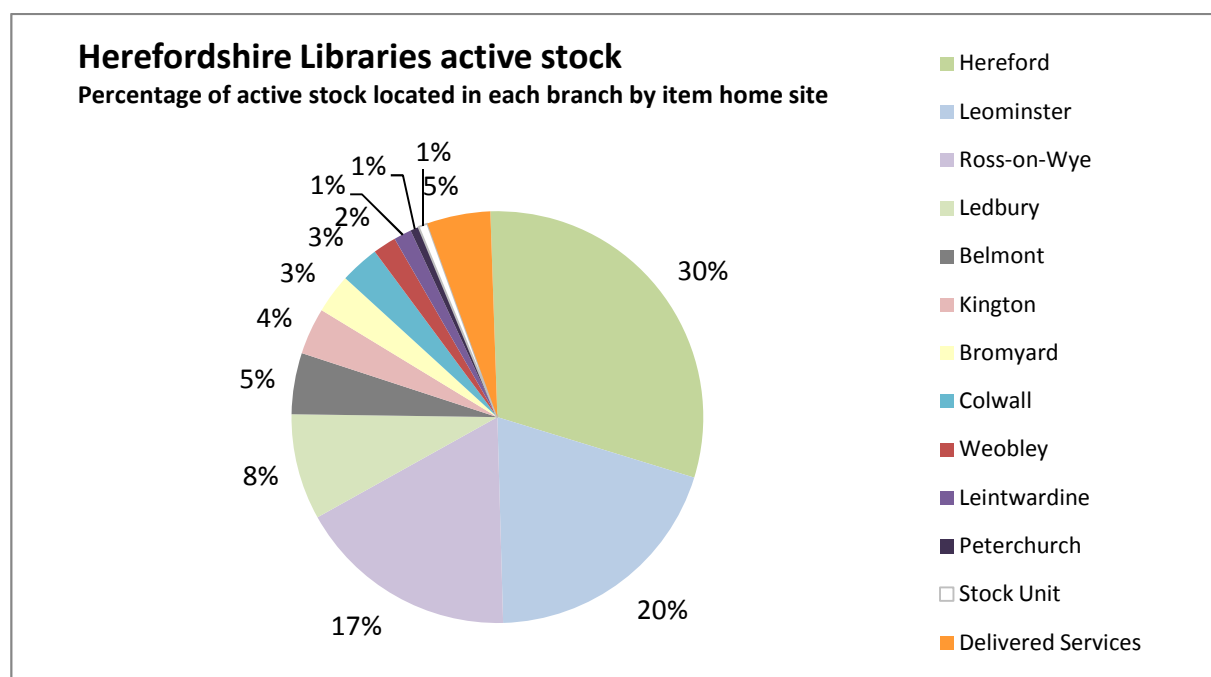
This is an indication of how hard the library stock is working. It may also be also an indication of stock quality and whether the titles provided meet local demand.

The following statistics are taken from Herefordshire Libraries Alto Library Management System. In 2014-15 (March-April) libraries in Herefordshire received over 540,000 physical visits and loaned out over 570,000 items. There were nearly 60,000 computer sessions on library public access computers. Over 50,000 items were requested; 64% of these were reserved online.

Library	Hours open per week	Visits per year	Visits per hour	Loans per year	Items reserved per year	No. of public computers	Computer sessions per year	Computer hours per year
Hereford	37.0	184,434	96	175,638	11,840	18	25,359	15,555
Leominster	35.5	109,082	59	114,507	7,526	12	11,890	8,924
Ross-on-Wye	35.5	116,789	63	106,134	7,331	11	10,269	5,913
Ledbury	24.7	48,308	37	50,202	4,264	5	3,074	1,328
Belmont	22.5	22,527	19	26,100	2,390	2	1,028	849
Kington	18.0	22,082	24	22,967	2,299	7	2,518	1,776
Bromyard	24.0	18,669	15	20,582	1,585	7	3,855	1,941
Colwall	13.5	11,362	16	13,950	1,393	5	1,498	890
Leintwardine	6.0	2,897	9	4,706	587	1	86	122
Weobley	6.0	2,210	7	4,114	349	3	123	78
Peterchurch	10.0	1,940	4	3,586	368	0	n/a	n/a
Delivered Services	n/a	1,707	n/a	23,155	1,148	0	n/a	n/a
Stock Unit	n/a	n/a	n/a	11,265	10,665	0	n/a	n/a
Herefordshire	232.7	542,007	349	576,906	51,745	71	59,700	37,376

Table 1: Opening hours, visits, items loaned and reserved, and computer usage for 2014-15

Library stock is used as a countywide resource which circulates around all sites. Customers can reserve any lending item on the library catalogue free of charge and have it delivered to any Herefordshire Library. The following table shows where most of the active library stock is located. Active stock means it has been issued in the past two years.



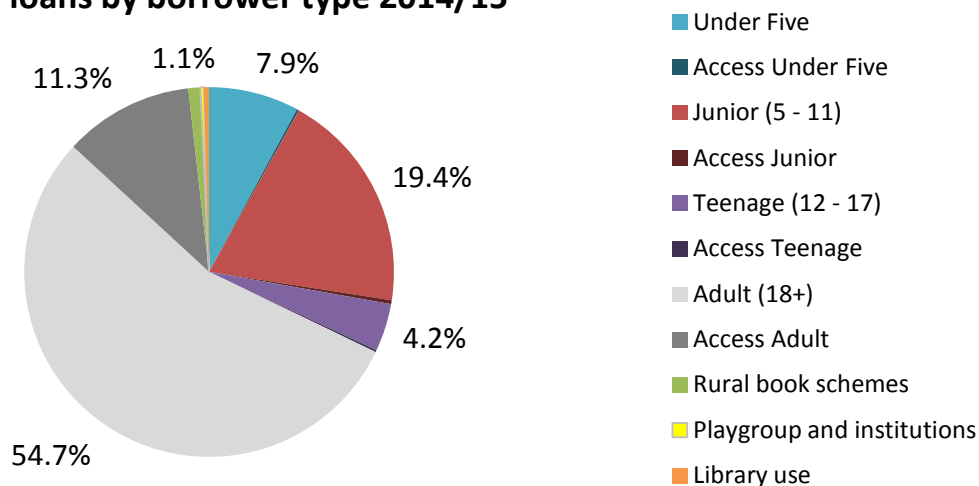
Most regular library users are first introduced to libraries as children: by parents, grandparents or schools. Research has shown that under-fives who regularly visit libraries have a significant advantage when they start school, and this advantage can continue right through primary and into High School. Though a significant number of teenagers do use libraries, but many drift away at this point. They come back when they need the library again: studying, applying for jobs, looking for information or advice, gaining new skills, or most commonly when they have children of their own. As adults, people drop in and out of library usage depending on their needs and available time. They may only come in once or twice a year for particular purposes until they have more time or greater need for the services the libraries provide.

Hereford Library is the largest library in the county. It holds 30% of the active library stock and houses the main reference and local studies collections. There is heavy use by all groups, including a large number of Junior, Under-fives and Access borrowers and a significant number of teenagers relative to the population. Hereford library also supports local Playgroups and Rural Book Schemes.

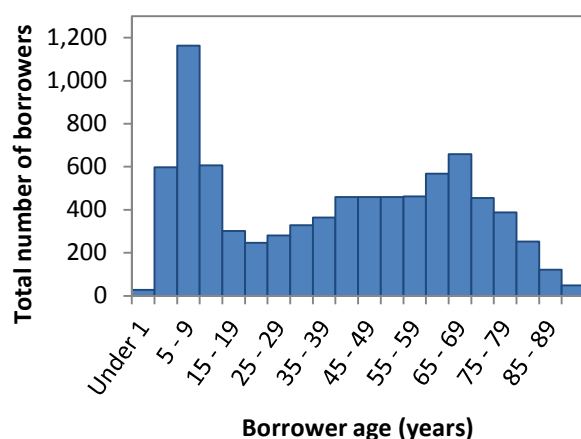
Hereford has a younger age profile than the county as a whole. This may reflect the heavy usage of public computers and parents who bring young children to the library, but don't necessarily have library cards of their own. As the largest library in the county, it is heavily used by all age groups, but particularly children.

Library	Hours open per week	Visits per year	Visits per hour	Loans per year	Items reserved per year	No. of public computers	Computer sessions per year	Computer hours per year
Hereford	37.0	184,434	96	175,638	11,840	18	25,359	15,555

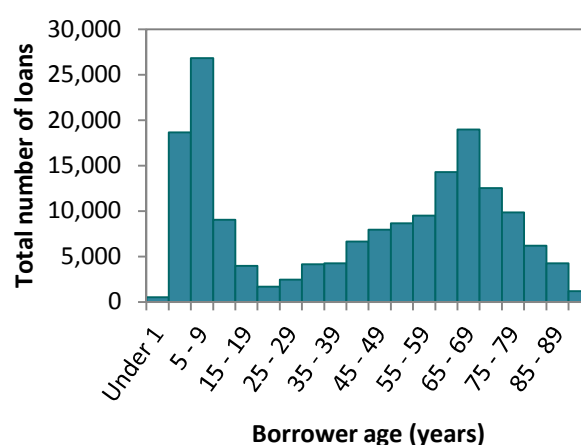
Hereford Library loans by borrower type 2014/15



Hereford Library age profile of active borrowers 2014/15



Hereford Library loans 2014/15



Summary

Based on the information provided, a key consideration in terms of equalities is recognising the impact on younger children and older adults who are frequent users of the Library in Hereford and therefore linked to an important part of their education and well-being.



DECISION MAKER:	Cabinet
DECISION DATE:	3 December 2015
TITLE OF REPORT:	Fastershire Broadband Strategy Revision
REPORT BY:	Assistant director, communities

Classification

Open

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 and it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the county.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards Affected

County-wide.

Purpose

To consider further phases of the delivery of high speed broadband across Herefordshire.

Recommendations

THAT, in agreement with Gloucestershire County Council,

- (a) the revised Fastershire Broadband Strategy 2014-18 attached at appendix 1 to this report is adopted;**
- (b) the procurement of Lot 2 covering the Golden Valley and the Forest of Dean commence in January 2016; and**
- (c) authority be delegated to the director for economy, communities and corporate following consultation with the cabinet member for economy and corporate services, to award the Lot 2 contract within the financial envelope set out in paragraph 33 of this report.**

Alternative options

- 1 The original Fastershire Broadband Strategy published and approved in June 2014 remains in place without adjustment; this is not recommended given the recent market changes and progress to date in delivery.

- 2 That an extended contract is awarded BT to reduce procurement costs. This is not recommended as does not provide comparative costs of deployment and terms from a single provider could prove non-advantageous for the local authority and community.
- 3 Cease investment in future broadband network leaving the commercial market to address shortfall in coverage. This is not recommended as based on the returns of the Open Market Review conducted in 2014 there is a high risk that without public subsidy the remaining rural areas will not be covered by commercial providers.
- 4 Reduce the level of funding by the local authority. The cost of deployment will be tested through procurements when providers supply actual costs – the actual funding required will be known in more detail at that stage. BDUK have made available up to £5.52m for Herefordshire as part of their Superfast Extension Programme (SEP) which can be released if matched 50:50 by locally sourced funding (see finance section).
- 5 Increase the level of funding by the local authority. This is not currently recommended given the need to ensure only non-commercial services receive public subsidy and to maximise the benefit of match funding opportunities.
- 6 That the local authority withdraws its involvement, including finance, in broadband delivery leaving the Government to meet its recently stated obligation of 10Mbps for every premise by 2020. This is not recommended as based on timescale and speeds presents a poor offer for residents and businesses in Herefordshire that have yet to access superfast broadband, with no confirmation over how the obligation will be achieved as subject to future consultation.

Reasons for recommendations

- 7 The Fastershire Broadband Strategy 2014-18 was adopted by Herefordshire Council on 10 June 2014. Since then there have been changes to the planned delivery schedule and overall market which require amendments to the strategy to ensure it remains robust.
- 8 To agree arrangements for the procurement of Lot 2, undertaken in accordance with the council's contract procedure rules.

Key considerations

Delivery to date

- 9 Herefordshire Council is in partnership with Gloucestershire County Council to improve the broadband network across the two counties to enable businesses, communities and individual households to benefit from faster broadband. The programme is managed through the Fastershire project with a contract awarded to BT in 2012 to conduct the current phase. The contract is worth £35.42m and covers both counties.
- 10 The public subsidy, consisting of national and local government funding, is used to fund the gap between the capital costs of fibre network and the likely commercial returns.
- 11 The emphasis of the programme in Herefordshire and Gloucestershire has always been to extend the reach of high speed broadband into rural areas. Broadband is a key priority for the business sector in supporting economic growth; as well as aiding access to services; a benefit to schools and education to make the most of on-line

learning tools and supporting digital skills fit for the future; and increasingly being used to aid health prevention and well-being e.g. addressing isolation.

- 12 14 milestone areas were created across the two counties (7 areas in each county) with targets and timescales applied to each area as set by BT. The milestone areas were designed specifically to ensure that both difficult to reach rural areas and easier to reach more populated areas were delivered in tandem.
- 13 Based on BT's modelled output, between 85-90% of premises in Herefordshire should have access to fibre broadband by the end of 2016. This figure comprises of BT's own commercial deployment and the Fastershire intervention area. The intervention area was created through an Open Market Review in 2011 to establish areas not planned for commercial investment – therefore eligible for public subsidy. This intervention area needed to be agreed by the National Competency Centre to qualify for State Aid under EU regulations.
- 14 BT's Best and Final Offer (BAFO), on which the contract was based, 77.8% of premises in the intervention area for Herefordshire will be able to access next generation access (NGA) of download speeds of 30Mbps and above – this represents 35,424 out of 45,532 premises within the area. BT have used two types of technology to deploy fibre broadband, namely FTTC (fibre to the cabinet) and FTTP (fibre to the premise).
- 15 In addition every premise in the intervention area to have, as a minimum, access to the Government's Universal Service Commitment (USC) of >2Mbps. This is due to be delivered via fibre coverage, existing asymmetric digital subscriber line (ADSL) lines, or a satellite offer.
- 16 This stage of the deployment is due to finish in December 2016 for Herefordshire, and December 2015 for Gloucestershire (with allowance for tolerable variance that will move to March 2016). At the end of the build period BT have 3 months to complete final reports. This will be important in understanding the residual premises that cannot access high speed broadband at the end of the BT contract.
- 17 To date BT have completed over 50% of the current phase with superfast broadband.

Revised Fastershire Broadband Strategy

- 18 Though the overarching objective of the strategy remains the same, namely to reach all those who need it with superfast broadband by the end of 2018, a number of parameters have changed the landscape resulting in the need for a revision. These include:
 - As part of the next phase delivery Fastershire became the first area to award a major BDUK funded contract to an alternative provider based on a lot within the Cotswolds.
 - This process successfully tested the lot based approach but and revealed a change in the market since 2012 with an emergence of companies providing services and technology that are specifically designed for rural delivery.
 - The exercise also showed that the need to define consolidated areas was not as critical as had been imagined.
 - As the contract with BT nears completion there is a greater understanding of the premises that still require an increase in broadband speeds.
 - Additional funding has been secured for Gloucestershire from the South West Superfast Ultra-Fast fund.
 - Greater understanding of funding potential and confirmation of funding via the local enterprise partnership.

- BT's decision not to participate in Stage 3 of 2014 strategy.

19 The difference between the original and revised strategy is outlined below:

Original	Revised
Stage 1: Commercial programme by BT covering Hereford, Ledbury and Leominster.	Stage 1: Commercial programme by BT covering Hereford, Ledbury and Leominster.
Stage 2: Fastershire Broadband contract with BT to December 2016.	Stage 2: Fastershire Broadband contract with BT to December 2016.
Stage 3: Possible extension to the BT contract where economic to do so.	Stage 3 Lot procurements (see below)
Stage 4: Lot procurements: <ul style="list-style-type: none"> • Cotswolds • Golden Valley • West Herefordshire 	
Stage 5: Grants and bursaries	Stage 4: Grants and bursaries

- 20 The current Fastershire delivery is based on phased deployment in geographic milestone areas. Once an area is complete, next stage procurements can take place. Therefore the following lot areas have been devised:
- Lot 1: Cotswolds (already procured, work started and first premise in December 2016)
 - Lot 2: Forest of Dean and Golden Valley (procurement aimed for January 2016)
 - Lot 3 Residual Gloucestershire, Area 1 (Ross on Wye and surrounding areas) and 11 central Herefordshire (procurement aimed for June 2016)
 - Lot 4: Residual Herefordshire (procurement aimed for March 2017)
 - Lot 5: targeting economic demand density (autumn 2017 for Herefordshire).
- 21 Though the actual procurements will give accurate coverage, it is estimated that the delivery via the lots will take the coverage to 97% of premises in the county. Stage 4 will be provide grants and bursaries for the remaining premises to have support to access high speed broadband where there is an identifiable need.
- 22 BDUK have confirmed funding for Lot 2 and that the State Aid General Block Exemption can be used (rather than waiting for a new state aid requirement with a date not yet confirmed). For Herefordshire, a small area in the Golden Valley has been selected because it was originally part of the bid for funding for RCBF (rural community broadband fund).

Issues to highlight

- 23 **Inclusion of former commercial areas.** The 2011 open market review formally consulted with the commercial providers over their plans for investment in the county. This identified where BT planned to deliver fibre broadband using their own funds. The re-run of the Open Market Review in 2014 showed that some of deployment has been withdrawn from their plan. The revised Broadband Strategy agrees to include those areas as part of the new programme.
- 24 **Definition of superfast.** Fastershire's definition of superfast (sometimes referred to as NGA) is 30Mbps and above. It is recommended to retain this definition.
- 25 **Premise level information.** That the procurements of lots will be based on premise

level information (rather than postcodes) which will help in gauging a full understanding of the planned deployment and being able to communicate that to the public.

Community impact

- 26 Herefordshire Council's Corporate Plan includes the priority of creating and maintaining a successful economy that supports economic growth and connectivity (including broadband). In addition, the improved broadband network will have a positive impact in meeting other corporate plan objectives including:
- Growing businesses, jobs and wage levels
 - Accessible services
 - Sustainable educational provision
 - More people retaining their independence through greater choice and control
 - Reduced child poverty
 - Families and communities that are able to support all children and young people effectively
 - Increased equality of opportunity.
- 27 Improvement to broadband was identified as a key element of the Economic Development Strategy for Herefordshire (published 2011). A core source of evidence for the priorities in the strategy came from the Herefordshire Employers Survey 2010. Around 10% of Herefordshire's businesses responded to this survey and it represents the most comprehensive picture yet of the county's economic factors. 81.5% of the respondents said they needed broadband internet access in order to effectively operate.
- 28 An Economic Impact Assessment has been developed to estimate the significant impact on the local economy which may result from the project. It estimates a Gross Value Added (GVA) uplift for Herefordshire of £13m per annum and a cumulative GVA uplift of £120m over ten years. The economic benefit of investment in NGA broadband assumes 90% coverage of NGA and a 10% increase in take-up and optimisation above the 20% base case. Delivering 100% NGA coverage would lift the year figure to an estimated £134m.
- 29 The successful delivery of the Broadband Strategy 2014-18 will have a significant impact on residents and businesses in the most deeply rural areas of Herefordshire. Digital access has a role to play in addressing issues of isolation and access to services for citizens, specifically in rural areas, and is increasingly being used as a tool to address health and preventative health. Without the strategy and the resources aligned to it, there will be a digital divide between those with access to NGA broadband and those with USC (Universal Service Commitment as set by the Government at 2Mbps) specifically as USC over time will not be enough to satisfy future demands. The government's "The Digital Communications Infrastructure Strategy" on 18 March 2015 addresses future ambitions for Broadband coverage including a Universal Service Obligation of 5Mbps and by 2017 superfast coverage to have reached 95% of premises in the country. The Government has since (November 2015) announced consultation on an Obligation of 10Mbps for everyone by 2020.

Equality and human rights

- 30 When the original 'Borders Broadband Contract Award and Partnership Agreement' (September 2012) was agreed an Equality Impact and Needs Assessment was completed this remains current. That assessment demonstrates a range of positive impacts in tackling the inequality of broadband coverage. Primarily, by improving the

broadband network, people will have better access to services and greater equality of opportunity.

- 31 Additional reach will enhance the findings of that assessment. A key element is to ensure residents and businesses take full advantage of accessing services and conducting business online. As part of the Fastershire project the local authority have led on a number of digital inclusive initiatives covering:
- Community Technology Grant – for community and village halls to have digital equipment available to residents and online capability where possible
 - Go-online@Fastershire community grants – grants to community groups to encourage access online
 - Training programme – programme of courses and classes open to participants free of charge
 - Faster Women – targeted programme funded by the Government's Equalities Office to maximise the skills of women entrepreneurs in Herefordshire and Gloucestershire
 - Faster Farmers – targeted activity to engage farmers to go online run by the Rural Hub
 - CREATE – cross nation programme involving 6 partners to support small business in rural areas to make the most of ICT, funded by EU with Herefordshire Council as the lead partner
 - Faster Business – as a follow-on from CREATE a business support programme across Herefordshire and Gloucestershire
 - Wifi Libraries – libraries in Hereford, Ledbury, Leominster, Ross, and Kington with free wifi access. Also wifi in Leintwardine library funded by the community, and planned wifi for Belmont, Weobley and Colwall libraries.

Financial implications

- 32 BDUK have ring-fenced maximum capital funds of up to £5.52m for Herefordshire's future network deployment. The requirement is for the local authority to source match fund (50:50). To date the county has an approved allocation from the LEP of £1.67m, and is seeking funds from ERDF (European Regional Development Fund) and EAFRD (European Agricultural Fund for Rural Development). £1m has been included in the capital programme proposals for approval by Council on 18 December 2015. A further £2.85m of match funding is to be identified as the programme progresses, with the opportunity to make a case for future funds in subsequent capital programmes. These will be based on a case made for each lot once bids are received, with a value for money test applied.
- 33 Separately, the Government has made additional funds available to the South West region for ultrafast deployment, as a member of that region Gloucestershire has been allocated £2m which requires match-funding. This has been combined with £0.52m of funds previously allocated to Herefordshire from BDUK as a result of a bid for Rural Community Broadband. As a consequence public funds are anticipated to be available for Lot 2 of £4.52m, subject to approval by Gloucestershire County Council in December 2015.

Legal implications

- 34 The procurement for all Lots in Stage 3 will need to follow proper process in compliance with the Public Contract Regulations 2015 and the council's own contract procedure rules.
- 35 The Council derives its powers from the General Power of Competence as set out in section 1 of the Localism Act 2011.

- 36 The council will need to ensure its compliance with grant conditions imposed by BDUK.
- 37 State Aid is a key consideration in this project as public subsidy is being given to the telecommunications industry.
- 38 The European Union State Aid rules are designed to ensure that any use of public funding is targeted at areas of market failure and ensuring positive market outcomes while minimising any distortion to competition. In the context of broadband, the State Aid rules require using public funding only to extend broadband coverage in geographic areas where there is no current or planned (next three years) provision of superfast broadband.
- 39 The specification will need to be designed to comply with the General Block Exemption.

Risk management

Open Procurement risk: If only one bidder makes a submission via open procurement then it could result in non-comparable costs making a judge on value for money difficult.

Mitigation: The costs and terms will be presented for a decision on value for money and acceptability of contract terms.

Non completion of Stage 2: If BT fails to meet contracted delivery dates then there could be a delay in procurement.

Mitigation: The current contract includes considerable default mechanisms, with BT confirming they are confident in meeting the end date.

Not enough funding: If the procurement shows there is not enough funding then there will be a challenge in meeting the ambitions of the broadband strategy.

Mitigation: A costed model will be produced that shows the level of deployment achievable with the funding.

BT challenge non extension of contract: If contract(s) are not awarded to BT then they could decide to challenge this decision.

Mitigation: The original strategy outlined that an extension of contract would be possible based on certain terms and no commitment made. Precedence is set in that BT did not challenge the award of contract for Lot 1.

Consultees

Gloucestershire County Council – are in agreement with the approach.

BDUK (part of Department of Culture, Media and Sport) as funder and partner.

Business Board on revised strategy (November 2015)

Business seminar (November 2015)

Appendices

1. Fastershire Broadband Strategy 2014-18 (revised)

Background papers

None identified.

Glossary of Terms

BAFO – Best and Final Offer
BDUK – Broadband Delivery UK
DCMS – Department of Culture, Media and Sport
ERDF - European Regional Development Fund
EAFRD - European Agricultural Fund for Rural Development
FTTC – Fibre to the Cabinet
FTTP – Fibre to the Premise
ISP – Internet Service Provider
LEP – Local Enterprise Partnership
NGA – Next Generation Access
RCBF – Rural Community Broadband Fund
SEP – Superfast Extension Programme
THP – Total Homes Passed
USC - Universal Service Commitment

Draft



Fastershire Broadband Strategy

Revision 2015-2018



Foreword

Joint statement from Cllr Mark Hawthorne Leader of Gloucestershire County Council and Cllr Graham Powell Cabinet Member Herefordshire Council

As the Fastershire broadband project approaches 50% completion across the project area, we now set our sights on the next phase of the fibre broadband deployment within the two counties.

The current contract with BT is due to complete in Gloucestershire at the end of 2015. By which time approximately 88% of premises will have access Next Generation Access (NGA) providing download speeds of over 30Mbps, with Herefordshire reaching a similar point by the end of 2016.

The emphasis of the Fastershire project has always been on rural reach. The creation of 14 milestone across the two counties was designed specifically to ensure that both the difficult to reach rural areas, and the easier to reach more populated areas, were delivered in tandem. However, we recognise that the current deployment only goes so far and we are committed to bringing faster broadband to more homes and business across Herefordshire and Gloucestershire.

Since the publication of the last strategy many factors have changed and it is only right that we now revisit the document. Additional funding from National Government has been secured and that will see superfast broadband reach even deeper into rural areas. We now have a greater understanding of the premises that still require an increase in broadband speeds and some of the areas that were previously planned for commercial deployment could now become eligible for public funding. New providers have also entered the marketplace, offering new technologies and greater information, providing rollout data by individual premise rather than across a postcode area.

This revised strategy outlines the intended approach of Gloucestershire County Council and Herefordshire Council to tackle the areas where the commercial market will failure to deliver NGA Broadband. It also provides a roadmap to achieve greater NGA coverage and ultimately the Authorities' stated vision.

Finally, as funding, coverage, level of demand and technology options are expected to change, the strategy will need to remain flexible. The strategy will however, at any given time, provide the Fastershire project's current view of the solutions available to bring greater levels of NGA Broadband to Herefordshire and Gloucestershire.



Cllr Mark Hawthorne Leader
Gloucestershire County Council

Cllr Graham Powell Cabinet Member
Herefordshire Council

Chapter 1: Introduction

What is Fastershire?

Fastershire is the project established by a partnership between Gloucestershire County Council and Herefordshire Council to overcome the market's failure to provide High Speed Broadband in hard to reach areas of both counties. It uses funding from a range of European, central and local government funding sources to match private sector funds and deliver the infrastructure required to increase the availability of high speed broadband.

The Fastershire Broadband Strategy

The first iteration of the Fastershire Broadband Strategy 2014-18 was adopted by Herefordshire Council and Gloucestershire County Council in June and September 2014 respectively. It identified a 5 stage plan to satisfy 100% of the need for superfast broadband.

The 5 stage plan included:

Stage 1 – The provision of superfast broadband connectivity by commercial providers; primarily British Telecom (BT) and Virgin Media. At the time of writing the understanding was that commercial deployment had reached its limits and that no further commercial investment was likely to take place without the stimulus of public subsidy.

Stage 2 – Essentially the continuing £35m contract between Fastershire and BT to achieve close to 90% coverage of both counties.

Stage 3 – The potential to extend the BT contract where it made economic sense to do so, based on enabling cabinets not previously planned to be upgraded.

Stage 4 – Procuring new solutions within distinct geographical areas. This stage focused on the residual areas remaining following the completion of stages 1, 2 and 3. These would be based on areas where there appeared at the time of writing to be a consolidated mass of premises which were not planned to benefit from fibre build but that might make an alternative solution viable. Based on the intelligence at that point, 3 such areas were identified; the Cotswolds, the Golden Valley and western Herefordshire. The exact geographical extent of these areas would be confirmed once BT had completed delivery in those areas.

Stage 5 – Providing bespoke grants to individuals and communities through a range of funding sources including European Structural funds.

Why does the Strategy need to be reviewed?

A number of parameters have changed since 2014, some as a result of external factors during the intervening year and others resulting from the successful implementation of the early stages of the strategy. These changes are as summarised as follows:

- Some of the planned commercial deployment identified under Stage 1 has not materialised, making 'the problem' bigger in some areas than had been expected
- The welcome announcement of significant new investment in purely commercial infrastructure provision by Virgin Media has also changed the scope of Stage 1
- BT decision not to participate in Stage 3
- The successful procurement of a supplier to deliver Lot 1 of Stage 4 in the Cotswolds. This was the first contract of its kind and validated the approach outlined in the strategy. The appetite of bidders during that exercise confirmed that the need to define consolidated areas was not as important as had been expected

- The existence of a more competitive market became evident via the Lot 1 procurement
- The announcement of additional BDUK funding for Ultra-Fast Broadband in the South West region and greater clarity on the ways European Agricultural Fund for Rural Development (EAFRD) funding can be harnessed has also had an impact on the potential to expand the scope of Stage 4
- The widening remit of the project to increase the emphasis on benefits realisation as well as the physical infrastructure delivery.

It was therefore seen to be timely to revisit and refine the strategy to adapt to the changing environment.

Headline Principles

The vision for the Fastershire Broadband Strategy 2014-18 has been amended to:

“By the end of 2018 everyone in Herefordshire and Gloucestershire will be able to access the broadband services they need”.

This updated version of the strategy aligns to three core principles regarding the deployment of broadband infrastructure in Herefordshire and Gloucestershire:

1. That the Fastershire definition of superfast broadband remains at the EU 2020 standard of 30Mbps not the lower standard of 24Mbps adopted across much of the rest of the UK to date
2. While the Government’s Universal Service Commitment (USC) remains at 2Mbps; for premises which fall below the EU 2020 standard of 30Mbps, Fastershire will invest in solutions which deliver the greatest possible broadband speeds and services with the resources at its disposal. To demonstrate this, Fastershire will strive to achieve a Minimum Service Ambition of 10Mbps¹ across the intervention area by the end of 2018
3. Wherever possible, and within the state aid regulations, the deployment of fixed broadband infrastructure will be designed in ways which make the provision of mobile and wireless connectivity to not spot areas more viable.

In order to achieve these commitments:

1. Significant efforts will be focused on removing any barriers to commercial investment before public subsidies are used as a fund of last resort
2. Public subsidy will not be targeted at residential premises which are capable of achieving greater than 15Mbps², funds instead will be focused on areas with the lowest levels of capability – but some businesses between 15Mbps and 30Mbps could access stage 4
3. To achieve these aims with the resources at its disposal Fastershire accepts the risks involved with being the first to test emerging solutions, models and / or technologies. On balance, given the scale of the remaining challenge it is deemed vital to test the market and to stretch the innovative capacity of broadband providers.

¹ At the time of writing there was no clarity on the Government’s announcement regarding a new Universal Service Obligation

² This threshold will be judged on line capability which will not always match user's experience

Chapter 2: The 4 Stage Plan

The first iteration of the Fastershire Broadband Strategy identified the 5 stage plan outlined in Chapter 1.

Given the changes highlighted, there is no need for a wholesale revision of the strategy and therefore (with the exception of Stage 3) the main stages of that plan remain largely unchanged. With the headline principles in mind, the detailed approach to each stage has been varied to account for the changing conditions highlighted in Chapter 1.

Stage 1 Commercial Delivery

It has become apparent that despite engagement with commercial operators using the standard Open Market Review (OMR) process, many areas originally identified as covered by private sector suppliers have not been delivered as stated. This has resulted in some postcode areas being outside the current Fastershire intervention area and of revised commercial plans. Added to the persistent problem of information regarding capability being identified by private providers at a postcode and not a premise level, the true picture of availability makes it difficult to fully evaluate the remaining challenge.

While this has been problematic for those affected areas, to date at least one supplier (Virgin Media) has announced an additional commercial phase ("Project Lightning" a £3-7Bn investment to expand their network). This news heralds significant potential particularly for Gloucester and Cheltenham where some of the residual issues of poor connectivity may be resolved through the expansion of Virgin Media's existing network. Indeed there has already been some early evidence of this happening in parts of Cheltenham.

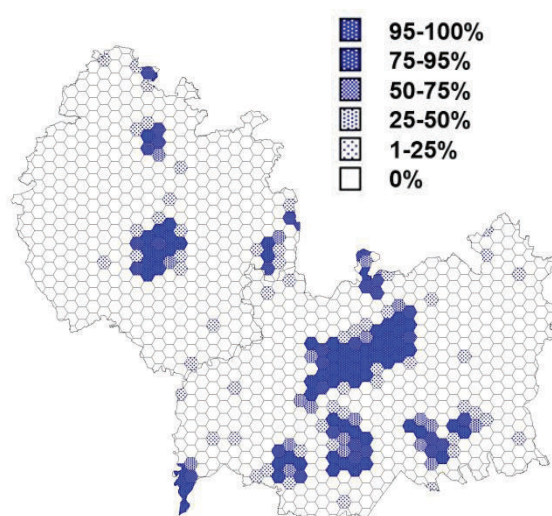
In line with the core principles of this strategy and since for regulatory reasons Virgin Media cannot be funded with state aid, alternative inducements may be appropriate including community lobbying, strategic engagement, demand stimulation, noticing and process simplification, information sharing and policy refinement to negate the need for public investment and focus investment where it is essential.

Gigaclear has also announced their own plans for wholly commercially funded delivery within the area: for example the villages of Duntisborne Leer, Brimpsfield, Badgeworth and Shurdington in Gloucestershire.

Areas which do not benefit from this new investment from commercial providers will remain eligible for later stages of this strategy.

The Plan

- The areas which have fallen out of commercial plans will be identified through a third open market review and state aid consultation and be made eligible for publically funded investment in later stages.
- A taskforce will be established including senior politicians and officers from Gloucestershire County Council, Gloucester City Council and Cheltenham Borough Council to ensure any barriers to investment in our urban areas are reduced and that the environment for commercial expansion is as favourable as possible.



Stage 1 Forecast Coverage by 2018

Stage 2 Existing Contract with BT

The £35m contract between Fastershire and BT signed at the end of 2012 will deliver close to 107,000 superfast premises across the two counties by the end of 2016.

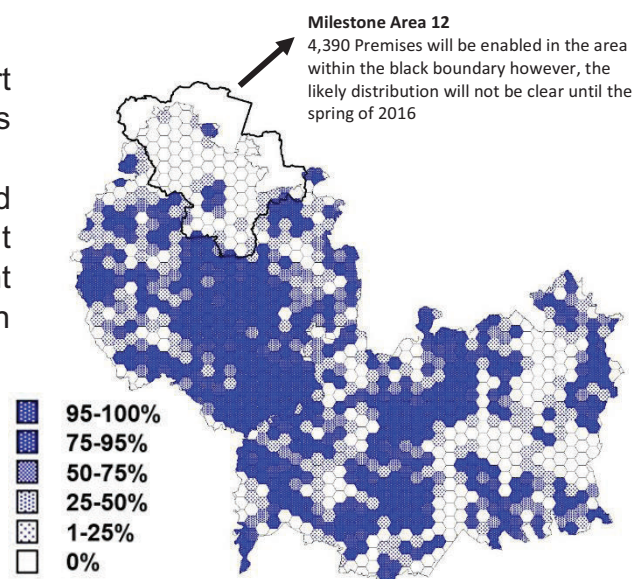
A significant difference between this contract and others nationally is the concept of milestone areas which have the effect of closing localities down sequentially, before the final contract completion date. This means that new strategies can be deployed in distinct areas in advance of the completion of stage 2 (a major advantage over the national program).



It is becoming increasingly clear that FTTC technology will have a diminishing role to play in the areas which are more sparsely populated. This is demonstrated by the large number of FTTP connections being deployed under the contract, stated by BT to be more than any other area of the UK.

The Plan

- Continue the partnership with BT and support them to deliver their contractual targets in as efficient a manner as possible.
- Retain the option to incorporate non-enabled cabinets into the contract by exception where it is economic to do so subject to BT's agreement and dependent on a new State Aid Derogation negotiated by BDUK.



Stage 2 Forecast Incremental Coverage by 2018

Stage 3 Market Testing

The potential to consolidate intervention areas from those premises which had not been enabled by stages 1 and 2 was identified in the first iteration of this strategy. The successful implementation of Lot 1 in the Cotswolds has given this approach additional credibility and as such this version of the strategy has expanded the concept.

It is now proposed that 5 Lot areas rather than the original 3 should be instigated.

To recap, because Fastershire milestone areas are contractually deliverable in advance of a final completion date Fastershire are able to test the market in distinct areas sequentially.

By law, public bodies can only subsidise the provision of broadband infrastructure where the market has or will fail to, and only then within the parameters of a state aid regulation. Lot 1 in the Cotswolds was contracted at the end of June 2015 and as such was covered by the now lapsed UK state aid provision. It is intended that until any relaunch of this scheme is achieved, future procurements will conform to the General Block Exception State Aid Regulation (GBER). In terms of proving market failure, each future lot will be preceded by its own public consultation.

Lot 1

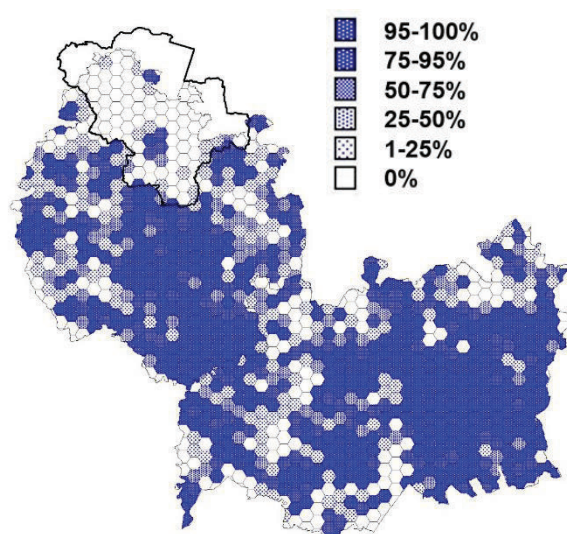
Lot 1 was created by identifying the premises within Milestone Area 5 which had not been enabled by Stage 2 and which had not been identified by private providers as targets for commercial investment during an Open Market Review in 2014 and a Public Consultation in early 2015.

With the closure of Milestone Area 5, the path was clear to open these premises up to the open market. Following a five month procurement process, Gigaclear were awarded a £3m contract to provide a brand new FTTP network to 100% of the 6,495 premises within the Lot area. This is a significant achievement in view of those premises representing some of the most remote places in Gloucestershire. It is intended to complete the Lot area by mid 2017.



The Plan

- Continue to support the partnership with Gigaclear to deliver their contractual targets in as efficient a manner as possible.



Stage 3 Lot 1 Forecast Coverage

Lot 2

During the summer of 2015 the Department of Culture, Media and Sport (DCMS) announced the availability of a new £10m fund exclusively for the South West of England for the provision of Ultrafast broadband³.

It is intended to focus this funding on Milestone Area 2 because, as with Lot 1, the Stage 2 contract has completed its planned delivery in that area and therefore we are able to identify exactly which premises remain unable to receive a superfast service. Milestone Area 2 covers the bulk of the Forest of Dean and was one of Fastershire's original target areas. This new funding gives the opportunity to reach 100% of the premises in Area 2 with high speed broadband. There is also opportunity to build in to this lot area parts of the Golden Valley in south west Herefordshire which was originally identified for Rural Community Broadband Funding (RCBF). It is estimated that the total number of premises covered by these areas is in the region of 3,800.

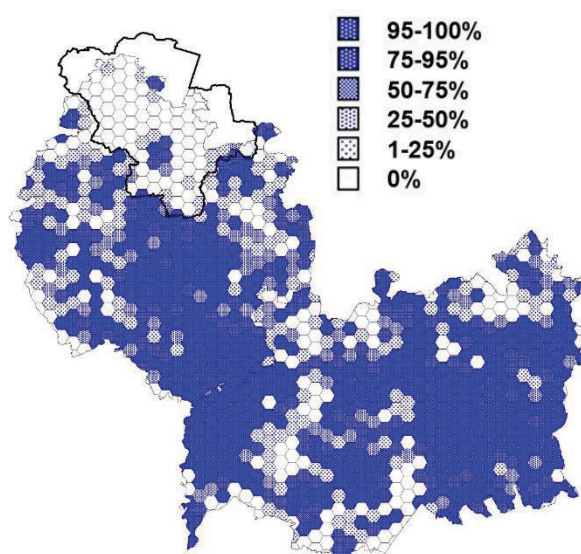
Like the previous procurements, a solution will be selected primarily on a £ per premise best value basis. The total funding available is estimated at £4.5m and it is envisaged that for such a budget 100% of the eligible area could be achieved.

Fastershire will also use this new lot to pilot the provision of delivery points (subject to land owner approval) to elevated locations including potential mobile mast sites which were identified by the Mobile Infrastructure Project (MIP) but not delivered and to locations which would improve the capability of private wireless providers to deliver higher quality services to any remaining white spots.

Therefore, as part of the state aid consultation process wireless internet service providers (WISPs) will be offered the opportunity to identify prime sites for wireless access points which will then be identified as essential delivery targets during the procurement process. The successful bidder for Lot 2 will be bound to offer high speed backhaul to any provider as part of the open access requirement. It is hoped that such a provision would reduce the costs for and increase the capability of WISPs to offer services with low levels of contention helping make the minimum service ambition achievable in the most remote of areas.

The Plan

- Initiate a public consultation for the Lot 2 Area.
- Identify any discontinued MIP sites as required delivery points.
- Work with interested WISPs to identify the most beneficial locations for new mast sites.
- Procure a solution for Lot 2.
- Support the selected supplier to deliver their contractual targets in as efficient a manner as possible.



Stage 3 Lot 2 Forecast Coverage

³ Download speed in excess of 100Mbps

Lot 3

Lot 3 will tackle the residual areas of Gloucestershire as well as those in central and south Herefordshire (which are located in Milestone Areas 1 and 11).

As with earlier lots, the accurate view of which premises will be included will be determined following the closure of affected Milestone Areas under Stage 2. This assessment process will take place from April 2016. At the time of writing, it is estimated that this Lot area could include some 16,000 premises in Gloucestershire and 8,800 premises in Herefordshire, though it may prove beneficial to release it as simultaneous sub lots rather than as one large lot.

The state aid consultation will begin in April 2016 to formalise the area and, subject to the experience of mast delivery points piloted in Lot 2, this approach will also be adopted for Lot 3. The procurement of this lot is likely to begin in June 2016.

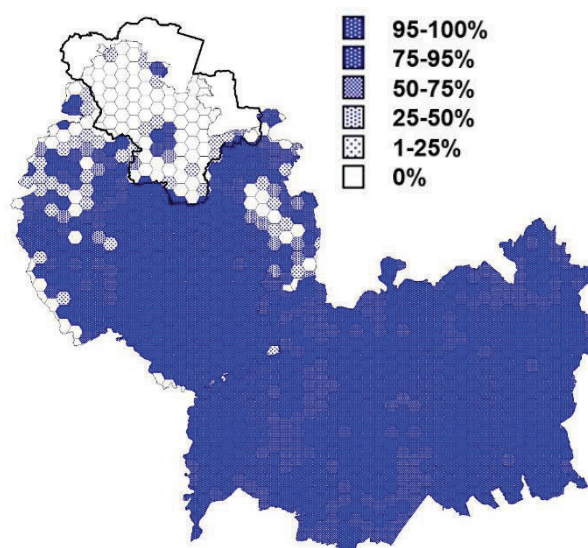
As with previous lots, a solution will be selected primarily on a £ per premise best value basis. The total funding available is estimated at £11.75m and it is envisaged that for such a budget c. 65% of the eligible premises could be reached with Superfast services⁴.

In order for suppliers to identify hot spots of demand, figures showing where the greatest number of premises in the eligible area that have registered an interest on Fastershire.com will be provided within the procurement documentation.

Again, unless BDUK succeed in negotiating a new derogation GBER will be used as the basis for the aid.

The Plan

- Initiate a Public Consultation for the Lot 3 Area.
- Identify any discontinued MIP sites as required delivery points.
- Work with interested WISPs to identify the most beneficial locations for new mast sites.
- Procure a solution for Lot 3.
- Support the selected supplier to deliver their contractual targets in as efficient a manner as possible.



Stage 3 Lot 3 Forecast Coverage

⁴ This assumes an average subsidy per premise passed of £1,000 for Herefordshire and £750 for Gloucestershire.

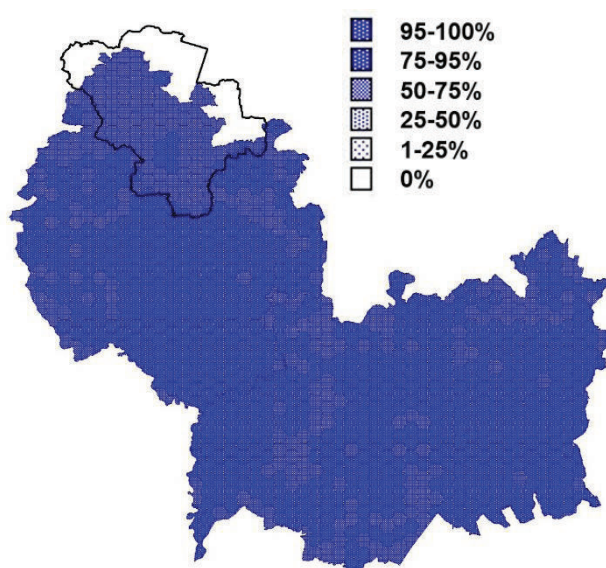
Lot 4

Lot 4 will follow the principles of Lot 3 but will be delivered in the residual areas of Herefordshire. It is estimated that some 7,000 premises would be included in this Lot area though again the full list of eligible premises will only be defined following the closure of the affected Milestone Areas. It is likely that this process will start in January 2017 with the procurement beginning in March 2017.

As the general trend shows that the fringes of Herefordshire are more difficult to access, with a possible budget of £4.2m, around 60% of those eligible premises might be reached with superfast services⁵.

The Plan

- Initiate a Public Consultation for the Lot 4 Area.
- Identify any discontinued MIP sites as required delivery points.
- Work with interested WISPs to identify the most beneficial locations for new mast sites.
- Procure a solution for Lot 4.
- Support the selected supplier to deliver their contractual targets in as efficient a manner as possible.



Stage 3 Lot 4 Forecast Coverage

⁵ This assumes an average subsidy per premise passed of £1,250

Lot 5

Lot 5 will be the final attempt at procuring a single supplier to deliver extensive coverage on behalf of the remaining communities. It will target EAFRD funding and as a result will be the first attempt to move away from a purely premise passed based measure of value. EAFRD aims to improve the economic prospects of rural areas and therefore, a demand registration exercise will be launched to rank the remaining localities in order of the latent economic potential which could be released through the provision of superfast broadband.

It is intended to deliver this lot as part of a wider project in partnership with Shropshire and Telford and Wrekin, securing the EAFRD funding through a joint bid between the Marches and Gloucestershire Local Enterprise Partnerships (LEPs) with each county given a ring-fenced budget. Bidders will be required to identify which communities in order of rank can be enabled for the subsidy available per county.

Under this lot, residential premises will also be connected but as a consequence of reaching premises which can drive the economy rather than as the primary focus of the investment.

The full extent of the areas that would be eligible for Lot 5 will not be clear in Gloucestershire until the conclusion of the Lot 3 procurement in the autumn of 2016 and in Herefordshire until the Lot 4 procurement ends in the autumn of 2017. Therefore, this demand registration exercise will not begin until the summers of 2016 and 2017 in Gloucestershire and Herefordshire respectively. Beginning this process in advance will be unfair on areas which may not know they are eligible for Lot 5 and give an unfair advantage to some areas over others in securing the county based allocations.

As this procurement will be based on a different measure of value to purely the numbers of premises passed, the subsidy required per NGA premise is likely to be far greater than any other Lot. Therefore for the c. £2.1m that could be secured from EAFRD, an estimated 2,000 premises could be reached with a superfast service.

Again, unless BDUK succeed in negotiating a new derogation GBER will be used as the basis for the aid.

The Plan

- Initiate a demand registration exercise in Gloucestershire following the conclusion of the Lot 3 procurement.
- Initiate a demand registration exercise in Herefordshire following the conclusion of the Lot 4 Procurement.
- Work with partners in Shropshire and Telford and Wrekin to secure EAFRD funding.
- Generate an intervention area ranked in order of priority.
- Initiate a Public Consultation for the Lot 5 Area.
- Procure a solution for Lot 5.
- Support the selected supplier to deliver their contractual targets in as efficient manner as possible.

Stage 4

The final stage of the strategy, Stage 4 will target grant funding at individual beneficiaries where a return on investment can be measured in terms of either economic or social benefit. This stage will seek external funding through European Regional Development Fund (ERDF) as well as other sources to enable individuals to access bespoke high grade broadband services.

These grants will be provided over and above any minimum service ambition and only available to individuals or small groups where a clear need for superfast services can be demonstrated.

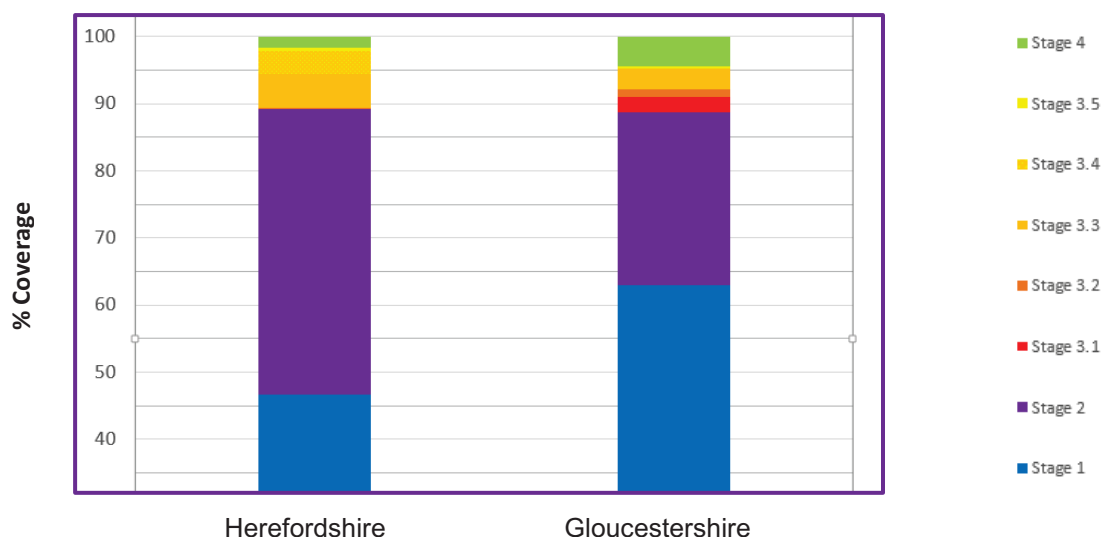
The value of ERDF funding that will be available for broadband intervention is relatively small therefore it is best to use it as the fund of last resort, picking up where the connection vouchers scheme has left off and enabling a contractual relationship between the funder and beneficiary to aid reporting and track impact.

The Plan

- Source external funding.
- Use the Passport 2 Fastershire process to identify prospective beneficiaries.
- Assist prospective beneficiaries to source costs for bespoke provision.

Incremental Coverage

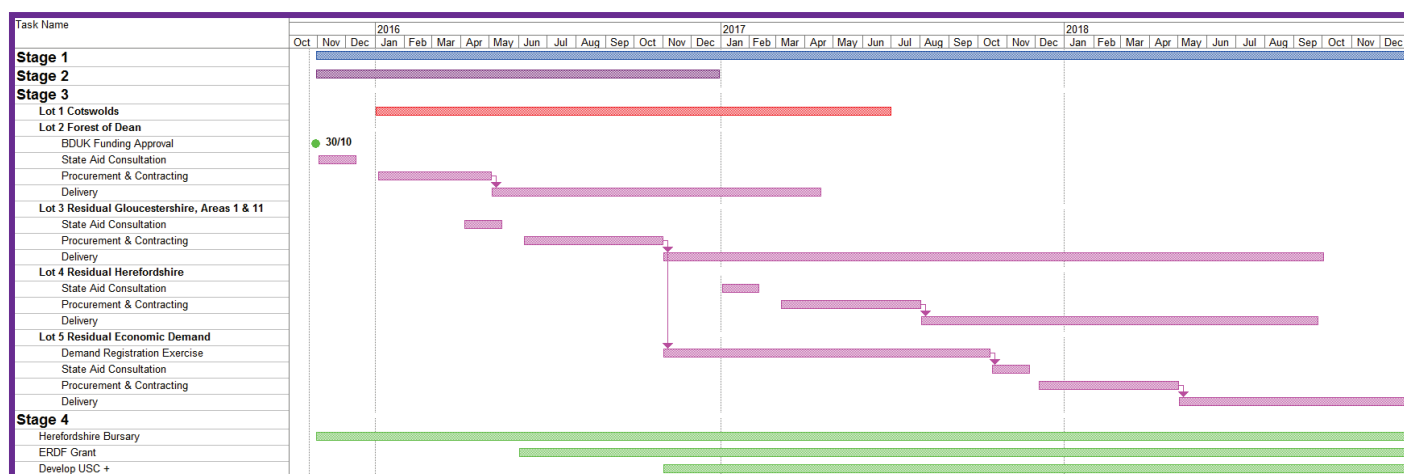
The graph below illustrates how each stage of the strategy is intended to contribute toward the ultimate coverage ambition.



There is clearly a high dependency upon commercial providers (Stage 1) which Fastershire cannot control - therefore there is a risk the overall delivery could be less than anticipated. The coverage targets in this strategy are based on the total numbers of premises recognised by address base + (July 2015)⁶. It is acknowledged that by the end of this strategy period, the total number of premises in Herefordshire and Gloucestershire will have increased which may have a marginal impact on the coverage assumptions being made.

Timescales

The chart below highlights the estimated timetable for the delivery of this strategy. Completion by the end of 2018 remains an ambitious timeframe and there are a number of dependencies within the strategy which may restrict elements from being delivered on time.



⁶ The provision of information by commercial providers and through the Stage 2 contract may not use this dataset therefore there may be some misalignment.

Chapter 3 Funding and Resources

BDUK have made up to £5.46m available for the next phase of delivery in Gloucestershire plus funds from their Ultra-Fast funding for the South West. £5.52m has been made available to Herefordshire. These funds must be matched 50:50 to release the allocation.

The tables below set out the funding sources which have either been secured or which will be targeted to fund the Fastershire Broadband Strategy. Herefordshire and Gloucestershire are set out separately due to there being different programmes across the two regions and to ensure separation between local authority funds. Clearly the strategy itself is highly sensitive to the level of funding which will be available and there is little margin for error if the strategy's coverage objectives are to be achieved.

Any funds that are contracted but remain unspent at the end of the contract as well as any funds generated through contractual clawback mechanisms will also add to the funding available.

The funding requirements will be fully realised once procurements have taken place and the allocated funding by the local authorities will be subject to separate decision making process in accordance with governance requirements, including a value for money test.

Gloucestershire

Public Investment		Stage 2	Stage 3.1	Stage 3.2	Stage 3.3	Stage 3.4	Stage 3.5	Stage 4
LA Phase 1	7,500,000	7,500,000						
BDUK Phase 1	8,006,000	8,006,000						
LA Phase 2	4,200,000		1,500,000		2,700,000			
BDUK Phase 2 SEP	5,460,000		1,500,000		3,700,000			260,000
BDUK Ultrafast	2,000,000			2,000,000				
LA Ultrafast Match	2,000,000			2,000,000				
ERDF	260,000							260,000
EAFRD	1,293,000						1,293,000	
Total	30,719,000	15,506,000	3,000,000	4,000,000	6,400,000		1,293,000	520,000

Herefordshire

Public Investment		Stage 1	Stage 2	Stage 3.1	Stage 3.2	Stage 3.3	Stage 3.4	Stage 3.5	Stage 4
LA Phase 1	9,750,000		9,750,000						
BDUK Phase 1	10,100,000		10,100,000						
BDUK RCBF	540,000				540,000				
LA Phase 2	2,966,000					1,660,960	1,305,040		
BDUK Phase 2 SEP	5,520,000					2,766,400	2,173,600		580,000
LEP LGF	1,674,000					937,440	736,560		
LA Bursary	540,000								540,000
ERDF H	580,000								580,000
EAFRD H	840,000							840,000	
Total	32,510,000		19,850,000		540,000	5,364,800	4,215,200	840,000	1,700,000

Chapter 4 Benefits Realisation

To date, the Fastershire programme has been heavily focused on supporting the deployment of Broadband infrastructure. While this remains the primary role of the project, due to the ever increasing availability of Superfast Broadband there is a growing need to ensure that availability translates into both greater community sustainability and economic growth across our rural areas. It is for these reasons that the rationale for the significant public subsidy was justified and therefore the project will make every effort to ensure that those benefits are realised.

High levels of take up are in general a good thing, not least in driving reinvestment through the clawback mechanisms in each of the contracts Fastershire holds with private suppliers. However, a 'build it and they will come' philosophy will only generate a relatively static level of take up. Even then, just because a faster broadband service is taken, it doesn't necessarily follow that said service will be exploited effectively.

In recent years both Herefordshire Council and Gloucestershire County Council have sought external funding to deliver a number of programmes including CREATE and Superfast Business to encourage the optimisation of IT by local small and medium enterprises (SMEs). Both these programmes successfully engaged business in learning about and exploiting information technology.

Fastershire commands a very high level of brand awareness, particularly within the business community with a recent survey by the Royal Agricultural University showing that 75% of nearly 500 local companies surveyed knew about the project. Therefore, as part of this new strategy and in order to capitalise on this awareness, the Fasterbusiness programme is being launched.



This will be available across Herefordshire and Gloucestershire and provide:

- Bespoke support to help local businesses understand the benefits of broadband
- Digital tools to improve the way local businesses exploit ICT
- The means to demonstrate the potential return on investment from high speed broadband adoption
- Offers to help with the costs of exploitation and
- Events designed to demystify aspects of digital and ICT.

Additionally, Fasterbusiness will sponsor two mini programmes:

- Faster Women to provide training and events and support for female entrepreneurs to develop the internet skills to start up or grow their businesses – funded by the Government's Equality Unit; and
- Faster Farmers to provide training on cloud accounting and precision farming to Fastershire's land based sector.

Faster Communities

Fastershire also aims to improve opportunities for citizens across the two counties to make use of digital connectivity whether supporting education and learning, accessing services, enhancing employment opportunities, supporting preventative health or addressing well-being by tackling isolation. Connectivity also has a key role in the sustainability of rural communities by helping rurally based businesses to be viable and competitive as well as ensuring people living in rural communities have access to the same broadband services as those in more populated areas. However, these aims will not just be achieved by providing greater access to high speed broadband but when everyone has the ability to engage digitally as consumers and service users. It is clear that the digital divide is not merely physical and therefore Fastershire will:

- Make small grants available to community groups and not-for-profit organisations interested in overcoming digital exclusion
- Offer 'Introduction to the Internet' training sessions for community groups and clubs
- Track the localities which are most at risk from digital exclusion and target additional support at those areas
- Work with public bodies to encourage channel shift with services making the most of the opportunity provided by faster broadband
- Work with libraries and other organisations / venues to promote availability of free use PCs and wifi.



Digital training at Herefordshire
Archive and Records Centre (HARC)

Evaluation

Fastershire has been working with the Royal Agricultural University and the University of Gloucestershire's Countryside and Community Research Institute to understand the impact that Fastershire is having.

The results of this research are due to be published in 2016.

Chapter 5 Communications

To date, Fastershire has used fastershire.com and various social media channels to communicate on progress as well as more traditional media. In some respects, Fastershire has been constrained by the information it receives from suppliers and we acknowledge this has caused some frustration in the wider community.

This chapter of the strategy outlines what people should expect from Fastershire in the future.

Where it is within our power to do so, Fastershire commits to:

- Securing an open and transparent relationship between Fastershire, its suppliers and the community
- Moving away from using postcodes as a way of illustrating delivery to using premises level data
- Providing information about which premises are identified for which stage as soon as we know and within no more than 1 month
- Identifying when delivery is planned for each premise
- Being transparent about challenges and delays to that planned delivery and giving good notice of changes to programme dates
- Making direct contact with premises once enabled to advise how to upgrade in a supplier neutral way
- Fielding people to attend community events upon request (given reasonable notice); and
- Responding to electronic queries within a reasonable timeframe.

Where any of these commitments are not within our power, Fastershire will endeavour explain why that may be the case.

Glossary

Acronym	Full Title	Description
BDUK	Broadband Delivery UK	An arm of the Department for Culture Media and Sport tasked with funding Local Authorities to improve broadband coverage.
EAFRD	European Agricultural Fund for Rural Development	European Funding targeted at measures to improve economic productivity in rural areas
ERDF	European Regional Development Fund	European Funding targeted at measures to improve economic productivity
FTTC	Fibre to the Cabinet	Where fibre is deployed between the exchange and a green cabinet with the final connection relying on the existing copper connection
FTTP	Fibre to the Premise	Where fibre is deployed to a node within close proximity to a premise and which is connected to a premise with fibre once a service is ordered.
GBER	General Block Exemption Regulation	A set of pre agreed rules within which the state can intervene with funding.
LEP	Local Enterprise Partnership	Body which coordinates economic development activity
Mbps	Mega Bits Per Second	Measure of Broadband Speed usually used to express download capability
MIP	Mobile Infrastructure Project	A BDUK project aiming to reduce the number of mobile no spots across the country
NGA	Next Generation Access	Term denoting broadband with specific characteristics
OMR	Open Market Review	A consultation of private operators to understand the extent of commercial plans
RCBF	Rural Community Broadband Fund	A grant scheme to address shortfall in coverage in rural areas.
USC	Universal Service Commitment	Central Government's commitment that everyone should be able to access a 2Mbps Service
WISPs	Wireless Internet Service Providers	Private providers delivering broadband using wireless infrastructure



MEETING:	Cabinet
MEETING DATE:	3 December 2015
TITLE OF REPORT:	Proposed capital programme 2016/17
REPORT BY:	Director of resources

Classification

Open

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.

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.

Wards Affected

Countywide

Purpose

To recommend the proposed capital programme for 2016/17 – 2019/20 to Council on 18 December 2015.

Recommendation(s)

THAT:

- (a) **The schemes detailed in Appendix 2 are recommended to Council for inclusion in the capital programme.**

Alternative Options

1. The capital schemes detailed below will either enable the delivery of savings targeted in the medium term financial strategy, are self-funded, grant funded or address critical

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Josie Rushgrove, head of corporate finance on tel (01432) 261867

service needs.

2. Additional capital spend could be approved, this has not been recommended due to affordability, lack of clarity on need and the opportunity for alternative solutions.

Reasons for Recommendations

3. The council's budget and policy framework rules require that Council approve the capital programme.

Key Considerations

4. The capital programme plays a key role in delivering the councils broader ambitions to drive economic growth in the county and the delivery of more jobs and homes. It builds on the foundations provided by the recently adopted core strategy and is aligned with both the Marches strategic economic plan and the councils corporate plan.
5. Capital proposals are invited and ranked by the capital strategy group, a senior officer group chaired by the director of resources. Expressions of interest were submitted in August and if the request aligned with corporate priorities business cases were completed and reviewed in October.
6. The current capital programme approved by Council in December 2014 with updated spend profiles is provided in appendix 1.
7. The capital programme was updated in the year to include the Marches and Worcestershire redundant building grant programme of £1.5m. Herefordshire is the accountable body of this LEP grant funded fund providing capital grant support of between £3k and £50k to small job-creating businesses to refurbish underused and redundant buildings, bringing them back into commercial use.
8. Since the last update the Leominster junior and infant school amalgamation completed on time and within budget.
9. If the proposals in this report are approved the capital programme will total £174m in future years, as shown in appendix 1. This will be funded by grants, capital receipts, borrowing and revenue savings.

Proposed additions to the capital programme

10. The proposed programme focuses capital spend on key infrastructure issues such as broadband, roads and schools all of which will deliver the conditions required to enable the provision of new housing and for businesses to thrive, to help them create new and better paid jobs for the county's residents.
11. Proposed additions to the capital programme to be spent 2016/17 – 2019/20 are summarised below and detailed in appendix 2. This follows the review of submissions by the capital strategy group. Rejected submissions were received for additional investment in the property estate, flood remedial works and fleet renewals. These were rejected due to affordability, uncertainties, lack of clarity on need and the opportunity for alternative solutions.
12. The bulk of the proposed £37.6m programme is funded by capital grants, service charges, capital receipts or revenue savings. This leaves a balance of £13.4m to be

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financed by prudential borrowing. The revenue implications are detailed in the financial implications section of this report and will be reflected as pressures in future years' budget proposals. Spending will support the corporate plan priorities by improving infrastructure, support the local economy, housing development and the creation of job opportunities.

Scheme	Total Cost £000	Total Funding £000	Net Cost £000
Infrastructure			
Hereford city centre transport package	13,600	(13,600)	-
Fastershire broadband	8,000	(7,000)	1,000
Schools			
Brookfield school improvements	1,370	-	1,370
Westfield school improvements	710	(500)	210
Peterchurch primary school improvements	4,500	(1,000)	3,500
Service delivery improvements			
Purchase of green waste bins to meet recycling targets	150	(150)	-
Property estate			
Emergency property estate enhancement works	2,000	-	2,000
Corporate accommodation	1,700	(300)	1,400
1A St Owen street, adjacent to Shire Hall	70	-	70
Edgar street works	100	-	100
Smallholding health and safety improvements	100	-	100
Hereford library accommodation works	1,000	-	1,000
Highway depot improvements	800	(800)	-
Office and car park lighting replacement	300	(300)	-
ICT			
Data centre consolidation	1,170	-	1,170
IT network upgrade	500	-	500
PC replacement	740	-	740
Software to enable remote access to desktops and automate upgrades	500	(500)	-
1% contingency	290	-	290
Total	37,600	(24,150)	13,450
Estimated annual revenue borrowing cost upon completion			807

13. Of the £13.4m funding needed, £5m relates to the schools capital investment strategy. This is currently in development and the proposals are within the overall strategic approach. It is anticipated that a significant number of schemes will come forward over the next five years to deliver sustainable, high quality education facilities in Herefordshire. Funding for such schemes will be explored with partners such as the education funding agency, schools, the diocese of Hereford, archdiocese of Cardiff, local communities as well as opportunities for releasing sites and reinvesting in education.

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14. A further investment of £8m is recommended to expand broadband coverage throughout the county as outlined in the fastershire broadband strategy 2014-2018. The council is committed to reach rural premises in the county with broadband of 30Mbps by 2016. Additional investment is required to provide further coverage to properties predominately in more rural areas which are more expensive to reach. Of the £8m total cost external funding of £7m has been secured with the balance of £1m proposed to be funded from council resources.
15. In addition to this the council has secured grant funding of £2m from broadband UK, a government agency which would enable the programme to continue beyond 2018/19. However this funding will require match funding. Prudential borrowing of £2m would cost approximately £120k pa over 25 years to repay. The council is seeking external funding as an alternative, minimising any contribution from its own resources.

Overall borrowing implications

16. The additional borrowing requirement of £13.4m will be included in the treasury management strategy to February Council which will be updated following approval of this report. Actual borrowing will be secured as cash funding is required at the optimal interest rate available at that time.
17. Total gross outstanding debt was £165m as at 31 March 2015. This is being repaid at approximately £10m per annum.
18. Assuming the proposals are approved and including the capital programme approved to date, there would be a net increase in the debt requirement from £165m as at 31 March 2015 to approximately £195m as at 31 March 2020. This additional borrowing includes spend on the waste plant and Halo leisure centres, the cost of which will be financed from payments received.
19. Herefordshire has a long term debt to asset ratio of approximately 25% which means a quarter of Herefordshire's assets are financed by long term debt, which is in line with the average position when compared to all unitary authorities. Herefordshire is in the lower (better) half of the comparative authority debt positions when comparing the cost of borrowing to net revenue budget.

Community Impact

20. The capital programme proposed supports the overall corporate plan and service delivery strategies in place. The overall aim of capital expenditure is to benefit the community through improved facilities and by promoting economic growth.

Equality and Human Rights

21. A full community impact assessment will be carried out prior to any scheme commencing.

Financial Implications

22. The majority of proposals are funded as detailed in appendix 2. A separate Cabinet report on the business case for new individual projects will be approved before spend begins.
23. It is estimated that the phasing and cost of the £13.4m new prudential borrowing requirement will be as follows:

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	Capital cost £m	Cost of borrowing per annum £m
2016/17	5.6	0.3
2017/18	6.3	0.4
2018/19	1.0	0.1
2019/20	0.5	0.0
	13.4	0.8

24. The additional borrowing costs will continue for approximately 25 future years and comprise both interest and debt repayment. These will be included in the revenue budget proposals for future years.

Legal Implications

25. The council is under a legal duty to sensibly manage their own capital finance. The council is able to borrow subject to limits set by the council and any nationally imposed limits and it must do so in accordance with the prudential code on borrowing.
26. The Local Government Act 2003 allows the council to borrow for any purpose relevant to its functions under any enactment and for the purposes of the prudent management of its financial affairs. Before approval of any individual scheme it will be necessary to ensure that the need for the scheme arises out of a legal obligation on the council for its provision.
27. Further any scheme will need to be procured in accordance with the procurement regulations and the council's own contract procedure rules and appropriate contractual documentation put in place to protect the council's interests.

Risk Management

28. Monthly budget control meetings are chaired by the director of resources and give assurance on the robustness of budget control and monitoring, to highlight key risks and to identify any mitigation to reduce the impact of pressures on the council's overall position.

Consultees

29. General overview and scrutiny committee considered the proposals on 17 November. The committee noted the proposals and made a number of comments summarised in the table below.

General overview and scrutiny committee comment	Response
The 'Hereford city centre transport package' brought together the Hereford city link road and the range of complementary transport and public realm measures within one line. A committee member asked for consistency in how schemes were described and	The description in appendix two has been updated to reflect this feedback.

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accounted for.	
The Chairman suggested that future reports would benefit from expanded explanatory notes.	Future reports will be enhanced.
Numerous schemes had been identified as 'invest to save' initiatives and suggested that the committee would benefit from visibility of those elements of the capital programme which had been delivered and to be assured that savings and returns on investments were being achieved, the Chairman requested that a briefing note be prepared and circulated on this matter annually.	A briefing note will be shared.

Appendices

Appendix 1 – Total capital programme

Appendix 2 - Proposed schemes

Background Papers

None identified.

Total Capital Programme

Scheme	Spend in prior years £000	15/16 £000	16/17 £000	17/18 £000	Future years £000	Total £000
Existing Schemes						
Road infrastructure	14,613	5,387	-	-	-	20,000
Hereford city link road	10,658	9,513	3,324	3,505	-	27,000
Fastershire broadband	8,395	6,200	5,605	-	-	20,200
Energy from waste plant	6,009	16,000	17,991	-	-	40,000
Leisure centres	4,013	3,187	1,800	-	-	9,000
Electronic document and management system	400	400	-	-	-	800
Highways Maintenance	-	11,523	10,564	10,244	27,816	60,147
Hereford enterprise zone	-	2,500	7,100	6,400	-	16,000
South wye transport package	-	1,000	1,000	12,300	12,700	27,000
Integrated transport plan	-	1,069	1,069	1,069	3,207	6,414
LED street lighting	766	4,889	-	-	-	5,655
Three elms trading estate	-	2,100	400	350	-	2,850
Solar photovoltaic panels	35	1,599	500	-	-	2,134
Marches and Worcestershire redundant building grant	-	1,500	-	-	-	1,500
Better care fund	-	1,356	-	-	-	1,356
Schools capital maintenance grant	-	1,215	-	-	-	1,215
Relocation of Broadlands school	-	1,137	120	-	-	1,257
Schools basic need	-	634	666	-	-	1,300
Brookfield improvements	-	200	300	-	-	500
Colwall primary school	-	-	4,800	1,700	-	6,500
Peterchurch primary school	-	-	1,000	-	-	1,000
Purchase of gritters	-	-	375	125	-	500
Sub total	44,889	71,409	56,614	35,693	43,723	252,328
Proposed Additions						
Hereford city centre transport package	-	-	6,800	3,300	3,500	13,600
Fastershire broadband	-	-	1,000	4,155	2,845	8,000
Brookfield school improvements	-	-	-	970	400	1,370
Westfield school improvements	-	-	-	710	-	710
Peterchurch primary school improvements	-	-	-	4,500	-	4,500
Purchase of green waste bins	-	-	150	-	-	150
Emergency property estate enhancement works	-	-	500	500	1,000	2,000
Corporate accommodation	-	-	1,100	600	-	1,700
1A St Owen St adjacent to Shire Hall	-	-	70	-	-	70
Edgar Street works	-	-	100	-	-	100
Smallholding health and safety improvements	-	-	100	-	-	100

Scheme	Spend in prior years £000	15/16 £000	16/17 £000	17/18 £000	Future years £000	Total £000
Hereford library accommodation works	-	-	1,000	-	-	1,000
Highway depot improvements	-	-	800	-	-	800
Office and car park lighting replacement	-	-	300	-	-	300
Data centre consolidation	-	-	1,170	-	-	1,170
IT network upgrade	-	-	500	-	-	500
PC replacement	-	-	380	230	130	740
Software to enable remote access to desktops and automate upgrades	-	-	500	-	-	500
1% contingency	-	-	140	100	50	290
Sub total	-	-	14,610	15,065	7,925	37,600
TOTAL	44,889	71,409	71,224	50,758	51,648	289,928

Proposed additions to the Capital Programme									
Scheme Summary	16/17	17/18	18/19	19/20	Total Cost £000	Total Funding £000	Net Cost £000	Description	
	£000	£000	£000	£000					
Create and maintain a successful economy through investment in infrastructure									
<i>Hereford city centre transport package</i> - investment in transport links and public realm regeneration of the city	6,800	3,300	3,500		13,600	(13,600)	-	Together with the Hereford City Link Road scheme, already identified in the capital programme, this overall city centre transport package will deliver the road and a series of complementary public realm and transport measures, funded by the LEP Growth Fund.	
<i>Fastershire broadband</i> - to enable the continued delivery of high speed broadband into the most rural areas	1,000	4,155	2,845		8,000	(7,000)	1,000	Corporate funding is required to leverage grant funding towards the BDUK Superfast Extension Programme (SEP) for the continued delivery of high speed broadband to tackle what is termed ‘the final 10%’ in line with the Fastershire Broadband Strategy 2014-18	
Improve outcomes for children and young people through									
<i>Brookfield school improvements</i> - replace temporary building		970	400		1,370	-	1,370	Business case under review in tandem with the schools capital investment strategy	
<i>Westfield school improvements</i> - build specialist provision		710			710	(500)	210	Business case under review in tandem with the schools capital investment strategy	
<i>Peterchurch primary school improvements</i> - refurbishment scheme		4,500			4,500	(1,000)	3,500	Business case under review in tandem with the schools capital investment strategy	
Delivering excellence and value to our communities through service delivery improvements									
<i>Purchase of brown waste bins</i> to collect green waste and meet recycling targets	150				150	(150)	-	To introduce a new chargeable garden waste collection service to increase the recycling rate, reduce waste going to landfill and reduce disposal costs	
Making the best use of the resources available by investing in the property estate									
<i>Emergency property estate enhancement works</i> as required following approval from the Capital Strategy Group	500	500	500	500	2,000	-	2,000	To enable prompt response to high value reactive property improvement works required to reduce costs, avoid extended disruption and maintain Council services	
<i>Corporate accommodation</i> to purchase, adapt and refurbish new premises and enable the sale of existing premises	1,100	600			1,700	(300)	1,400	To continue the corporate accommodation investment programme maximising the use of resources, enhancing better ways of working and providing suitable accommodation whilst reducing the overall accommodation estate	

Scheme Summary	16/17 £000	17/18 £000	18/19 £000	19/20 £000	Total Cost £000	Total Funding £000	Net Cost £000	Description
1A St Owen St adjacent to Shire Hall emergency works to scaffold, rebuild the chimney and re-roof the building	70				70	-	70	To mitigate risk of collapse
Edgar Street works demolish vacant structure	100				100	-	100	To remedy health and safety issues with the vacant structure
Smallholding health and safety improvements	100				100	-	100	To alleviate damp and mould issues supporting the maximisation of capital receipt values
Hereford library accommodation works	1,000				1,000	-	1,000	To provide funding for the accommodation of a Hereford library and museum subject to separate business case
Highway depots	800				800	(800)	-	Improvements to enable improved working practices and the generation of savings
Office and car park lighting replacement	300				300	(300)	-	Salix interest free loan funded energy efficiency schemes
Creating an agile, responsive and flexible workforce through investment in ICT								
Data centre consolidation	1,170				1,170	-	1,170	Replace existing dual data centre strategy with a single data centre at Plough Lane and a disaster recovery capability at the HARC building
IT network upgrade	500				500	-	500	Replace ICT hardware obsolete switches
PC replacement	380	230	130		740	-	740	Replace obsolete ICT devices over 3 years
Software to enable remote access to desktops and automate upgrades	500				500	(500)	-	Investment to optimise device and processes reducing operational costs
1% contingency	140	100	50		290	-	290	1% for unforeseen, as per capital strategy
TOTAL SPEND	14,610	15,065	7,425	500	37,600	(24,150)	13,450	
TOTAL CORPORATE FUNDING	5,560	6,310	1,080	500			13,450	
Indicative borrowing revenue cost per annum	334	379	65	30			807	



Meeting:	Cabinet
Meeting date:	3 December 2015
Title of report:	Revisions to the council tax reduction scheme
Report by:	Director of resources

Classification

Open

Key Decision

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

NOTICE has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards Affected

Countywide

Purpose

To recommend the revisions to the current council tax reduction (CTR) scheme for approval by Council in December.

Recommendation(s)

It is recommended to Council that:

- a) the following revisions to the CTR scheme be approved:
 - i. reduce the maximum level of CTR subsidy from 84% to 80% for certain claimants;
 - ii. protect CTR at 84% where the claimant is in receipt of either severe disability premium or carers allowance, or households with a child under the age of five;
 - iii. a claimant who lives in a property above band C would have their CTR capped at 80% of a band C equivalent property in their parish; and
 - iv. the amount of capital, excluding property, above which claimants cannot claim CTR be reduced from £16k to £6k and

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- b) the revised CTR scheme is implemented for the financial years 2016/17 and 2017/18.

Alternative options

- 1 To reject the proposed changes to the current CTR scheme; this is possible but would require alternative compensatory savings to be identified.
- 2 To reduce the level of CTR from 84% to 80% with no other scheme changes. This would deliver the required savings however would not protect the most vulnerable citizens in receipt of CTR therefore this is not recommended.

Reasons for recommendations

- 3 To recommend the proposed reductions to the current level of council tax subsidy provided through the CTR scheme to secure the delivery of the required budget savings.

Key considerations

Background

- 4 The national council tax benefit system was abolished with effect from 1 April 2013. It was replaced with a localised council tax reduction (CTR) system. The council received a 10% reduction in its previous central government funding towards CTR. This funding is contained within the revenue support grant which has been reducing every year and is expected to continue to reduce in 2016/17.
- 5 National CTR support continues to protect pensioner discounts. The council has discretion on CTR for working age claimants only. In 2013/14, following one-off funding support from government, Herefordshire's CTR subsidy for working age claimants was capped at 91.5%.
- 6 The CTR scheme for 2014/15 reduced working age claimants CTR subsidy to 84% of the applicant's council tax charge. This meant that at least 16% of the council tax bill due was payable by the CTR claimant. In addition subsidy was restricted to a band D property which meant that any working age CTR claimant who lived in a property banded above band D had their CTR subsidy capped at 84% of a band D equivalent property.
- 7 The CTR scheme for 2015/16 remained the same as 2014/15, with the council giving £4.9m in council tax subsidy to working age claimants.
- 8 Public consultation on the proposed changes for 2016/17 has taken place, the results are summarised in the consultees section of this report and detailed in appendix 3. The views of the general overview and scrutiny committee were sought on 30 September who commented that individuals with either severe disability premium or carers allowance, or households with a child under the age of five are protected and the proposed changes should remain in place for both 2016/17 and 2017/18.
- 9 This report proposes changes to the CTR scheme would become effective from 1 April 2016 and continue until 31 March 2018, years four and five of the local scheme.

Profile of CTR working age claimants

- 10 Working age claimants of CTR include single parents, single people and couples who could be unemployed, have limited capability for work on the grounds of ill health including disability, or are working but on a low income. The current CTR caseload profile is:

• Pensioners	6,594
• Working age claimants*	6,738
• Total CTR caseload	13,332

**4,500 (approximately) working age claimants are in receipt of CTR at full subsidy of 84%, and therefore, have to pay 16% of their council tax liability. These claimants have an income which is at a level that entitles them to the maximum subsidy. The remaining claimants qualify for partial subsidy.*

- 11 The collection rates for council tax for the last three years are shown below:

- a) 2012/13 – 98.63% (prior to scheme)
- b) 2013/14 – 98.40% (based on CTR support of 91.5%)
- c) 2014/15 – 98.10% (based on CTR support of 84%)

In 2014/15 a collection rate of 82.5% was achieved for claimants in receipt of CTR.

- 12 The council tax liability for working age claimants is £6.8m, of which £4.9m of CTR subsidy was awarded in 2014/15. This left a total council tax charge of £1.9m.
- 13 A total of 8,672 summonses were issued in 2014/15. A sample of 500 shows that 38% (190) have been issued to tax payers who are in receipt of CTR. Assuming the sample is representative of the total then of the 8,672 summons issued, 3,300 were issued to people who receive CTR, 49% of working age claimants receiving a summons. This would also suggest that for council tax payers not in receipt of CTR approximately 7% receive a summons. Following the issuing of a summons the usual debt collection process is followed which includes debt collection via deductions from benefits and/or earnings, or the referral to debt recovery enforcement agencies.
- 14 Where debt enforcement is required the cost of chasing the debt, staff, postage and issuing the summonses (£85) is added to the claimants' debt. In advance of this assistance is provided to those who fall behind in making payments by signposting to agencies, an online personal budget planning tool and repayment options. A breakdown of the circumstances of the 190 sample CTR cases receiving a summons is detailed in the table below:

Circumstances	Sample Number	%
In receipt of Employment & Support Allowance*	100	53
In receipt of Income Support – with no other details known	32	17
In receipt of Jobseekers Allowance	25	13
Families with children (lone parents or couples) with low earnings and receiving tax credits	21	11
Single claimants working, with low earnings	8	4
Others	4	2
Total	190	100%

**Employment & Support Allowance (ESA) replaced Incapacity Benefit and is for claimants who, through illness or disability, are unable to play a full part in the labour market which prevents them from claiming Jobseekers Allowance. 39% of our working age caseload are made up of claimants in receipt of ESA, based on the sample 66% of these claimants are at risk of receiving a summons.*

Hardship relief

- 15 Financial assistance is available under Herefordshire's discretionary hardship policy. Assistance is subject to meeting the following criteria:
- The taxpayer is facing exceptional and temporary hardship and they do not have access to other funds or assets that could be used to meet their council tax liability.
 - Any reduction made in accordance with this policy is short term assistance.
 - The applicant's eligibility to council tax reduction and all other statutory reductions has been determined.
 - There are unusual and unforeseen circumstances which prevent the property from being occupied and this situation cannot be rectified within a reasonable period of time, for example because of flooding.
 - The applicant has taken reasonable steps to resolve their situation prior to making their application.
 - The applicant can demonstrate that their current circumstances are unlikely to improve in the following six months.
- 16 A meeting with representatives from the Children's Society discussed the effects of enforcement on the family unit, especially those with children. It was agreed that Herefordshire would consider the issues raised both in the review of the recovery policy and in future decisions relating to the CTR scheme, including the review of the discretionary hardship policy to include consideration for persons with disability,

families with children and children leaving care.

- 17 National statistics released for 2015/16 CTR schemes in the table below demonstrates the number of hardship schemes currently in place nationally, across unitary authorities and neighbouring authorities including Worcestershire and Gloucestershire.

Hardship schemes	National	Unitary	Local
Total LA's	326	56	12
Number with hardship schemes	123	28	4
%	38%	50%	33%

- 18 In recognition of the review of the discretionary hardship policy being likely to assist more tax payers, this has been reflected in the approximate net savings from the proposed CTR changes.

Proposed CTR for 2016/17 and 2017/18 - reducing the level of CTR from 84% to 80% but also increase restrictions to CTR and protect CTR at 84% for certain claimants.

- 19 Overall this proposal is expected to deliver a net saving of approximately £240k per annum (£199k retained by Herefordshire Council).
- 20 This proposal would see CTR reduced to 80%. There would be increased restrictions to CTR depending on the claimants property banding and savings. In addition certain claimants would continue to receive CTR of 84%. This is expected to deliver a net saving of approximately £144k per annum. CTR would be protected at 84% where the claimant is either in receipt of severe disability premium, carers allowance or families with a child under the age of five.
- 21 National statistics released for 2015/16 CTR schemes shown in the table below demonstrates the level of discount being applied nationally, across unitary authorities and neighbouring authorities including Worcestershire and Gloucestershire:

Minimum CTR subsidy	Neighbouring authorities	All unitary authorities	All councils
70%	0	3	9
Between 70% and 80%	0	16	44
80%	3	19	76
Between 80% and 91.5%	1	7	66
91.50%	1	2	46
Between 91.5% and 100%	0	0	9
100%	7	9	76
Total	12	56	326

- 22 **Band C restriction.** The proposal would amend CTR from a band D restriction to a band C property restriction. Any claimant who lives in a property above a band C would have their CTR capped at 80% of a band C equivalent property in their parish. This would generate a net saving of approximately £48k per annum. This would impact 8% of working age claimants who reside in a property band D and above.

- 23 The table below details the percentage of working age CTR claimants by property band.

Property band	Working age claimants in receipt of CTR	%
Band A	2,683	40%
Band B	2,486	37%
Band C	1,017	15%
Band D	327	5%
Band E	155	2%
Band F	57	1%
Band G	13	0
Band H	0	0
Total	6,738	100%

- 24 The 327 band D claimants, if entitled to the maximum CTR discount, would see their council tax charge increase by £204 a year from the current charge of £254 in 2015/16 to £458 per annum. Appendix 1 provides a table to show an estimate of CTR claimants' amounts payable with a 20% liability and a band C restriction.
- 25 Property band restrictions applied nationally, across unitary authorities and neighbouring authorities including Worcestershire and Gloucestershire are shown in the table below.

Property band restrictions	Neighbouring authorities	Unitary authorities	All authorities
Total local authorities (LA's)	12	56	326
Number - Restricted	3	15	75
% LA's using restriction	25%	27%	23%
Breakdown of band restricted			
Band A	0	1	5
Band B	0	2	4
Band C	0	2	6
Band D	2	8	52
Band E	1	2	8

- 26 **Reduce the capital limit to £6k.** Currently the CTR capital limit is £16k, this is recommended to be reduced to £6k. This would mean that claimants with capital above the limit would not receive CTR regardless of any other circumstances. Capital is defined as savings or property the claimant owns but does not include the property they live in or any personal possessions.
- 27 Reducing this limit to £6k would mean that approximately 110 claimants currently receiving CTR would cease to receive CTR. This would provide net savings of £48k per annum. 110 claimants currently receiving CTR for 2015/16 will become liable for full council tax charge in 2016/17.
- 28 The take up of reducing the capital limit applied nationally, across unitary authorities

Further information on the subject of this report is available from
 Josie Rushgrove head of corporate finance on tel (01432) 261867

and neighbouring authorities including Worcestershire and Gloucestershire is shown below.

Capital limit restriction	Neighbouring authorities	Unitary authorities	All authorities
Total LA's	12	56	326
Number reduced £16k capital limit	3	20	72
% LA's using this reduction	25%	36%	22%
Breakdown of restriction			
Limit £12k	0	0	1
Limit £10k	0	5	12
Limit £9k	0	0	1
Limit £8k	0	1	9
Limit £6k	3	14	49
Total	3	20	72

Community impact

- 29 The corporate plan, agreed by Council in November 2012, has two broad priorities; supporting the development of a successful economy and improving quality of life for the people of Herefordshire. The council remains committed to ensuring public services are prioritised to meet the needs of the most vulnerable. However, the proposals in this report will have an impact on some residents, but there continues to be regard to support the elderly and vulnerable, with access to support such as council tax discretionary reduction funding.
- 30 The lowest earners in Herefordshire, approximately 4,500 individuals, currently pay 16% of their total council tax bill. This report supports a reduction in the discount awarded for some council tax payers in receipt of welfare benefits. Pensioners will continue to receive additional discounts and the vulnerable will continue to have access to welfare support to mitigate these changes.
- 31 The decisions in this report links to key elements of the council's corporate plan and demonstrate the effective management of resources to help secure a balanced budget. The proposed changes could result in increasing individuals financial difficulties, this is being mitigated by providing options and support as detailed in this report.

Equality duty

- 32 A full equality impact assessment (EIA) was carried out on the initial and subsequent revisions to the scheme and has been reviewed in the light of the revised proposals. The latest version is attached at Appendix 2.
- 33 The proposals set out in this report will have an impact on working age benefit claimants. In addition, there is likely to be an increase in the level of non-payment and requests for debt advice.

Financial implications

- 34 Approving the proposed changes will secure the delivery of the savings target of £200k in 2016/17. The proposed changes, if adopted, are not considered to result in a significant change to the cost of administering the scheme.
- 35 The table below shows the potential net savings from the CTR changes proposed. The net savings includes assumptions from the implementation of a revised hardship scheme and claimants' changes expected from the summer budget welfare reforms.

Detail	CTR 80% with protections and restrictions £000 per annum
CTR subsidy reduced to 80%	144
CTR capped at property band C	48
CTR removed if capital limit £6k or above	48
Total net saving per annum	240
Herefordshire's share of net saving pa (83%)	199
Savings target 2016/17	200

- 36 Savings will also benefit preceptors; parish and town councils, West Mercia Police and Hereford & Worcester Fire and Rescue Service. Approximately 83% of the council tax bill paid is retained by Herefordshire Council.

Legal implications

- 37 The CTR scheme is locally determined by each billing authority under section 13A and Schedule 1A of the Local Government Finance Act 1992.
- 38 For each financial year, each billing authority must consider whether to revise its scheme or to replace it with another scheme and this must take place no later than 31 January in the financial year preceding that for which the revision or replacement scheme is to have effect. If any revision has the effect of reducing or removing a reduction to which any class of persons is entitled, the revision or replacement must include such transitional provision relating to that reduction or removal as the authority thinks fit.
- 39 A statutory procedure is provided for under Paragraph 3 of Schedule 1A which a billing authority must follow when revising its scheme:
- "3(1) Before making a scheme, the authority must (in the following order) –
- (a) consult any major precepting authority which has power to issue a precept to it,
 - (b) publish a draft scheme in such manner as it thinks fit, and
 - (c) consult such other persons as it considers are likely to have an interest in the operation of the scheme
- 40 As well as complying with the statutory consultation scheme the process must also be fair. There are four basic requirements namely –
- (i) be undertaken when proposals are at a formative stage;
 - (ii) include sufficient reasons for particular proposals to allow those consulted to give intelligent consideration and an intelligent response;
 - (iii) give consultees sufficient time to make a response; and
 - (iv) be conscientiously taken into account when the ultimate decision is taken.

Risk management

- 41 Approximately 40% of our current summons relate to CTR claimants. There is a risk that the claimants may not pay their council tax and move further into debt because of summons charges. This may eventually affect the collection statistics and place the households concerned into further financial hardship. This is to be mitigated through revisions to the hardship scheme. 2015/16 has seen a reduction in the number of CTR claimants due to increases in earnings from employment.
- 42 Welfare reform announced in the summer budget will impact the current CTR scheme. Working age applicants in receipt of CTR will be subject to a reduction in working tax credits due to the earnings threshold being reduced. This is expected to increase CTR claimants from 1 April 2016. Estimates suggest that the effect of the changes to the working tax credit calculation will mean approximately £200 additional CTR payments per customer per year. In Herefordshire there are approximately 1,000 working age citizens in receipt of working tax credit therefore this could result in additional CTR payments of £200k. This impact has been reflected in the approximate net savings detailed in this report.

Consultees

- 43 Consultation with Herefordshire residents on the proposals for the CTR scheme commenced on 6 July 2015 for a period of six weeks and concluded on 16 August 2015, which resulted in 68 responses. Prior to our consultation we met with the Children's Society and incorporated their views and recommendations into our proposals. The consultation document was published online on Herefordshire Council's website and included an online calculator to give an instance indicator of how the changes would affect the individual depending on their circumstances. In addition approximately 6,500 letters were issued to the current recipients of CTR who are most likely to be affected. During this period a meeting with welfare rights groups and third sector organisations took place in order to capture the views of their service users. Consultation responses are attached as Appendix 3. A summary of responses is provided below:

	Strongly Agree / Agree	Strongly Disagree / Disagree
Proposal 1		
Financial support reduced to 80% with protections	51%	42%
CTR capped at property band C	45%	47%
Capital limit reduced to £6k	48%	47%
Total %	48%	45%
Proposal 2		
CTR reduced to 80% with no other changes	48%	45%

The results show no preference for either proposal.

- 44 The results of the public budget consultation are attached at appendix 4. Consultation on the budget proposals included the proposed changes to the CTR scheme. Consultation commenced on 23 July and completed on 9 October, 1,979 responses were received. 30 per cent of respondents ranked reductions to the current CTR scheme as their first, second or third preference.

- 45 The general overview and scrutiny committee considered the proposed scheme changes at their meeting on 30 September. Following this meeting retaining the discount for protected individuals is proposed and the proposed changes are recommended to be in place for both 2016/17 and 2017/18.

Appendices

Appendix 1 – Financial impact of 80% CTR and band C restriction

Appendix 2 - Equality impact assessment

Appendix 3 – CTR proposals consultation results

Appendix 4 – Budget consultation responses

Background papers

None identified.

Appendix 1

Financial impact of 80% CTR and band C restriction

The table below details the weekly impact of the increase in council tax due from claimants if CTR support is reduced from 84% to 80% in conjunction with a band C restriction. The table is based on 2015/16 council tax charges for Hereford city.

Band	Annual CT charge 100% (£)	% of CTR claimants in each band	CTR payable 16% band D restriction (£)	CTR payable 20% with band C restriction (£)	Weekly increase in payments (£)
A	1,057	40%	169	211	0.80
B	1,233	37%	197	247	0.90
C	1,409	15%	225	282	1.09
D	1,585	5%	254	458	3.92
E	1,937	2%	606	810	3.92
F	2,290	1%	959	1,163	3.92
G	2,642	0.2%	1,311	1,515	3.92
H	3,170	0%	1,839	2,043	3.92

Subsidy is currently restricted to band D properties; this is proposed to be reduced to band C. This means that claimants living in a band D to H property will have their CTR restricted to band C from 2016/17. CTR subsidy at 80% of band C gives a chargeable amount of £282. The amount payable by claimants in properties above band C will be increased by the difference between the annual charge for the property they reside in and the annual charge of a band C property, please refer to the examples below.

Example 1: 327 CTR claimants live in a band D property. Currently, if they are entitled to full CTR, with the restriction at band D they would be liable to pay £254. Restricting CTR to band C would see an increase in the amount payable to £458.

Example 2: 57 CTR claimants live in a band F property. Currently, if they are entitled to full CTR, with the restriction at band D they would be liable to pay £959. Restricting CTR to band C would see an increase in the amount payable to £1,163.

	Example 1 £	Example 2 £
CTR payable at 20% of a band C charge	282	282
Plus the difference between property band and the band C	176	881
Total payable	458	1,163

The examples above show the minimum payment due ignoring other reliefs that may be applicable and claimants in receipt of higher income will be required to pay more than stated

Equality Impact Assessment Council Tax Reduction Scheme (CTRS)

Service Area	Revenues & Benefits Service
Policy/Service being assessed	Council Tax Reduction Scheme
Is this is a new or existing policy/service?	Existing Policy
If existing policy/service please state date of last assessment	17 October 2014
EIA Review team – List of members	Council Tax Reduction Project Group
Date of this assessment	21 August 2015
Signature of completing officer (to be signed after the EIA has been completed)	Anne Bradbury
Name and signature of Head of Service (to be signed after the EIA has been completed)	Peter Robinson

Form A1

INITIAL SCREENING FOR STRATEGIES/POLICIES/FUNCTIONS FOR EQUALITIES RELEVANCE TO ELIMINATE DISCRIMINATION AND PROMOTE EQUALITY



High relevance/priority



Medium relevance/priority



Low or no relevance/ priority

Note:

1. Tick coloured boxes appropriately, and depending on degree of relevance to each of the equality strands
2. Summaries of the legislation/guidance should be used to assist this screening process

Policy - CTRS	Relevance/Risk to Equalities																							
State the Function/Policy /Service/Strategy being assessed:	Gender			Race			Disability			Sexual Orientation			Religion/Belief			Age			Socio-economic			Priority status For EIA		
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
CTRS – Reduce the maximum level of council tax reduction so that unprotected taxpayers have to pay at least 20% of the council tax charge.			✓			✓			✓			✓			✓	✓			✓			✓		
CTRS – Protected discount of the current 84% for those in receipt of severe disability premium, carers allowance and families with a child under the age of five.			✓			✓			✓			✓			✓	✓			✓			✓		
CTRS – Reduce the current Band D restriction to a Band C restriction so that taxpayers living in properties above a Band C would have CTR calculated on the Band C liability			✓			✓			✓			✓			✓	✓			✓			✓		

Policy - CTRS	Relevance/Risk to Equalities																							
State the Function/Policy /Service/Strategy being assessed:	Gender			Race			Disability			Sexual Orientation			Religion/Belief			Age			Socio-economic			Priority status For EIA		
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
CTRS – Reduce the capital limit for CTR entitlement from £16k to £6k so that taxpayers who have capital of £6k and above would not be entitled to CTR (capital is defined as savings or property owned but <u>not</u> the property the taxpayer lives in or personal possessions)			✓			✓			✓			✓			✓	✓			✓			✓		

Stage 1 – Scoping and Defining

(1) What are the aims and objectives of policy/service?

The Council Tax Reduction Scheme (CTRS) has been in place since 01 April 2013 and replaced the National Council Tax Benefit (CTB) scheme. CTRS is a locally determined system of council tax support. The aim of the CTRS scheme is to provide financial assistance to council taxpayers who have low incomes.

Persons who are of state pension age (persons who have reached the qualifying age of State Pension Credit) are protected under the scheme in that the calculation of the reduction they are to receive has been set by Central Government. For working age applicants however the reduction they receive is to be determined by the local authority.

This equality impact assessment looks at the potential for **not only** protecting pensioners (as required under the legislation) **but also** retaining a large amount of the protections already present for working age within the existing CTRS scheme carried forward from the CTB scheme.

	<p>Where a working age claimant applies or continues to receive Council Tax Reduction, it is proposed that the reduction will be calculated on the same rules as the current CTRS scheme except for the following;</p> <ul style="list-style-type: none"> • Maintain the current maximum level of council tax reduction so that taxpayers have to pay at least 16% of the council tax charge • Reduce the maximum level of council tax reduction so that unprotected taxpayers have to pay at least 20% of the council tax charge • Protected discount of the current 84% for those in receipt of severe disability premium, carers allowance and families with a child under the age of 5 • Reduce the current Band D restriction to a Band C restriction • Reduce the capital limit for CTR entitlement from £16k to £6k <p>These changes will apply from 01 April 2016</p> <p>Central Government has not been prescriptive in how an authority should protect vulnerable groups, but points to the Council's existing responsibilities including the Child Poverty Act 2010, the Disabled Person Act 1986 and the Housing Act 1996 as well as the public sector equality duty in section 149 of the Equality Act 2010.</p> <p>The current level of assistance (<i>6,594 claimants and average amount per week of £18.50 per claimant</i>) is provided for pension age claimants, details for working age claimants are given at the end of this assessment.</p>
<p>(2) How does the policy/service fit with the council's wider objectives?</p>	<p>All persons within the Council's area who have a low income may apply for support and assistance with their Council Tax.</p> <p>By making an application, providing evidence of their income and household circumstances, their potential entitlement for support will be calculated in line with Central Government prescribed requirements for the Council Tax</p>

	<p>Reduction scheme.</p> <p>The maintenance of a full reduction scheme, with few changes from the existing Council Tax Reduction Scheme fits with the Corporate objectives in that it meets, as far as possible, equality and sustainability.</p> <p>The reduction scheme assists the local economy and also ensures, as far as possible within the constraints on a reduced budget, that persons on a low income will be able to meet their Council Tax liability.</p> <p>Pension age claimants will not see a reduction in their support however working age cases will see a reduction in the support they currently receive.</p>
<p>(3) What are the expected outcomes of the policy/service? Who is intended to benefit from the policy/service and in what way?</p>	<p>The desired outcomes are as follows;</p> <p>Pension Age Claimants</p> <ul style="list-style-type: none"> • That all pensioners receive the level of support required by regulations set by Central Government (Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012); • That all pensioner claimants or existing working age claimants who rise to pension age are able to receive Council Tax Reduction in line with the regulations; and • That all pensioner claimants continue to receive the correct level of council tax reduction at all times. <p>Working Age Claimants</p> <ul style="list-style-type: none"> • That all working age claimants are still able to receive Council Tax Reduction but the level of reduction payable will reduce ; and • That all working age claimants continue to receive the correct level of council tax reduction at all times.

<p>(4) Does this policy/service have the potential to directly or indirectly discriminate against any particular group?</p> <p>Please identify all groups that are affected and briefly explain why</p>	<p>RACE NO</p> <p>The reduction support scheme does not take race into account when calculating the level of support</p>	<p>AGE YES</p> <p>The reduction support scheme takes into account age when calculating the level of support available. Pensioners will not see any reduction in the support paid (as they are protected under regulations set by central government). Working age claimants will be affected due to:</p> <ul style="list-style-type: none"> • Reduction of the maximum level of council tax reduction so that unprotected taxpayers have to pay at least 20% of the council tax charge • Reducing the current Band D restriction to a Band C restriction • Reduce the capital limit for CTR entitlement from £16k to £6k 	<p>GENDER NO</p> <p>The reduction support scheme does not take gender into account when calculating the level of support</p>
	<p>RELIGION/BELIEF NO</p> <p>The reduction support scheme does not take religion or belief into account when calculating the level of support</p>	<p>DISABILITY NO</p> <p>The reduction support scheme continues to have in-built protections for disability in the form of;</p> <ul style="list-style-type: none"> • the award of additional premiums for disablement; • disregarding higher levels of income where a claimant is in remunerative work and is disabled; and • there is no requirement to have non dependant deductions where a claimant is disabled 	<p>SEXUAL ORIENTATION NO</p> <p>The reduction support scheme does not take sexual orientation into account when calculating the level of support</p>

<p>(5) Are there any obvious barriers to accessing the service?</p>	<p>No – customers will continue to access the reduction scheme in an identical fashion to the existing Council Tax Reduction scheme. The approach of the Council has been to provide a range of options for claiming and customers are encouraged to make a claim at any time.</p>
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(6) How does the policy/service contribute to promotion of equality?	The Council Tax Reduction scheme provides essential help towards the Council Tax liability for all claimants on a low income. By continuing to assess entitlement on a mean tested basis, similar to the national approach to means tested benefits, the scheme is equitable albeit that the level of support overall may be reduced to working age claimants.
(7) Does the policy/service have the potential to promote good relations between groups?	Due to the nature of the cuts required in the level of council tax reduction, all working age claimants will see a reduction to their current entitlement, however the way that the Council is introducing the changes by maintaining the means test, allows the most vulnerable to receive a relatively higher level of support

<u>Stage 2 - Information Gathering</u>	
(1) What type and range of evidence or information have you used to help you make a judgement about the policy or service?	<p>Extensive modelling from existing data. The modelling has been based on changes to the existing Council Tax Benefit scheme administered by the Council.</p> <p>Modelling information has included number of working age claimants and amount of council tax benefit paid (<i>6,738 claimants and average amount per week of £14.37 per claimant</i>), claim numbers and benefit paid across council tax bands, range of income types and household make-up.</p>

(2) What consultation/ information has been used?

What new consultation, if any, do you need to undertake?

A full consultation with the public has been undertaken as required by the legislation (Local Government Finance Act 2012). Whilst pension age claimants are protected, the authority will still, as part of the consultation process, envisage pension age claimants and pensioners generally to respond to the consultation itself.

The consultation process is comprehensive and encourages a full response to the changes to the current reduction scheme, (notwithstanding the fact that the authority is obliged to implement the scheme determined by Central Government for pension age claimants).

Interest groups have been directly consulted as part of the process.

The Public consultation took place during the period 06.07.15 until 16.08.15

The results on the proposals are as follows:-

Proposal 1	Strongly Agree / Agree	Strongly Disagree / Disagree
Financial support 20% and	51%	42%
CTR cap to Band C	45%	47%
Capital Limit £6000	48%	47%
Average %	48%	45%
Proposal 2		
Financial support 20%	48%	45%

<u>Stage 3 – Making a Judgement</u>	
(1) From your data and consultations is there any adverse or negative impact identified for any particular group? Is there any evidence of needs not being met? e.g. language or physical access barriers; lack of appropriate resources or facilities	<ul style="list-style-type: none"> • No the impact on the working age group is consistent • Comments from the consultation: <ul style="list-style-type: none"> ○ Financial - Inability to meet the increased charge
(2) If there is an adverse impact, can this be justified?	<ul style="list-style-type: none"> • N/A
(3) What actions are going to be taken to reduce or eliminate negative or adverse impact?	<ul style="list-style-type: none"> • Assistance in meeting payments – 12 monthly instalments / payment arrangements to prevent recovery process • Advice of the Council Tax Discretionary Hardship Scheme for customers experiencing exceptional hardship
(4) Is there any positive impact? Does it promote equality of opportunity between different groups and actively address discrimination?	<ul style="list-style-type: none"> • No

<u>Stage 4 – Action Planning, Review & Monitoring</u>	
<p>If No Further Action is required then go to – Review & Monitoring</p> <p>(1) Action Planning – Specify any changes or improvements which can be made to the service or policy to mitigate or eradicate negative or adverse impact on specific groups, including resource implications.</p>	<p>Following the consultation, the changes proposed are to be reviewed. The scheme will be reviewed annually thereafter.</p> <p>The Council has established a full project plan to ensure that changes are introduced correctly, accurately and on time</p>
<p>(2) Review and Monitoring State how and when you will monitor policy and EIA Action Plan</p>	<p>Full monitoring of scheme implementation will be undertaken on a monthly basis in line with the accepted project plan.</p> <p>The Revenues and Benefits Service will undertake monthly and quarterly collection of data.</p> <p>The Council will review the policy annually. It is expected that due to changes in legislation and funding, that the level of Council Tax Support available will change annually.</p>

‘An Equality Impact Assessment on this policy was undertaken on 21 August 2015

Council Tax Reduction Scheme Consultation report

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Introduction

The national council tax benefit system was abolished with effect from 1 April 2013. It was replaced with a localised council tax reduction (CTR) system alongside a 10% reduction in central Government funding for any local scheme when compared with the previous national council tax benefit scheme.

The Government continues to protect pensioners. This means that local schemes have identical council tax reduction rules for pensioners which remain in place under the previous council tax benefit system. The council does have discretion on CTR for working age claimants. In 2013/14, following one-off funding support from Government, working age claimants CTR subsidy was paid up to a maximum level of 91.5%.

The CTR scheme for 2014/15 reduced working age claimants CTR subsidy to 84% of the applicant's council tax charge, meaning that at least 16% of the council tax bill was payable by the claimant. In addition subsidy was restricted to a Band D property meaning any working age CTR claimant who lives in a property banded above band D has their CTR subsidy based on 84% of a Band D equivalent property.

The CTR scheme for 2015/16 remained the same as in 2014/15.

The MTFS approved by Council in February 2015 included savings of £150k from CTR for 2016/17. The options for achieving this saving target have been consulted on.

The Council Tax Reduction Scheme consultation was launched to seek the views of residents and interested organisations on proposed changes Herefordshire Council are considering making to their local scheme for working age applicants for 2016/17. The consultation questionnaire was published online on Herefordshire Council's website together with the consultation documents. In addition approximately 6500 letters were sent to current applicants who are likely to be most affected by any changes to the scheme informing them of the consultation, directing them to the website and giving them a contact number to ring if they would prefer a paper version of the consultation documents to be sent to them. A meeting took place with stakeholders such as social landlord, voluntary and charitable organisations where the consultation was discussed attendees were invited to contribute to the consultation on behalf of their service users.

The consultation period ran from 6th July to 16th August 2015.

This report details the results of the consultation questionnaire. In the tables in this report, all percentages are calculated as a proportion of the total number of responses to each question unless otherwise stated. All percentages have been rounded to the nearest whole number.

Note that if respondents could select more than one answer to a particular question, the percentages may add up to more than 100%

Answers to questions requiring a free text answer are listed in appendix A. Every effort has been made to anonymise references to named or identifiable persons without losing the gist of the comments. There were also 2 letters/emails received in response to the consultation, the contents of which are included in appendix B.

Results

A total of 68 responses were received by the end of the consultation period, of these were 56 submitted online (This does not include the letters/emails that are included in appendix B)

1) Proposal 1 - would see working age council taxpayers liable to pay at least 20% of their council tax bill subject to other support changes.

Currently those working age council taxpayers eligible for CTR pay at least 16% of their council tax charge, receiving a discount of up to 84%.

This option proposes a lower level of financial support (80%) from April 2016; therefore claimants would become liable for the payment of a higher percentage of their council tax charge (20%) unless their discount is protected.

Individuals with protected discount would be those in receipt of severe disability premium, carers allowance or families with a child under the age of 5. These claimants will continue to receive their current levels of support.

To what extent do you agree or disagree this principle is fair?

	No.	%
Strongly Agree	15	24
Agree	17	27
Neither agree nor disagree	4	6
Disagree	12	19
Strongly Disagree	14	23
Total respondents	62	
Not answered	6	

In addition to these answers there were 20 additional comments relating to Proposal 1. Please see appendix A for the full list.

1a) The first additional restriction under Proposal 1 would see working age council taxpayers living in a property that is rated band D or above have their CTR capped at a maximum of 80% of the council tax charge on a band C equivalent property.

The current CTR is restricted to 84% of the council tax charge on a band D equivalent property and claimants have to pay the difference between their higher band council tax liability and a band D council tax liability.

To what extent do you agree or disagree this principle is fair?

	No.	%
Strongly Agree	12	19
Agree	16	26
Neither agree nor disagree	5	8
Disagree	8	13
Strongly Disagree	21	34
Total respondents	62	
Not answered	6	

In addition to these answers there were 20 additional comments relating to Proposal 1a. Please see appendix A for the full list.

1b) The second additional restriction under Proposal 1 would mean that, working age council taxpayers would not be entitled to receive any CTR if they exceed a capital limit of £6,000; the current level is £16,000. (Capital is defined as savings or property the claimant owns but does NOT include the property they live in or their personal possessions)

The current savings limit for entitlement to CTR is £16,000. We are proposing to reduce this to £6,000. This would mean that claimants with savings of £6,000 and above will not receive CTR regardless of any other circumstances.

To what extent do you agree or disagree this principle is fair?

	No.	%
Strongly Agree	20	32
Agree	10	16
Neither agree nor disagree	3	5
Disagree	14	23
Strongly Disagree	15	24
Total respondents	62	
Not answered	6	

In addition to these answers there were 25 additional comments relating Proposal 1b. Please see appendix A for the full list.

2) Proposal 2 -would see working age council taxpayers become liable to pay at least 20% of their council tax bill, an increase of 4%, with no other changes to the current scheme.

Currently those working age council taxpayers eligible for CTR pay at least 16% of their council tax charge, receiving support of up to 84%. This proposal would mean that these taxpayers would have a lower level of financial support (80%) through the scheme from April 2016, therefore becoming liable for the payment of a higher percentage of their council tax charge (20%).

To what extent do you agree or disagree this principle is fair?

	No.	%
Strongly Agree	11	18
Agree	16	27
Neither agree nor disagree	10	17
Disagree	8	13
Strongly Disagree	15	25
Total respondents	60	
Not answered	8	

In addition to these answers there were 24 additional comments relating Proposal 2. Please see appendix for the full list.

If you think the council should make an additional contribution from its own finances to continue with the current CTRS, how do you think this should be funded?

There were 23 additional comments relating to this question. Please see appendix A for the full list.

We want to ensure that any changes made are fair to everyone. To help us do this, please tell us if you think any of the principles above will particularly affect any specific groups of people. For example, due to age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex or sexual orientation

	No.	%
Yes	30	53
No	27	47
Don't know	0	0
Total respondents	57	
Not answered	11	

If yes, please explain which groups and the reasons they might be affected.

There were 27 comments made, please see appendix A for the full list

About you

Note: This section only applied to respondents who replied in an individual capacity.

Do you currently pay council tax to Herefordshire Council?

	No.	%
Yes	56	92
No	5	8
Total respondents	61	
Not answered	7	

If yes, please tell us which council tax band (A-H) the property you pay council tax on is in? (If unsure leave blank)

	No.	%
Band A	5	15
Band B	8	24
Band C	5	15
Band D	10	29
Band E	3	9
Band F	1	2
Band G	2	6
Band H	0	0
Total respondents	34	
Not answered	34	

Are you currently receiving council tax reduction in Herefordshire?

	No.	%
Yes	33	54
No	28	46
Total respondents	61	
Not answered	7	

If you are not currently receiving council tax reduction in Herefordshire have you ever received it?

	No.	%
Yes	5	17
No	24	83
Total respondents	29	
Not answered	39	

Are you receiving housing benefit in Herefordshire?

	No.	%
Yes	24	42
No	33	58
Total respondents	57	
Not answered	11	

Which of these activities best describes what you are doing at present?

	No.	%
Employee in full-time job (30 hours plus per week)	19	32
Employee in part-time job (under 30 hours per week)	7	12
Self-employed full or part-time	4	7
On a government supported training programme	1	2
Unemployed and available for work	0	0
Full-time education at school, college or university	0	0
Retired whether receiving a pension or not	6	10
Looking after the home or family	9	15
Long term sick / disabled	23	38
Total respondents	68	
Not answered	0	

What is your age group?

	No.	%
Under 18	0	0
18 – 24 years	1	2
25 – 44 years	19	32
45 – 64 years	36	60
65 – 74 years	4	7
75+ years	0	0
Total respondents	60	
Not answered	8	

What is your gender?

	No.	%
Male	32	54
Female	27	46
Total respondents	59	
Not answered	9	

Do you parenting responsibilities?

	No.	%
Yes	21	37
No	36	63
Total respondents	57	
Not answered	11	

How would you describe your ethnic group?

	No.	%
White British/English/Welsh/Scottish/Northern Irish	57	98
Other White (please specify below)	0	0
Any other ethnic group (please specify below)	1	2
Total respondents	58	
Not answered	10	

Appendix A

Proposal 1: tax payers liable to pay 20% of their council tax unless in a protected group

Whilst I understand the constraints of budgets and the necessity to provide critical services, many people who currently receive reductions are already on or below the poverty line. Forcing them to pay an additional amount has a severe impact on their quality of life; in many circumstances when finances are critically stretched it is the necessities that are cut, things like heating and nutritional food, not disposable luxuries.
The government gave council's £21 million, what percentage did you give to vulnerable people like us when it was council tax benefit? because you gave us no help when it switched.
It is certainly not fair to force the poorest in the community to pay for the Council's problems. The cost to them (as against their contribution to HC funds) would be heavily disproportionate compared to those who pay council tax at normal rates.
I am weary of the attacks on the poor. When this Government has chosen to give its MPs a 10% rise the rest of us have to endure cuts. Any such pressures on those with little income will in the long run cost the taxpayer more in homelessness and all the other attendant results of poverty.
Why once again are single parents penalised as I will be looking for work soon as my daughter will be 5 years old in October 2015. I will be doing part time work and I will have pay more on council tax as well as housing benefit. How do you expect single parents be able to afford this as well as everything else? Just because our children will be over 5 years old. I'm strongly against this for single parents it's not fair!!!! Yeah
We are asked if this is fair but fair to whom? A decision such as this has to be viewed in the context of other welfare cuts, below inflation wage increases and the record, so far, of the impact of previsions reductions in support. If the National Debt line has raised concerns about the level of CT debt in the county then we need an analysis of how much this is due to previous cuts in benefit levels. Herefordshire has one of the highest rates of fuel poverty in England and is one of the poorest counties in terms of average incomes. There is no evidence that the Council has taken any of these factors into account.
While I don't accept the continued burden put on to those who CAN'T WORK. I accept that everyone paying 20% would at least be fair, but the further changes listed are unreasonable. Anyone who is disabled and can't work has a very low income, it is unacceptable to then distinguish the most disabled as needing more help, they already receive more benefits. Those who can't find work are also on a low income and hitting them harder seems counterproductive.
No change should be made but in Herefordshire this would be better than Proposal 2 because those with a disability and young children need to be spared any further cuts.
Although any increase in Council Tax is likely to cause further financial hardship for low income families, the fact that the most vulnerable will be protected is fairer than option 2, where no such protection is proposed.
This will affect those on maximum CTR, who fall into the lowest income bands, in particular the unemployed, disabled people and single parents. These people are already suffering from a range of other cuts and from benefit freezes, and having to find even a small amount a week will impact on their ability to buy food and fuel.
Households in the circumstances described are already suffering from cutbacks in other benefits and it seems especially cruel to inflict further expenses on them, especially when council tax is spent on such ridiculous schemes as the "Herefordshire you can" road signs.
What are we getting for paying Council Tax. No grass cutting, overgrown flower beds, not even a black bin liner, rubbish left - Nothing!
I feel protecting those in receipt of carers allowance is definitely more fair than previous schemes

and therefore not discriminating against those in need of care/providing care
This is a reasonable increase. I am not sure what a severe disability premium involves. Is this people receiving Personal Independence Allowance for their disability?
THE INTRODUCTION OF THE LOCAL COUNCIL TAX REDUCTION SCHEME HAD THE AIM -TO REDUCE THE COST OF THE SCHEME BY 10% IN LINE WITH LOSS OF GOVERNMENT GRANT -COMPARED TO 2012/2013. THE COUNCIL CHANGES HAD ALREADY REDUCED SCHEME COSTS IN 2014/15 BY 13.6%. NOW PLUS WHAT IS THE EFFECT OF THE CHANGES IN 2015/16? THIS SCHEME SHOULD STILL BE AIMED AT HELPING THOSE ON LOW INCOMES TO PAY COUNCIL TAX NOT GENERATE EXTRA FUNDS TOWARDS OTHER COUNCIL SPENDING
first the bedroom tax and then this , completely unfair to people on low income
Fair proposal but it should apply to all claimants. As I understand it pensioners will be exempt. Why? Their pension is higher than most benefits
acknowledge the fact that a rise is inevitable and as we would appear to have our payment protected under this option this would appear to be a fair rise
The reality is everyone on CTR has some form vulnerability or financial hardship to some degree or another. Indeed up until 3 years ago the successive Governments took the view that majority of people who stand to be affected by these proposals were sufficiently 'poor' that they would not be required to pay any ctax. Whilst you propose to protect certain groups there will be an additional cost to that in terms of data gathering and maintaining in addition to adding a further degree of complexity to an already complex system. You should also not lose sight of the fact that CTR is simply one benefit of several that claimants are in receipt of and given the changes to the other benefits announced at the recent budget disposal household income will be dropping significantly so there is even less chance of collecting the monies now outstanding
All poorer people should not be expected to pay more.

CTR capped at band C

Whilst I understand the constraints of budgets and the necessity to provide critical services, many people who currently receive reductions are already on or below the poverty line. Forcing them to pay an additional amount has a severe impact on their quality of life; in many circumstances when finances are critically stretched it is the necessities that are cut, things like heating and nutritional food, not disposable luxuries.
We are in a disabled adapted terraced bungalow, how come it's banded a C
This would seem to be just another attempt at imposing the so-called bedroom tax.
Sorry as indicated above any cuts are wrong.
Why have all bands pay the same as one band? All bands should be separated and pay their own amount as that's why bands were put into place years ago
This assumes that the 327 households affected have the option to move into lower Band properties. Again what evidence is there that this option is available particularly given the shortage of cheaper properties? This is designed to punish people for something which may be beyond their power to resolve. That cannot be fair.
I live in a Band D property and receive full CTR; I have ME/CFS and can't work. I live in this property at no charge to the tax payer as my family own it. If I have to pay higher levels of Council Tax I won't be able to afford to live in this property and will have to move in to rented accommodation which will lower my Council Tax payments but also see the tax payer liable to pay my rent. This clearly is not a good situation for anyone. I already pay more council tax as I live in a Band D property, I would refuse to pay a higher percentage than someone in the same situation but living in a Band C or lower property.
Do not really think it is fair but it is better than Proposal 2.
This penalises two groups of people - firstly those with large families who need several bedrooms for children or other family members, and secondly people who live in larger properties but have had a change of circumstances so that their income is significantly reduced (i.e. probably people who have become disabled and unable to work). Capping their CTR amount will inevitably cause severe hardship to people on low incomes who do not have 'surplus' income to pay the extra amount.
It's not very fair in anyway or form.
What are we getting for paying Council tax? No grass cutting, overgrown flower beds, not even a black bin liner, rubbish left - Nothing! Cutbacks everywhere no matter what you put up or increase.
Our property is a band E so we are already capped at D. Our property rental is very competitive compared with the current rental market so what we would save by moving to a cheaper council tax band we would more than make up for in excess rent. Neither option we could afford
AN INCREASE OF £200+WILL FURTHER INCREASE COLLECTION PROBLEMS FOR THE COUNCIL AND TAXPAYERS ALSO SEE ABOVE
it needs to be simpler
The banding of properties is in place for a reason. Making people in Band D pay for a Band C is not right and effectively dismisses the banding of properties, effectively becoming a farce.
Band D owners may have inherited their property but not necessarily have the means to pay bills.
On balance I think it is reasonable for the Council to take the view that it's not its priority to fund people to live in properties larger than they can afford.
Cannot believe there are no band H properties in Herefordshire. Maybe they all belong to councillors.
It would be reasonable to assume that any benefit designated for public need would be both appropriately applied and fair. The council's proposal to restrict its tax benefit or CTR by the banding of the property could only be seen as unfair. Why would this be? The benefit, if rightly implied

above, should appropriately find those people who are in need of it. Those who are in need may live in properties of varying values, as tenants, outright owners, mortgagors or by any other circumstance, but the criteria on which their need is judged is on their means to pay (be that income, savings and disposable assets). CTR should not be moderated by the banding of the property they live in, which itself is not a reliable guide to relative property value (as, for instance, many properties are still classified under the original and unreliable second gear, drive-by valuations decades ago), but more so, should not be based on the value of the property anyway, as this cannot clearly define the council services needed or used by a household (most of the services are provided on an equal level to everyone anyway, such as policing and rubbish collection); those people who find themselves in need of the benefit should be considered on the fluidity of their financial circumstances and not on the house they live in. Even owners in higher banded properties may still not have the advantage of fully owning their house, and, lumbered with a mortgage, should not have to be disproportionately punished for their situation. As a response, it would be too easy to flippantly suggest that a person should just move house; but consider how much of an upheaval and financial burden the cost of moving house is, it certainly could not help the circumstance of anyone who is need of the benefit. Furthermore the disabled, infirm and vulnerable would be more susceptible to such a situation, and outright homeowners would be expected to sell up their home to downgrade their banding, that means putting on the market and possibly waiting a year or so before any sale takes place before going through the upheaval of moving, perhaps away from family, friends, and settled situations such as school, with relatively huge costs involved which would defeat the purpose. So can this scenario be considered fair in light of a person's need relative to anyone else's, based on an arbitrary classification of the value of the property they live in and that they may have no financial asset from? Does this proposal promote impropriety and unfairness in its implementation? It already exists on a Band D restriction and has the advantage of only affecting a small percentage of people so the voice against it is possibly relatively small, unheard and maybe ignored. It is employed across hundreds of councils, so may be seen as acceptable, but this does not make it just in the same respect that the poll tax was universal but still considered unjust. It is discriminatory, has already increased the council tax liability for those on CTR below Band D by several hundred pounds over those above Band D and cannot claim to proportionately reduce the benefits of those who have the greater means; those of greater means are people who don't qualify for the benefit in the first instance. In a similar vein, the services that council tax pays for is disproportionate between town and rural Herefordshire.

All poorer people should not be expected to pay more.

Capital limit of £6000

Whilst I understand the constraints of budgets and the necessity to provide critical services, many people who currently receive reductions are already on or below the poverty line. Forcing them to pay an additional amount has a severe impact on their quality of life; in many circumstances when finances are critically stretched it is the necessities that are cut, things like heating and nutritional food, not disposable luxuries.
Disgusting!! You must realise people are getting early pension payments, and the one chance they have to save or at least use the money for retirement plans or ISAS instead of having rip off life insurance plans, and you want to limit it to £6000. That's not going to help people saving for retirement is it?
The benefit of this would appear to be tiny - less than the annual cost of the mid-scale employee to administer this.
Now you are also penalising those with savings which may have been accrued over a lifetime of honest work and may be needed when they come off benefits. Short term thinking again.
This is not fair on people who already have enough problems but manage perhaps to be a bit frugal - even on a basic income. In this day and age £16,000 is low enough.
I think maximum saving should be for a household of £10,000...
As a homeowner it is essential I have sufficient savings to pay for necessary maintenance/repairs to my property. On the very low income I have I cannot save very much at all so could end up in debt with all the attendant problems. I don't think £16,000 is an unreasonable limit. £6000 would vanish if, say, a new roof was needed.
Again what evidence is there that provides the justification for this change. Is the suggested £6,000 an arbitrary sum or is it based on analysis? Also, unlike other Options no figure is given of the numbers likely to be affected.
At the worst allowed saving should be the same as for other benefits which sees them gradually reduced between £6,000 to £16,000. Lowering the limit to £6,000 further discourages people from saving, and therefore providing for themselves, which will make them more dependent on the State and Council.
Penalising people who wish to be careful with money, save and better themselves is no way to get them off benefits!
This is a drastic difference in savings allowed which I think is grossly unfair. It would be fairer to fix it at a figure which is mid-way, such as £10,000.
No it's not fair.
What are we getting for paying Council Tax. No grass cutting, overgrown flower beds, not even a black bin liner, rubbish left - Nothing! Cutbacks everywhere no matter what you put up or increase.
Very unfair, especially senior citizens that have a little savings especially if you pay for care.
how does this allow anyone to save for new washing machines, essential car bills etc
These 110 residents should definitely not have all their reduction taken away for saving their money up to £16,000. This is not in line with other benefit requirements which are at the £16,000 threshold which is a reasonable one. This may be the only security these people have and should not be discouraged or penalised for this. These people are likely not to own property or a private pension. This would be taking away these people's ability to do something to improve their circumstances. It would be discouraging and counterproductive in the long term.
Saving needs to be encouraged (in the past 8 years savings have not grown due to paltry interest rates) otherwise everyone will be encouraged to spend their savings and not fall into the trap of receiving no help at all if you are prudent. £16000 down to £6000 is too big a drop. If it has to fall then settle for £10000 savings.

THIS PROPOSAL REMOVES SUPPORT AND WILL ENCOURAGE SPENDING BY BORDER LINE CLAIMANTS TO ACHIEVE REDUCED SAVINGS TO A DANGEROUSLY LOW LEVEL AND PENALISES THOSE WITH RELATIVELY MODERATE LEVELS OF CAPITAL RESOURCES WHEN THE TAPER ARRANGEMENTS ALREADY REMOVE SUPPORT IN A GRADUAL WAY
if you are capable of earning and have £16000 in savings you should be able to pay in full/
People who have savings should not be persecuted for saving. In my case they have to last my entire life and be a funeral fund.
Band D owners have worked all their lives so must have saved for their old age now will be penalised for savings
The additional restriction is too drastic on a group who are already being screwed. £10,000 would be a more reasonable cap
Whilst there is clearly a disincentive to save again in the currently financial climate it is difficult to justify reducing Council Tax for those with sufficient money in the bank to pay.
I spent all my savings on council tax when I could get no help and then it is squeezed out of you again to keep paying and paying until you have no money, cannot get help and they have to jail you.
All poorer people should not be expected to pay more.

Proposal 2: all tax payers liable to pay 20% of their council tax

Whilst I understand the constraints of budgets and the necessity to provide critical services, many people who currently receive reductions are already on or below the poverty line. Forcing them to pay an additional amount has a severe impact on their quality of life; in many circumstances when finances are critically stretched it is the necessities that are cut, things like heating and nutritional food, not disposable luxuries.
Option B is the best of two evils
Same argument as under proposal 1 above.
The worst of all the proposals. I know let us CUT the salary of all MPs and councillors and those at the top tier of the Council and see how much that saves. Just a cut of 4% which would not make any major difference to them. Cut 4% from those with little feels like a cut of 40% and more
I believe, although always difficult to find extra money, that this would be the fairest and most even handed solution. It should also be more cost effective for the Council to calculate and maintain.
As I said on my first comment yeah with families or working people with no children, but not single parents. I think it should change for us when our child leaves high school
It is assumed that this option means that there would be no disregard for protected groups as in Proposal 1. If that is correct then it would be helpful to clearly state this. Again there is no estimate her of how any households would be affected.
life is hard enough and proposal 2 seem to be the fairest across the board
While I don't accept the continued burden put on to those who CAN'T WORK. I accept that everyone in society has a part to play and would accept my equal share of the cost.
People who have more than £6,000 in the bank can afford the 4% rise, so this is why Proposal 1 is fair and this one is not. Because choosing to do a 4% rise on everyone actually hits the people with no money at all the hardest and they will already be squeezed by the tax credit cuts coming in April. You will have people defaulting on rent much more often which will lead to more money being spent by Herefordshire government on courts, bailiffs, etc. Proposal 1 while more complicated protects the poorest.
This proposal does not take account of vulnerable families who are in receipt of carers allowance or severe disability premium, who are already struggling with their low income.
This will affect those on maximum CTR, who fall into the lowest income bands, in particular the unemployed, disabled people and single parents. These people are already suffering from a range of other cuts and from benefit freezes, and having to find even a small amount a week will impact on their ability to buy food and fuel.
What are we getting for paying Council Tax. No grass cutting, overgrown flower beds, not even a black bin liner, rubbish left - Nothing! Cutbacks everywhere no matter what you put up or increase.
SEE ABOVE SCHEME ALREADY PRODUCING LOWER SCHEME COST TO THE COUNCIL THAN NEEDED TO RECOVER CUT IN GRANT
I believe the whole banding system is unfair. I also believe that rural residents do not get the same benefits or need the same resources from the council tax income that people living in the towns and cities do.
I think this is the best way forward at present. Although for the first time in my life I am dependant on benefits I am willing to pay more towards my services
This on the face of it seems to be a more sensible approach, being the scheme closest to the present CTR scheme. Therefore actually saving the council time and finances trying to enforce new schemes and causing in some cases extreme financial distress leading to poverty and homelessness
simpler
This seems to be fair as rise is below £1 per week meaning around £48 per annum on bill

The reality is everyone on CTR has some form vulnerability or financial hardship to some degree or another. Indeed up until 3 years ago successive Governments took the view that majority of people who stand to be affected by these proposals were sufficiently 'poor' that they would not be required to pay any council tax. You should also not lose sight of the fact that CTR is simply one benefit of several that claimants are in receipt of and given the changes to the other benefits announced at the recent budget disposal household income will be dropping significantly so there is even less chance of collecting the monies now outstanding

I strongly agree that the cap should be reduced from 84% to 80%. I strongly agree that there should be no additional relief above 80% of Band C I strongly agree that the savings limit should be reduced to £6,000 The truly vulnerable should continue to be protected - but maybe the criteria should be looked at more stringently.

Does it go down if we all put more in the pot? This should be means tested for pensioners too.

This is a blanket approach without considering some of the more vulnerable people in society as is the case in proposal 1

All poorer people should not be expected to pay more.

If you think the council should make an additional contribution from its own finances to continue with the current CTRS, how do you think this should be funded?

Stop paying your chief executives obscene wages. No council exec should earn more than the prime minister of this country. Make better choices when demolishing council buildings when they haven't been up that long....how much did that cost the taxpayer i.e. council building that was on the end of the new development.
Increase charges for car parking in the city by say, 100%. Not only would this increase income, it would free up the city's road network (as it may encourage people to walk or car share etc) and in turn that would reduce council spending on related health issues such as obesity and all connected expenditure.
Perhaps cease to employ the officers who are unable to answer this question for themselves?
By bringing a charge for vehicles being sold on the side of road, you should charge a sales fee for all vehicles being sold as this is advertising and can cause people to slow down or park dangerously. Give a permit to register the keeper only so they could avoid this charge. But what it would do is stop all these people making money on the side by selling vehicles and not paying their taxes and help genuine businesses compete fairly.
I know, let us CUT the salary of all MPs and councillors and those at the top tier of the Council and see how much that saves. Just a cut of 4% which would not make any major difference to them. Cut 4% from those on little feels like a cut of 40% and more
Maybe by taking some people away higher up or areas that aren't really used or useful. The community shouldn't be penalised that's what Herefordshire council was all about I thought the community... Making Hereford better, and you're not doing this
I saw in the paper that 3 counsellors cost the council 400,000.
A start would be to show the cost of collection of unpaid CT as a result of previous cuts. Increasing the financial pressures on already poor households will have an effect in other policy areas. Could it be that the reported significant rises in full poverty, domestic abuse, and child abuse are in some way connected? The recent Understanding Herefordshire report studiously avoids addressing poverty (unlike previous reports!) but there are enough indicators to suggest that this is a growing problem in the County which the proposals will only add to.
The council do need to make sure that the CTR doesn't change further beyond 20% and the only acceptable way to do so is to reduce the cost of its highest earning employees. It is stunningly unacceptable that in a poor and underfunded county like Herefordshire that anyone in the council is earning over £100,000. Again I would refuse to pay higher rates than 20% unless the council stops wasting money on salaries it can't afford.
This could be funded by reducing grants to things such as Arts, Culture, Heritage, Sports, Leisure and many other projects. These are thing I for one feel should be self-sufficient. If they cannot manage without grants then there are not enough people interested in them so why keep them going.
Take the money from other programs that the council supports. Council money that supports needless employees - as long as the money does not get cut directly from the people. Cut staff in education and children's departments because most parents think the system is a mess and children are not learning anything anyway. The council is constantly throwing money at staff that do not do their jobs and then get replaced by new staff that do not do their jobs. It is the biggest waste of spending in the council, the educational and children's programs. No parents are satisfied with the council so that is where the staff needs to be cut or abolished.
I think the council needs to sort out its priorities, it's very nice to enable people to go out and have fun/hobbies, but you need to focus on basic care needs first. I say this as someone disabled, who can get help to go out partying if I want (which I can't do anyway!) but find it hard to get help to

clean/cook etc. Would be very happy to see the council getting more of our money if they actually appeared to do anything useful with it, and stopped cutting services we desperately need, like the CAB.
Increase council tax across the board, in particular in higher bands.
Dropping all but the most essential capital expenditure and carrying out ongoing maintenance only.
Do not pay such huge salaries especially those over £40000
FROM THE ELEMENT INCLUDED IN THE FORMULA GRANT FOR THIS PURPOSE
cut the disgraceful wages paid to council executives
To be honest I think the council are struggling but doing their best. We all need to dig a little deeper, but I also think the reduction should be means tested in some way.
stop building roads that will not help traffic flow on Edgar Street and look at officers wages
Through discretionary housing payment scheme
I take issue with the fact that these proposals will actually save the council money. Clearly there is more council tax available to be collected but how easy it is to collect this money? The cost of postage for bills, reminders, summonses etc. The staff resource needs to administer these things. What about the indirect impact of causing financial hardship to individuals and families and the costs to the council of having to pick up the pieces at a later date.
The upper and middle management of the council could take a cut or reduction in their fat-cat salaries (2014 salaries for top 13 senior management were between £78,000 and £145,000 pa)! Another way don't spend £60,000, as the council were prepared to do earlier in the year, to pay for recruitment of various senior posts. Maybe by increasing the competency of the original incumbents or replacing departed staff with offers of internal promotion to competent individuals who have worked the area and understand the requirements, the council could save on those unwarranted reductions in CTR. How much does the council staff spend on non-essential activities, such as wining and dining, unnecessary hotel stays, taxis, first class tickets and consultant fees?
Simple, government funds to help poorer people/

Explain which groups and the reasons they might be affected.

Disabled, I am in the ESA support group
I think it will be unfairly affecting single, lone *working* parents who don't receive any maintenance from the absent parent. If the council looks at how these cuts will affect this group of people, they may understand how they might feel discriminated against.
This affects the poorest people in the community, many of who are also dealing with other issues, such as health.
In my situation I am struggling to pay and this will just put more pressure on me.
Anyone on low wages or benefits. This is not rocket science
I believe lowering the savings limit from £16,000 to £6,000 is very unfair to people that have managed to save and be frugal. After all having savings up to £16,000 is not much in this day and age. After all, transport is essential in Herefordshire so to replace a car or to keep money in an account to pay for a funeral (as a lot of people try to do now) etc etc soon reduces savings.
Single parents with children over the age of 5 years of age
I am 58 and employers have no interest in employing me in any serious capacity so I am stuck in a low paying part time job. Re-training is hardly an option at my age.
Particularly those who are disabled and their carers, young people and pregnant or new mothers on maternity leave.
Clearly all disabled people who can't work, like myself, will be unfairly hit by increasing the council tax payment, but proposal 1a is stunningly unfair on those who have previously done well and earned a good home, Band D or above, only then to have become ill and have to live off benefits.
The disabled are already affected by the so called bedroom tax, which does not allow for a spare room for carers or the need of an extra room for special equipment or when a couple just cannot sleep in the same room due to one of them having a disability.
It affects everyone because prices are going up and relief is going down. This will lead to high crime, robberies, etc. which will put additional strains on monies for police. This is the nature of poverty, it just gets worse.
Disabled people will be affected if Proposal 2 is implemented because their Council Tax liability will increase even though their benefits have not increased significantly.
These proposals will affect those on low incomes, which will mean there is a disproportionate effect on disabled people and parents (especially single parents). The changes only affect people of working age, so there is age discrimination.
Single mothers who should be able to concentrate on raising their children properly without having to seek work at all costs.
The state of paths and walkway. Overgrown hedges etc. Dangerous. Nothing done to help anymore.
discrimination against long term disabled
I think it is very important that people from any disadvantage must be enabled to make improvements to their own circumstances by being encouraged to save. The idea of only allowing their life savings to be £6,000 is unfair. Many of these people will be simply saving for old age or serious illness as they have little other security in their lives.
I think the proposals should apply to everyone equally especially not to be exempt due to age.
For a person who depends on benefits living alone for long term sickness. If Council Tax were to be increased it would be hard to manage financially.
Long term disabled - pensioners - lower income families. Any large increase will have a severe effect on those on a fixed income e.g. long term disabled, pensioners and families on low earnings never achieving monetary security if they are forced to pay ever increasing council tax for an ever more decreasing level of council services vital for such families.

People with learning difficulties and vulnerable adults who cannot get a job and live on low income
People with a disability
Everyone is affected. Maybe shared through larger households who use more facilities could be an option.
Proposal 1 would take account of those who are more vulnerable, i.e. disability, elderly and young families whose income is potentially more restricted.
Those of disability, old age, infirmity, single parent families and anyone who is already in a position that may cause them to struggle significantly more than the average and will feel the effects greater of additional benefit cuts. This may be the straw that breaks the camel's backs for some!
It should help all people.

Dear Sir or madam

I will not be able to pay more
Council Tax at all with having to pay
all other bills it is a job to make ends
meet as I only get Job Seekers
Allowance paid every 2 weeks
at £146.00 out of this money
I have to pay
£19.80 P TOP UP RENT per week
£20.00 every 2 weeks electric
£19.68 P water every month
£20.00 BT every 2 weeks
£38.00 council tax monthly
as you will see I don't have
very little money for food
or cloths I am very worried about
things at the moment
Your Faithfully

please not

I have a disability and
illness. I make my own
home to keep. I pay council tax
and house benefit all so on
long term sick. Now it is time
to say about the council tax
number 1, one ticket for the
tip a month is not right when
you take a trailer which is
6" by 3 you have to have
tickets when I took 20 bags
in it and car does not have to
have a tickets they have the
same as I have. I think it is not
right. you send money in
the wrong way. But the tickets
that is not right. Town is going
to the dogs. you get less for
your council tax but you take
more of use those on long term
sick on low money. we have
not got it. The one that hold
their own home. I think it is
not right. It is time for you
to get it of those on pension
credit. make them pay some
council tax and housing
benefit they have more money
than I get I will not pay
more for council tax

PTo

I go to mind in
heritor you give use less
money to keep it going
it is not right it keep them
out of hosp going to
mind and let of then say
the same as I do OK

I have my own home to
morten get the gold back
back and a year pay of
back gold which is her then
most have to pay for I am
not happy what you are doing
to me putting it up

Priorities and Budget Consultation 2016-2020

Version 1.0
Strategic intelligence team

October 2015

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If you need help to understand this document, or would like it in another format or language, please call the Research Team on 01432 261944 or e-mail researchteam@herefordshire.gov.uk.

Executive summary

- The consultation on Herefordshire Council's priorities and budget for 2016 to 2020 ran from late July to early October 2015. A questionnaire was available online and hard copies were distributed at promotion events in the city and market towns.
- There were 1,979 responses to the questionnaire; 60 per cent of which were completed on paper.
- Of the three council priorities that respondents were asked to rank (question 1), the general pattern of responses suggested that 'enable residents to live safe, healthy and independent lives' was most important, followed by 'keep children and young people safe and give them a great start in life' then 'support the growth of our economy and the number of people in work'.
- However, almost three quarters of respondents thought that the council should identify other priority areas (Q2). Most popular among these were keeping the libraries and customer services open; public transport and infrastructure were other highly preferred areas of priority.
- With regard to income and savings proposals (Q3), there was a general preference for those that would generate income and less preference for the savings options. In particular 'sell our smallholdings estate of 4,500 acres, including 45 farms, to reduce our debt repayments' was the most preferred option of almost a third of respondents. By far the least preferred proposal was the savings that would be generated by 'reducing customer services and libraries across the county' (least preferred option of more than half of respondents).
- Almost two thirds (63 per cent) of respondents thought that the council should continue to fund town and parish councils (Q4).
- Over half (58 per cent) of respondents thought that town and parish councils, community groups or voluntary organisations could do more to help deliver services if Herefordshire Council reduces or stops delivering a particular service (Q5). Suggestions for which services included grass cutting and the general maintenance of public spaces such as parks, streets, roads and footpaths; community transport services; and libraries and museums.
- The majority (61 per cent) of respondents would support an increase in council tax above two per cent to support services and defer savings for a year (Q6). Of these, half supported a three per cent increase and the other half supported a five per cent increase in council tax.
- An even larger majority (71 per cent) of respondents thought that the council should increase service charges to protect other services across the county (Q7).
- Just over half (52 per cent) of respondents would support an increase in council tax above two per cent and also thought the council should increase service charges.

Introduction

The consultation on Herefordshire Council's priorities and budget for 2016-2020 began on Friday 24 July 2015 and ended on Friday 9 October 2015. This report presents the key points from the analysis of responses received by 14 October. The consultation was publicised on the council's website with the following background documents:

- [Income and savings proposals](#)
- [Council's budget report 6 February 2015](#)

Methodology

The consultation questionnaire was published on the Herefordshire Council website and people were invited to complete it online. A printable version of the questionnaire was made available for the people who would like to download, print and complete. Paper questionnaires were also distributed at the events organised in all market towns to promote the consultation. The consultation was also promoted on social media via the council's Twitter and Facebook.

This report presents the results of the combined online and paper responses to the questionnaire. The sample base is the number of respondents to the question and is the base from which percentages are calculated. The sample base used is specified for each question. Percentages are presented rounded to the nearest whole number in the tables; however the charts are based on unrounded percentages.

Note that if respondents could select more than one answer to a particular question, the percentages may add up to more than 100 per cent.

Where comments have been provided these are listed in full but have been anonymised and corrected for spelling where appropriate.

There were a total of 1,979 responses to the questionnaire, of which 784 were submitted online and 1,195 were completed paper copies.

The consultation also received 30 other responses in the form of 16 letters and 14 emails. Because they didn't answer the standard questions it is not possible to include them in the analysis presented here.

Results

The council's priorities

Q1. How would you choose to rate these priorities in terms of most important and least important? (1 = most important and 3 = least important)

The three priorities that this question asked respondents to rank in order of importance were:

- Enable residents to live safe, healthy and independent lives
- Keep children and young people safe and give them a great start in life
- Support the growth of our economy and the number of people in work

In the final version of the online survey it was only possible for respondents to assign each rank to one option only, but in an earlier version and for people who responded on paper it was possible to assign ranks more than once. 615 respondents – 32 per cent of the total number who responded to this question – assigned at least one rank to more than one option. These responses have an impact on the overall result, because there was a tendency amongst them to say that all three priorities were equally (most) important. Details of how these responses varied from the rest, are given in Appendix A-Q1, but for simplicity and to ensure that all responses are taken into account the analysis below includes all responses to the question.

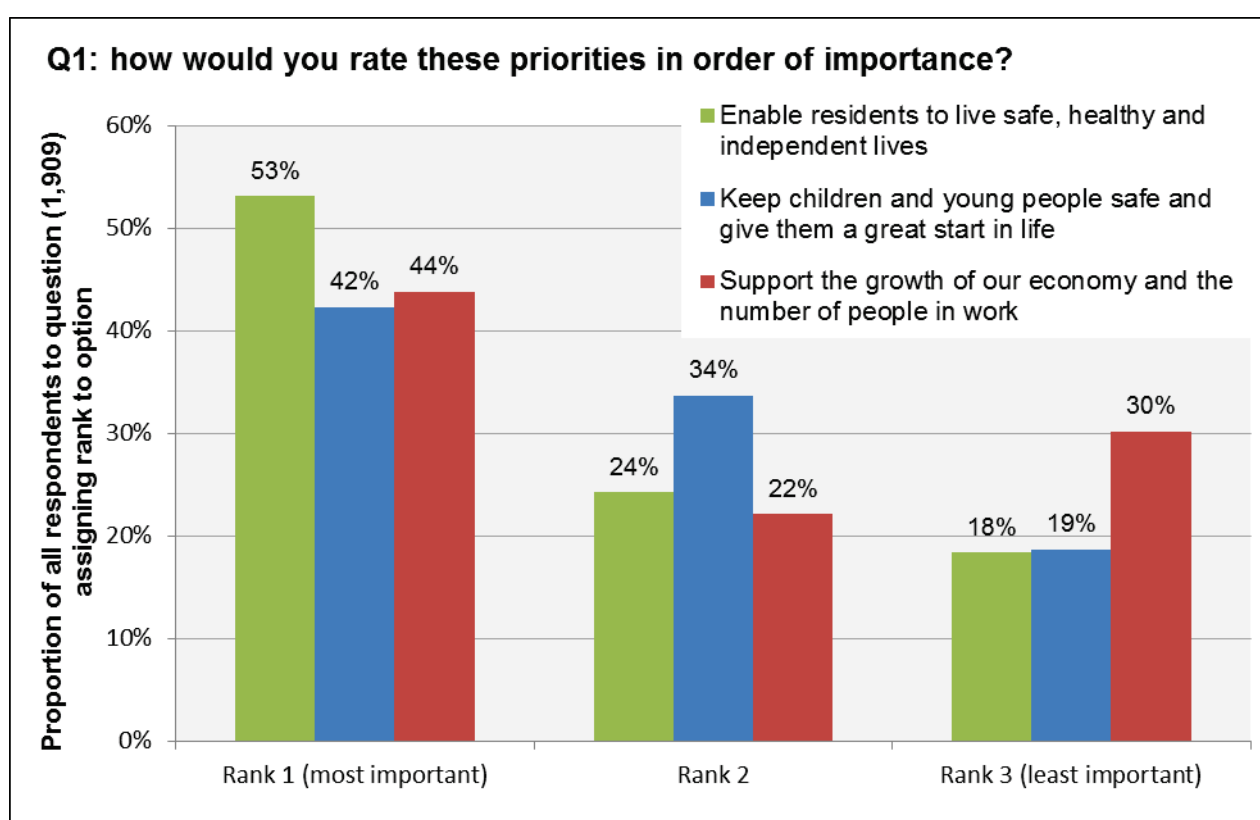
Because of the number of people who said that all priorities were equally important, when combining all 1,909 responses to the question the most common response for each option was 'most important' (see chart 1). However, it is possible to identify a general pattern of order of importance:

- **'Enable residents to live safe, healthy and independent lives' was most important** to more people than either of the other priorities (53 per cent of respondents compared to 44 per cent for the economic priority and 42 for children and young people)
- **'Keep children and young people safe and give them a great start in life' was second most important** to a higher proportion of people than any other (34 per cent), and was given first or second by a similar proportion to enabling residents to live safe, healthy and independent lives (76 per cent compared to 77 per cent)
- **'Support the growth of our economy and the number of people in work' was least important** to more respondents than either of the other priorities (30 per cent compared to 19 per cent for children and young people and 18 per cent for safe, healthy and independent lives)

Table 1: responses to question 1

Priority	Rank	All responses combined (1,909)		
		1	2	3
Enable residents to live safe, healthy and independent lives		53%	24%	18%
Keep children and young people safe and give them a great start in life		42%	34%	19%
Support the growth of our economy and the number of people in work		44%	22%	30%

Chart 1: proportion of respondents to question 1 who assigned each rank to each priority



Q2. Are there any other areas which you think the council should identify as a priority?

If yes, please specify the priorities you believe we should focus on.

Just under three quarters of respondents (72 per cent) thought that there were other areas that the council should identify as a priority, and 1,300 people made a suggestion as to what the other priorities should be. Please note that some respondents who answered 'No' to this question and people who did not answer Q2 also made suggestions.

Table 2: responses to whether council should identify other priorities

	Number of respondents	Per cent of respondents
Yes	1,166	72%
No	452	28%
Total respondents	1,618	100%
Not answered	361	

Chart 2: responses to whether council should identify other priorities

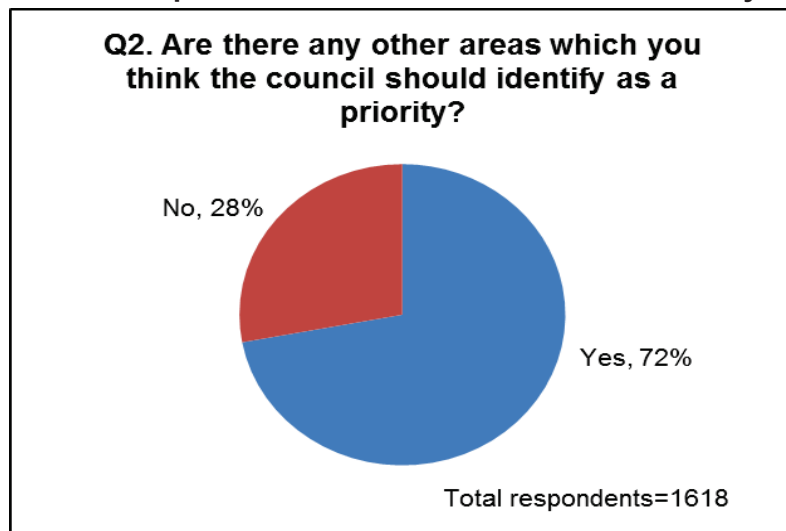


Figure 1: word cloud showing responses to Q2

(size of word relates to the number of times it was mentioned)



The word cloud in figure 1 identifies the words that featured in the 1,300 suggestions. From a more detailed analysis of the comments made to this question, the most frequently quoted priorities were:

1. Libraries, customer services and public toilets

“ Public library services, which under the 1964 Public Libraries Act are a statutory requirement, and provide education, entertainment & improve health, particularly for the young & disadvantaged. ”

2. Public transport including transport subsidies/grants, sustainable transport

“ Retaining public transport - if we don't want more problems associated with isolation in the rural communities in which we live then access to services is key. ”

3. Infrastructure including roads and broadband

“ Maintain the infrastructure of the county such as existing roads, bus travel and public rights of way. They have been neglected by the council yet all provide the services that support the above 3 objectives. ”

The next most common other priorities suggested were:

- support elderly to live an independent & healthy lives including adult social care
- children's wellbeing including education, provision of local school places, school transport
- cutting down council's internal costs e.g. high paid staff; interim consultants; short term funded projects
- focus on climate change / green energy / protect the environment

The council's budget

Q3. How would you choose to prioritise the following areas (see table 3 for full list) in terms of which you would implement first compared to last in order to reduce spending?

This question asked respondents to rank eleven options in order of preference (1 = first and 11 = last). Three of the options related to ways in which the council could generate income and the other eight related to areas of potential savings.

In the final version of the online survey it was only possible to assign each rank to one option only, but in an earlier version and for people who responded on paper it was possible to assign ranks more than once. 664 respondents – 34 per cent of the total number who responded to this question – assigned at least one rank to more than one option. These responses had the potential to skew the overall result, so they were looked at separately to the 'correct' responses. Respondents who used ranks more than once tended to favour either rank 11, i.e. to say that two or more options were their least preferred, or rank 1, i.e. to have joint favourite options: rank 11 was the most popular rank for all options except 'introduce on street car parking charges in Hereford' and 'sell our smallholdings estate' amongst these 664 respondents. For the latter, rank 1 was the most popular.

Details of how these 664 responses varied from the rest are given in Appendix A-Q3, but they did not significantly affect the overall findings. So for simplicity and to ensure that all responses are taken into account the analysis below includes all responses to the question.

To give an overall indication of relative preference between the options, the ranks assigned to each option by each respondent were given a weight (from -5 for least preferred to +5 for most preferred) which were then converted into an overall score out of 100 for each option – see chart 3 on the next page.

There were some clear messages from these scores and the distribution of the ranks (see table 3):

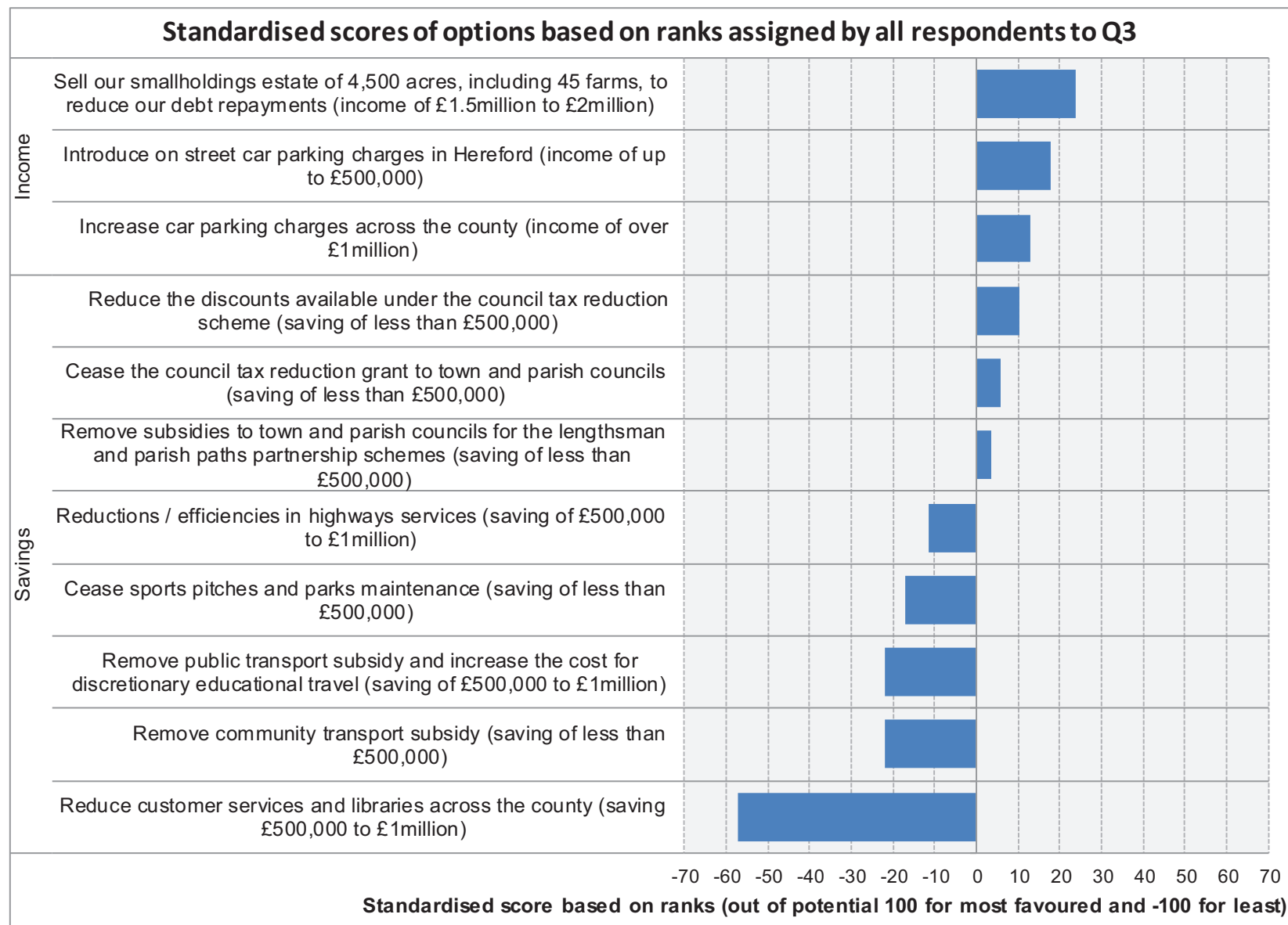
- There was a general preference for those that would generate income:
 - 37 per cent of respondents ranked 'selling our smallholdings estate' as their first or second preference
 - 'Increase car parking charges across the county' received the next highest number of first choices (22 per cent) and was the second choice of a further 10 per cent; but 'introduce on street car parking charges in Hereford' received more first and second choices combined (35 per cent)

- Altogether, these three options were ranked as most preferred by 70 per cent of respondents - and no other option received more first choices than any of them individually.
- There was less preference for the savings options, although a few were preferred over others:
 - 30 per cent of respondents ranked 'reduce the discounts available under the council tax reduction scheme' as either first, second or third preference
 - 'Cease the council tax reduction grant to town and parish councils' was first, second or third preference for 26 per cent; as was 'remove subsidies to town and parish councils for the lengthsman and parish paths partnership scheme' for 23 per cent.
- At the other end of the scale,
 - 'Reductions / efficiencies in highways services' and 'cease sports pitches and parks maintenance' were both the least preferred option of 13 per cent of respondents. In total, just under a third of respondents indicated that each of these options were amongst their three least preferred (ranks 9, 10 or 11).
 - 'Remove public transport subsidy and increase the cost for discretionary educational travel' was the least preferred option for 21 per cent of respondents and was amongst the bottom three options for almost 40 per cent. 'Remove community transport subsidy' was the least preferred for 16 per cent and was amongst the bottom three choices for 36 per cent.
- 'Reduce customer services and libraries across the county' was by far the least preferred option, being ranked as least preferred by over half (52 per cent) of respondents – and second least by a further 10 per cent.

Table 3: percentages of all respondents to question 3 that assigned each rank to each option
 (most common ranks for each option highlighted and notably large proportions in bold)

Proposal		Rank (1=first and 11=last)										
		1	2	3	4	5	6	7	8	9	10	11
Income	Sell our smallholdings estate of 4,500 acres, including 45 farms, to reduce our debt repayments (income of £1.5million to £2million)	31%	7%	10%	5%	6%	6%	4%	4%	5%	4%	13%
	Introduce on street car parking charges in Hereford (income of up to £500,000)	17%	18%	9%	6%	6%	5%	6%	5%	6%	5%	11%
	Increase car parking charges across the county (income of over £1million)	22%	10%	7%	6%	7%	7%	4%	6%	5%	7%	13%
Savings	Reduce the discounts available under the council tax reduction scheme (saving of less than £500,000)	11%	8%	12%	9%	11%	9%	7%	6%	6%	4%	9%
	Cease the council tax reduction grant to town and parish councils (saving of less than £500,000)	8%	8%	10%	10%	11%	11%	7%	7%	6%	6%	9%
	Remove subsidies to town and parish councils for the lengthsman and parish paths partnership schemes (saving of less than £500,000)	9%	7%	8%	10%	11%	11%	8%	8%	7%	5%	9%
	Reductions / efficiencies in highways services (saving of £500,000 to £1million)	5%	5%	7%	9%	9%	11%	8%	9%	10%	7%	13%
	Cease sports pitches and parks maintenance (saving of less than £500,000)	4%	3%	5%	8%	10%	10%	10%	10%	9%	10%	13%
	Remove public transport subsidy and increase the cost for discretionary educational travel (saving of £500,000 to £1million)	5%	5%	6%	8%	8%	8%	6%	9%	9%	10%	21%
	Remove community transport subsidy (saving of less than £500,000)	4%	3%	5%	7%	10%	9%	8%	10%	10%	10%	16%
	Reduce customer services and libraries across the county (saving £500,000 to £1million)	4%	2%	2%	3%	4%	5%	4%	4%	7%	10%	52%

Chart 3: scores of options based on ranks assigned by all respondents to Q3



Town and parish councils, community groups and voluntary organisations

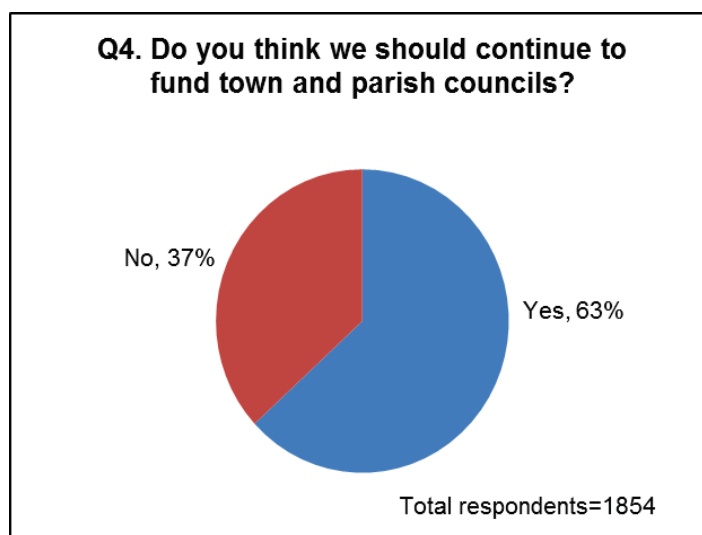
Q4. Do you think we should continue to fund town and parish councils?

Nearly two thirds of respondents (63 per cent) thought that the town and parish councils should continue to be funded by Herefordshire Council.

Table 4: responses to whether council should continue to fund town and parish councils

	Number of respondents	Per cent of respondents
Yes	1,171	63%
No	683	37%
Total respondents	1,854	100%
Not answered	125	

Chart 4: should the council continue to fund town and parish councils?



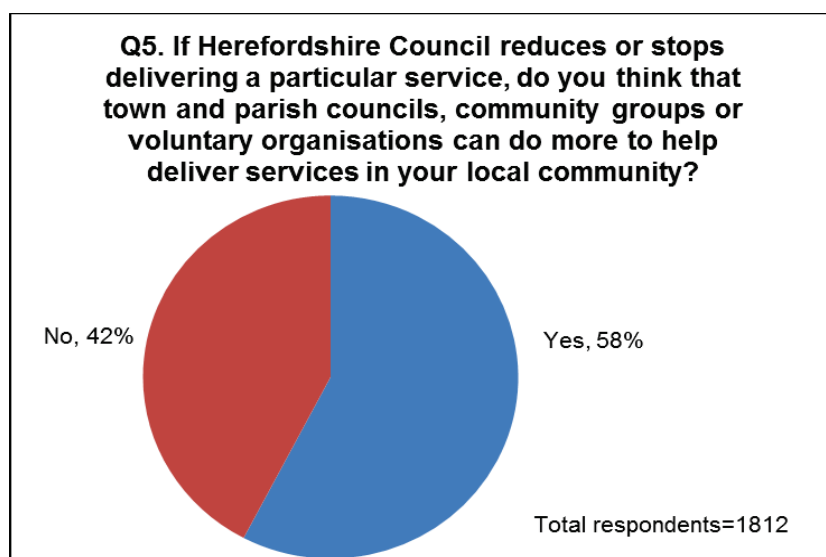
Q5. If Herefordshire Council reduces or stops delivering a particular service, do you think that town and parish councils, community groups or voluntary organisations can do more to help deliver services in your local community? If yes, please specify what services (this could include cutting the grass, maintaining parks or running a community bus service)

Nearly three fifths of respondents (58 per cent) thought that town and parish councils, community groups or voluntary organisations could do more to help deliver services in their local community if Herefordshire Council reduces or stops delivering a particular service.

Table 5: responses to whether town and parish councils, community groups or voluntary organisations could do more to help deliver services

	Number of respondents	Per cent of respondents
Yes	1,045	58%
No	767	42%
Total respondents	1,812	100%
Not answered	167	

Chart 5: do you think town and parish councils, community groups or voluntary organisations can do more to help deliver services?



There were around 1,000 comments made in relation to which services these groups could help with. The most common words are highlighted in the word cloud in figure 2.

Figure 2: word cloud of comments about which services town and parish councils, community groups or voluntary organisations could help to deliver (size of word relates to the number of times it was mentioned)



This question will be fully analysed in a later version of this report, but initial analysis indicated that the most common suggestions were:

- grass cutting
- maintaining parks and open spaces / communal areas / sport pitches,
- running a community bus service / car sharing
- helping in the community libraries and museums
- litter collection/street cleaning
- maintaining minor roads and footpaths

Some respondents expressed concerns about delegating the services to parish or town councils, community groups or voluntary organisations:

“ Possibly, but they would need support, which may negate any savings. Many services are already supported by an ageing group of voluntary workers and there is a limit to what local organisations and voluntary groups can do with very little funding.

“ There is a safety issue to consider but I believe all rural roads need to be adopted by the parish. I also feel that we could do a better job of filling in potholes! This would save one person marking the pothole and a second gang filling. The marked potholes often do not get filled and 'the marker' has to repeat the process. Otherwise summed up above - grass cutting, maintaining parks, sports grounds, community bus, litter picking, cleaning road signs.

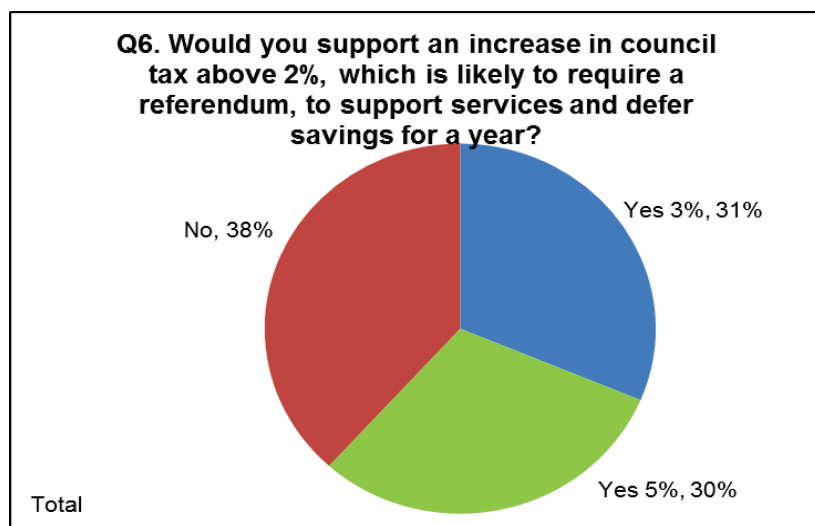
Q6. Would you support an increase in council tax above 2 per cent, which is likely to require a referendum, to support services and defer savings for a year?

Just over three fifths of respondents (62 per cent) would support an increase in council tax above 2 per cent (31 per cent by 3 per cent and 30 per cent by 5 per cent).

Table 6: responses to whether council tax should be increased by more than 2 per cent

	Number of respondents	Per cent of respondents
Yes, by 5%	574	30%
Yes, by 3%	591	31%
No	723	38%
Total respondents	1888	100%
Not answered	91	

Chart 6: would you support an increase in council tax?



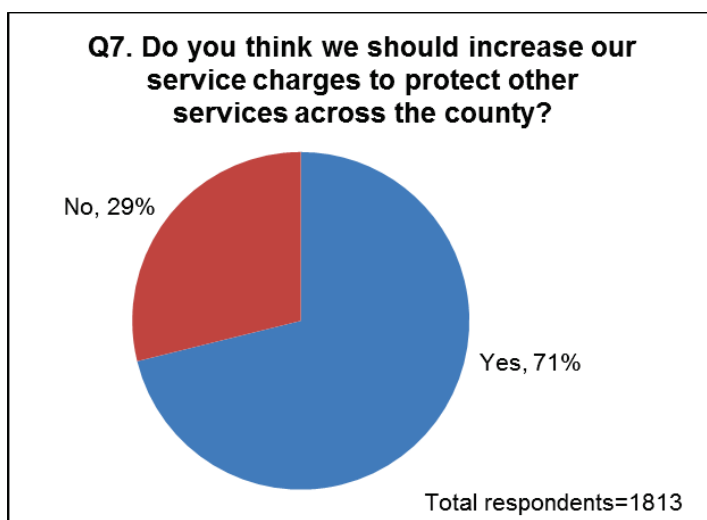
Q7. Do you think we should increase our service charges to protect other services across the county?

Just over seven in ten respondents (71 per cent) thought that Herefordshire Council should increase service charges to protect other services across the county.

Table 7: responses to whether service charges should be increased to protect other services

	Number of respondents	Per cent of respondents
Yes	1,290	71%
No	523	29%
Total respondents	1,813	100%
Not answered	166	

Chart 7: increase service charges to protect other services?



Council tax and service charges (Q6 and Q7)

Of the 1,787 respondents who answered both questions (Q6 and Q7), nearly a fifth (19 per cent) would not support an increase in either council tax or service charges.

Just over half of these respondents (52 per cent) would support both an increase in council tax (either by 3 per cent or 5 per cent) and increases in service charges.

Ten per cent of respondents would support an increase in council tax either by 3 per cent or 5 per cent but did not think the council should increase service charges. Twice as many (19 per cent) would not support an increase in council tax but did think the council should increase service charges.

Table 8: comparison of responses to questions 6 and 7

		Q6. Would you support an increase in council tax above 2%, which is likely to require a referendum, to support services and defer savings for a year?		
Total respondents	1,787	No	Yes, by 3%	Yes, by 5%
Q7. Do you think we should increase our service charges to protect other services across the county?	No	334 (19%)	108 (6%)	74 (4%)
	Yes	345 (19%)	460 (26%)	466 (26%)

Q8. Do you have any other comments you would like to make on our priorities, budget or income and savings proposals?

This question will be fully analysed in a later version of this report, but initial analysis indicated that frequently cited comments were about:

- reviewing car parking charges to support local businesses and introducing other incentives (park and ride)
- investing in public transport especially to support rural communities
- reducing high executive salaries and the number of managers in the council to release more money
- requests to keep the local libraries open and review how it should be managed and staffed.

The following word cloud highlights the most common words that featured in the general comments.

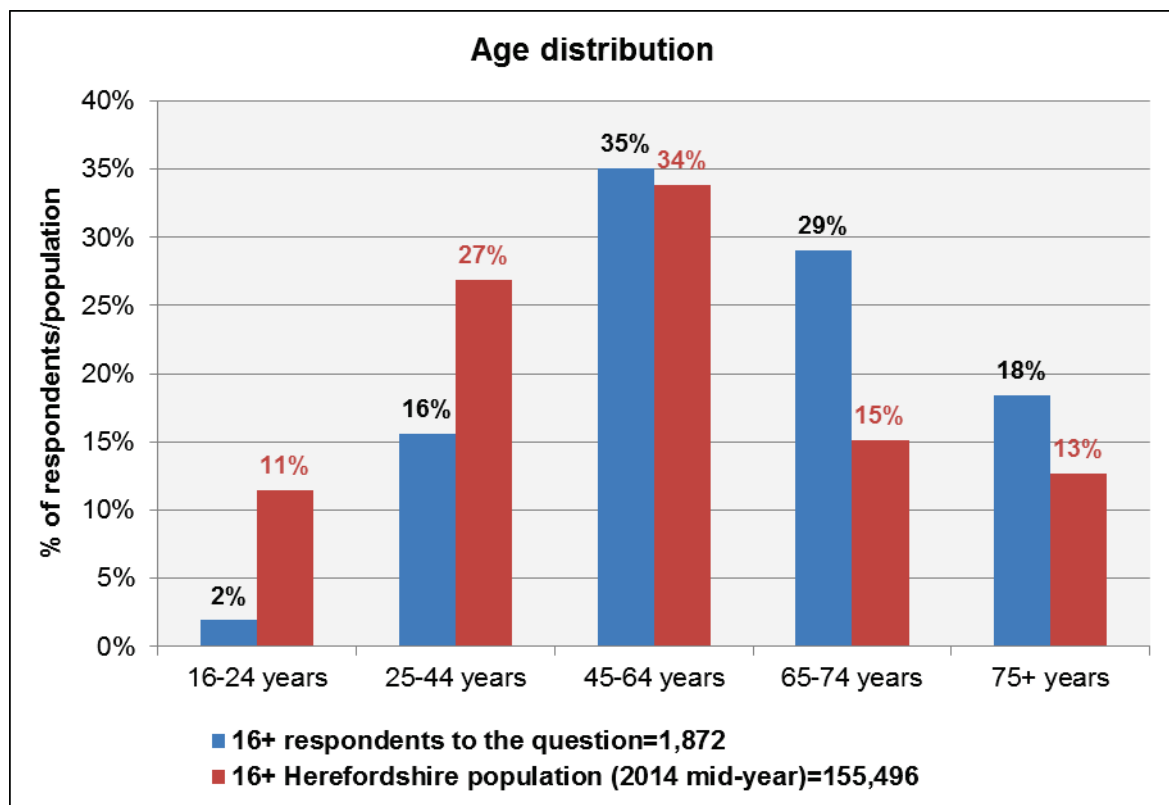
Figure 3: word clouds of comments made as any other comments on our priorities, budget or income and savings proposals



About the respondents

- One per cent of respondents represented an organisation or a group while 99 per cent were individuals.
- 54 per cent of respondents to the survey were males and 46 per cent were females.
- 47 per cent were aged 65 years or over, 35 per cent were aged 45-64 years and 18 per cent were 24 years or younger. It is clear from chart 8 that people aged 45 years and over are over represented in the consultation.

Chart 8: age distribution of survey respondents and Herefordshire population



- Nearly a fifth of respondents' day-to-day activities were limited a little or limited a lot because of a health problem or disability which has lasted, or is expected to last, at least 12 month.
- The large majority (97 per cent) of respondents identified themselves as English, Scottish, Welsh or British; three per cent identified themselves as Irish or another national identity.
- All of the 93 per cent of respondents who answered the question about their ethnicity identified themselves as 'White' (97 per cent) or 'other White' (three per cent). This is quite different to the adult population of the county according to the 2011 Census: five per cent were 'other white' and two per cent were 'non-white'.
- One in ten respondents felt that they had been treated differently (positively or negatively) because of who they are.

Appendix A-Q1: Detailed analysis of responses to question 1

This section compares the responses of those who assigned ranks to more than one priority in question 1 to those who didn't. It is necessary to do this because different versions of the questionnaire allowed for different interpretations of the question. As mentioned on page 5, amongst the 615 **respondents who assigned tied ranks**, there was a tendency to say that all three options were equally (most) important: 80 per cent of respondents assigned rank 1 to the first option (enable residents to live safe, healthy and independent lives); 73 did to the second (keep children and young people safe and give them a great start in life) and a further 73 to the third option (support the growth of our economy and the number of people in work). Only five to seven per cent of these respondents assigned rank 3 (least important) to any of the options.

There was a clearer order of priorities from the 1,295 **respondents who assigned only one option to each rank**:

- 40 per cent felt that 'enable residents to live safe, healthy and independent lives' was most important
- 41 per cent felt that 'keep children and young people safe and give them a great start in life' was second most important
- 42 per cent felt that 'support the growth of our economy and the number of people in work' was least important

Table 9: responses to question 1 as a proportion of the 615 respondents who assigned at least one rank to more than one option and as a proportion of the 1,295 respondents who assigned one rank for each option

Priority	Respondents who assigned tied ranks (615)			Respondents who assigned one option to one rank (1,295)		
	Rank 1	Rank 2	Rank 3	Rank 1	Rank 2	Rank 3
Enable residents to live safe, healthy and independent lives	80%	14%	5%	40%	29%	25%
Keep children and young people safe and give them a great start in life	73%	18%	7%	28%	41%	24%
Support the growth of our economy and the number of people in work	73%	21%	5%	30%	22%	42%

Appendix A-Q3: Detailed analysis of responses to question 3

This section compares the responses of those who assigned ranks to more than one proposal in question 3 to those who didn't. It is necessary to do this because different versions of the questionnaire allowed for different interpretations of the question. As described on page 10, a third of respondents to question 3 assigned at least one rank to more than one option. These respondents tended to favour either rank 11, i.e. to say that two or more options were their least preferred, or rank 1, i.e. to have joint favourite options. As the highlighted cells in table 9 show, rank 11 was the most popular for all options except 'introduce on street car parking charges in Hereford' and 'sell our smallholdings estate' amongst these 664 respondents. For the latter, rank 1 was the most popular by a small minority.

Table 10: responses to question 3 as a proportion of the 664 respondents who assigned at least one rank to more than one option
(most common ranks for each option highlighted and notable proportion in bold)

Per cent of respondents assigning each rank to each proposal		Rank (1=first and 11=last)										
		1	2	3	4	5	6	7	8	9	10	11
Income	Sell our smallholdings estate of 4,500 acres, including 45 farms, to reduce our debt repayments	28%	5%	7%	6%	6%	5%	2%	3%	6%	3%	27%
	Increase car parking charges across the county	24%	4%	4%	5%	10%	7%	3%	6%	4%	3%	26%
	Introduce on street car parking charges in Hereford	25%	6%	7%	4%	9%	8%	3%	4%	3%	3%	24%
Savings	Reduce the discounts available under the council tax reduction scheme	18%	4%	9%	5%	9%	10%	4%	3%	5%	5%	21%
	Cease the council tax reduction grant to town and parish councils	14%	4%	6%	8%	10%	11%	5%	5%	5%	5%	20%
	Remove subsidies to town and parish councils for the lengthsman and parish paths partnership schemes	16%	4%	7%	6%	9%	10%	6%	7%	6%	5%	22%
	Reductions / efficiencies in highways services	9%	4%	5%	7%	12%	11%	6%	6%	6%	5%	23%
	Cease sports pitches and parks maintenance	9%	4%	5%	7%	9%	9%	5%	6%	7%	8%	29%
	Remove public transport subsidy and increase the cost for discretionary educational travel	9%	3%	5%	5%	9%	8%	3%	6%	7%	6%	36%
	Remove community transport subsidy	8%	3%	3%	6%	9%	8%	4%	6%	6%	7%	36%
	Reduce customer services and libraries across the county	6%	2%	1%	2%	5%	3%	1%	2%	5%	5%	66%

There were 1,204 respondents who assigned one rank for each option. According to them, there was a clear order of preference for 'selling our smallholdings estates', 'introduce on street car parking charges in Hereford' and 'increase car parking charges across the county' as rank 1, 2 and 3 respectively. 'Reduce customer services and libraries across the county' was the least preferred choice (rank 11) for a large majority.

Table 11: responses to question 3 as a proportion of the 1204 respondents who assigned one rank for each option
(most common ranks for each option highlighted and notable proportion in bold)

Per cent of respondents assigning tied ranks to each proposal		Rank (1=first and 11=last)										
		1	2	3	4	5	6	7	8	9	10	11
Income	Sell our smallholdings estate of 4,500 acres, including 45 farms, to reduce our debt repayments (income of £1.5million to £2million)	32%	8%	12%	5%	5%	6%	5%	5%	4%	4%	6%
	Introduce on street car parking charges in Hereford (income of up to £500,000)	12%	24%	9%	7%	5%	4%	7%	6%	8%	7%	3%
	Increase car parking charges across the county (income of over £1million)	21%	13%	8%	6%	6%	7%	5%	5%	5%	10%	6%
Savings	Reduce the discounts available under the council tax reduction scheme (saving of less than £500,000)	7%	10%	13%	12%	12%	8%	9%	7%	7%	4%	2%
	Cease the council tax reduction grant to town and parish councils (saving of less than £500,000)	5%	10%	12%	12%	11%	11%	8%	8%	7%	6%	2%
	Remove subsidies to town and parish councils for the lengthsman and parish paths partnership schemes (saving of less than £500,000)	5%	8%	9%	12%	13%	12%	10%	9%	8%	4%	1%
	Reductions / efficiencies in highways services (saving of £500,000 to £1million)	3%	5%	8%	10%	7%	10%	9%	10%	12%	8%	8%
	Cease sports pitches and parks maintenance (saving of less than £500,000)	1%	3%	5%	9%	11%	11%	13%	12%	10%	11%	4%
	Remove community transport subsidy (saving of less than £500,000)	1%	3%	6%	7%	12%	10%	11%	12%	12%	12%	5%
	Remove public transport subsidy and increase the cost for discretionary educational travel (saving of £500,000 to £1million)	2%	5%	7%	9%	7%	8%	7%	11%	10%	12%	12%
	Reduce customer services and libraries across the county (saving £500,000 to £1million)	4%	2%	2%	3%	4%	5%	6%	5%	8%	13%	44%

Appendix B: The questionnaire

Priorities and budget consultation 2016-2020

Consultation questions

The council's priorities

The council, as with any other organisation, works towards an agreed set of priorities which have been identified through in depth research, including public consultation, to ensure we are providing the services required to the residents who need them.

Despite the financial challenges we face, we remain committed to efficiently maximising the use of scarce resources in order to secure better services, quality of life and value for money whilst complying with our legal duties and corporate priorities.

The council needs to refresh its priorities for 2016 - 2020, to form the basis for our corporate plan, and after listening to what you've told us and analysing the available research in the 2014 [Understanding Herefordshire report \(https://factsandfigures.herefordshire.gov.uk/Understanding-Herefordshire\)](https://factsandfigures.herefordshire.gov.uk/Understanding-Herefordshire), we propose to focus our resources so we enable residents to live safe, healthy and independent lives; keep children and young people safe and give them a great start in life and support the growth of our economy and the number of people in work.

1. How would you choose to rate these priorities in terms of most important and least important? (1 = most important and 3 = least important)

	1	2	3
Enable residents to live safe, healthy and independent lives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Keep children and young people safe and give them a great start in life	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Support the growth of our economy and the number of people in work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Are there any other areas which you think the council should identify as a priority?

☐ Yes

☐ No

If yes, please specify the priorities you believe we should focus on:

The council's budget

In order to meet our priorities, we allocate our annual budget accordingly and consult on it every year.

The council's budget for 2015/16 is just under £142million and we have had to take challenging decisions to make savings of £10million to remain within budget. For 2016/17 our budget will be £138million and a combination of reduced funding from central government (£7million) and increased demand on priority services (£4million), means that after taking into account any increased income from council tax and business rates, we will need to find further savings of £11million. From now until 2020, the council will need to have saved a total of £42million.

Increasing efficiency

The majority of our planned savings will be made from improving the efficiency of the organisation, including reducing management and staffing numbers and the reliance on agency staff; reducing our spend on external contracts; implementing better IT systems and reducing the number of buildings we occupy. We will also be investing in preventative strategies and working with public health to improve people's health and wellbeing, which in turn will reduce the demand for services and save money.

The efficiencies alone will not deliver all of the savings required, so we will need to consider increasing income or reducing service levels.

Where can we increase income or make savings?

We have identified a range of areas where we may be able to increase income or make savings. These proposals are needed in order to balance our budget and allow more funding to be available to spend on priority areas, especially those which are experiencing a significant increase in demand from residents such as adult social care.

3. How would you choose to prioritise the following areas* in terms of which you would implement first compared to last in order to reduce spending? (1 = first and 11 = last)

* Please note that there is additional information available for each area; simply read our [income and savings proposals \(www.herefordshire.gov.uk/budgetconsultation2016\)](http://www.herefordshire.gov.uk/budgetconsultation2016) for further details.

Income and savings

	1	2	3	4	5	6	7	8	9	10	11
Increase car parking charges across the county (income of over £1million)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Introduce on street car parking charges in Hereford (income of up to £500,000)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sell our smallholdings estate of 4,500 acres, including 45 farms, to reduce our debt repayments (income of £1.5million to £2million)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Remove public transport subsidy and increase the cost for discretionary educational travel (saving of £500,000 to £1million)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Remove community transport subsidy (saving of less than £500,000)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reductions / efficiencies in highways services (saving of £500,000 to £1million)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cease sports pitches and parks maintenance (saving of less than £500,000)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Remove subsidies to town and parish councils for the lengthsman and parish paths partnership schemes (saving of less than £500,000)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce the discounts available under the council tax reduction scheme (saving of less than £500,000)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cease the council tax reduction grant to town and parish councils (saving of less than £500,000)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce customer services and libraries across the county (saving of £500,000 to £1million)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Town and parish councils, community groups and voluntary organisations

Herefordshire Council is looking to town and parish councils, community groups and voluntary organisations to, where possible, help deliver services in their local communities.

We currently provide funding to the 133 town and parish councils across Herefordshire through the council tax reduction grant. If we removed this funding, we'd save £289,000 a year.

4. Do you think we should continue to fund town and parish councils?

☐ Yes

☐ No

5. If Herefordshire Council reduces or stops delivering a particular service, do you think that town and parish councils, community groups or voluntary organisations can do more to help deliver services in your local community?

☐ Yes

☐ No

If yes, please specify what services (this could include cutting the grass, maintaining parks or running a community bus service):

How can we generate income?

The council could generate income from a number of areas to help balance the budget and protect services. It is therefore incredibly important that you give us your views on this section, so we can best decide how to proceed in future years.

Council tax

We could generate additional funding, which could be used to protect services, if we raised council tax above the current level. In 2016/17, it is proposed to raise council tax by 1.9%, however if we wanted to raise it above the 2% level, it is likely that we would be required to hold a countywide referendum (which would cost approximately £300,000), where we ask residents to say if they're for or against the proposal.

What this would mean for you

If the proposed 1.9% council tax increase is agreed by full Council in February 2016, this would mean an average increase to each household of 50p a week, which would generate additional income of approximately £1.5million.

Alternatively, we could raise council tax by 3% or 5%, which would mean...

	Additional weekly increase	Additional income generated
3%	25p	£1million*
5%	70p	£2.5 million

*This would provide sufficient funding to allow us to defer the savings proposals identified in question three for a year.

6. **Would you support an increase in council tax above 2%, which is likely to require a referendum, to support services and defer savings for a year?**

☐ Yes 3% ☐ Yes 5% ☐ No

Increase charges

There are a number of council services which are chargeable and provide an income, such as car parking, planning, licensing and burial services, which could be increased to protect other services. For example, if we increased charges it could help to protect transport or library services.

7. **Do you think we should increase our service charges to protect other services across the county?**

☐ Yes ☐ No

8. **Do you have any other comments you would like to make on our priorities, budget or income and savings proposals? Please state below:**

Are you responding on behalf of an organisation or group, or as an individual?

☐ Organisation or group ☐ Individual

If you are responding on behalf of an organisation or group please tell us the name of the organisation/group:

If you are responding as an individual please answer the following questions about yourself. This will help us to better understand how views may differ between different people across the county.

About you

This information helps us to ensure that our services are accessible to all. It will only be used for the purpose of statistical monitoring, treated as confidential and not used to identify you.

What is your gender?

☐ Male

☐ Female

What is your age band:

☐ 0-15 years

☐ 25-44 years

☐ 65-74 years

☐ 16-24 years

☐ 45-64 years

☐ 75+ years

Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?

☐ Yes - limited a little

☐ Yes - limited a lot

☐ No

If yes, please specify any particular requirements when using this service:

How would you describe your national identity? (Tick as many as apply)

☐ English

☐ Welsh

☐ Other (please specify)

☐ Scottish

☐ Northern Irish

☐ British

☐ Irish

Other (please specify):

How would you describe your ethnic group? (Please tick one box only)

☐ White British/English/Welsh/Scottish/Northern Irish

☐ Other White (please specify)

☐ Any other ethnic group (please specify)

Other White (please specify)

Any other ethnic group (please specify)

Do you feel that you were treated differently (positively or negatively) because of who you are? (e.g. your age, gender, disability or ethnicity)

☐ Yes

☐ No

If yes, please specify:

Thank you for completing the questionnaire

Please send your completed questionnaire to:
Herefordshire Council Research Team, Freepost SWC4816, PO Box 4,
Hereford, HR4 0BR



MEETING:	Cabinet
MEETING DATE:	3 December 2015
TITLE OF REPORT:	Local council tax support effect on parish precepts
REPORT BY:	Director of resources

Classification

Open

Key Decision

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

NOTICE has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Wards Affected

County-wide

Purpose

To recommend to Council the future approach to distribution of the council tax reduction scheme grant funding.

Recommendation(s)

THAT: the following be recommended to Council:

- (a) the council tax reduction scheme funding passed to parish councils is withdrawn in 2016/17; and
- (b) for five parishes: Bromyard and Winslow Town; Kentchurch; Kington Town; Ledbury Town; and Leominster Town councils, where the impact of withdrawal would result in an increase in the annual council tax charge of 0.4% or more in any one year the withdrawal be phased over a period of up to three years.

Further information on the subject of this report is available from
Josie Rushgrove, head of corporate finance on tel (01432) 261867

Alternative Options

- 1 The £289k continues to be passed onto parishes despite this funding no longer being identifiable in overall government funding. This would require alternative compensatory savings to be identified.
- 2 The reduction is phased over four years. Given the basis on which the grant funding is applied the impact of withdrawal on most parish council taxpayers is minimal, such that phasing would be unnecessary. However where the impact of withdrawal would increase the council tax bill by 0.4% or more in any one year phasing is proposed.

Reasons for Recommendations

- 3 It is recommended that the council tax support scheme grant funding currently distributed to parish councils is reduced in recognition of reduced grant funding received. The withdrawal is restricted to a maximum 0.4% overall annual council tax increase, phasing the removal for some parish councils over two or three years.

Key Considerations

- 4 The grant funding reduction does not impact on parish council precept setting. Precepts are to be set and paid in the usual way. The grant reduction will automatically be reflected in the overall precept included in resident's council tax bills.
- 5 The phased removal of funding will result in an average increase to band D tax payers of £3.63 per annum, a 0.3% increase in their annual bill in 2016/17.
- 6 The government's council tax benefit scheme was abolished from 1 April 2013 and replaced by the locally controlled (Herefordshire) council tax reduction scheme. This resulted in a reduction in the council tax base on which Band D council tax is calculated and collected.
- 7 The reduction in the tax base means a fall in council tax receipts. This reduction was largely, but not entirely, funded through the rates retention scheme where councils receive central government support. The funding received was initially 10% less than would have been received under the previous council tax benefit system.
- 8 For 2013/14 the government estimated £289k of the additional funding included in the rates retention scheme for 2013/14 related to parish councils. Whilst there was no legislative duty to pass on this funding, the council passed this grant onto parishes in 2013/14, 2014/15 and 2015/16. The actual grant funding received was rolled into the council's annual financial settlement and whilst this overall funding was reduced by central government Herefordshire Council maintained the same level of funding to parish councils. The funding was allocated to individual parish councils based on the number of dwellings that were previously in receipt of council tax benefit.
- 9 The council annual financial settlement has reduced by 35% from 2013/14 to 2015/16 and is expected to be withdrawn entirely from 2019/20. It is therefore proposed that the current level of parish council grant funding will be withdrawn in 2016/17 unless in doing so the annual tax payer charge would increase by more than 0.4%. Where the

Further information on the subject of this report is available from
Josie Rushgrove, head of corporate finance on tel (01432) 261867

removal in a parish council would result in an annual tax payer increase of more than 0.4% the removal will be phased. The five parish councils affected by this cap are:

- Bromyard and Winslow Town Council
- Kentchurch Parish Council
- Kington Town Council
- Ledbury Town Council
- Leominster Town Council

- 10 Appendix 1 details the grant allocations and the impact of the reduction on individual parish council's and the tax payer.

Community Impact

- 11 The recommendation supports the objectives within the corporate plan namely to manage our finances effectively to secure value for money and deliver a balanced budget and to be transparent about our resources.

Equality and Human Rights

- 12 The grant supports individuals affected by the local council tax reduction scheme. By reducing the grant element the precept payable by individuals not in receipt of council tax reduction will increase but the impact is negligible at an average increased tax payer cost of £3.63 per annum for band D properties.

Financial Implications

- 13 The council has included the £289k reduction in the grant paid as shown in appendix 1 in its required budget savings. If reductions were not made replacement savings would be required.

Legal Implications

- 14 Since 1 April 2013 local authorities in England have been responsible for administering their own Council Tax Reduction Schemes. Although previously provided there is no requirement under the Local Government Finance Act 2012 to provide funding to parish councils.

Risk Management

- 15 There is minimum risk identified. Parish councils will continue to set their required precept and this will continue to be charged to tax payers however the element of precept requirement funded by grant will be removed or reduced.

Consultees

- 16 Reduction proposals were included in the public budget consultation and all parish councils were consulted with as part of that process. The public budget consultation results are attached at appendix two. Of the 1,979 responses ceasing the council tax support grant was first, second or third preference for 26 per cent.

Appendices

Appendix one - Parish precept impact

Appendix two – budget consultation responses

Background Papers

- None identified.

Parish precept impact

Parish	2015/16 Parish Precept Basic Tax Rate (Band D)	2015/16 total Council tax demand including all precepts	Government grant distributed 2015/16	% of precept	Indicative Grant Reduction 2016/17	Indicative Grant Reduction 2017/18	Indicative Grant Reduction 2018/19	2016/17 band D increase
	£	£	£	%	£	£	£	£
Abbeydore & Bacton Group Parish Council	44.24	1,581.74	301	4.4%	301	-	-	1.93
Aconbury Parish Meeting	3.36	1,540.86	6	5.0%	6	-	-	0.17
Acton Beauchamp Group Parish Council	22.45	1,559.95	78	2.0%	78	-	-	0.45
Allensmore Parish Council	17.82	1,555.32	69	1.6%	69	-	-	0.28
Almeley Parish Council	30.29	1,567.79	273	3.5%	273	-	-	1.06
Ashperton Parish Council	50.06	1,587.56	112	1.9%	112	-	-	0.95
Aston Ingham Parish Council	18.78	1,556.28	64	1.7%	64	-	-	0.32
Avenbury Parish Council	34.44	1,571.94	131	3.4%	131	-	-	1.17
Aymestrey Parish Council	28.32	1,565.82	185	4.1%	185	-	-	1.17
Ballingham, Bolstone & Hentland Group Parish Council	20.61	1,558.11	130	2.2%	130	-	-	0.46
Bartestree & Lugwardine Group Parish Council	34.03	1,571.53	793	2.9%	793	-	-	0.97
Belmont Rural Parish Council	34.79	1,572.29	3,096	6.6%	3,096	-	-	2.30
Birley with Upper Hill Parish Council	16.72	1,554.22	96	4.5%	96	-	-	0.75
Bishop's Frome Parish Council	86.86	1,624.36	1,807	6.6%	1,807	-	-	5.77
Bishopstone Group Parish Council	27.15	1,564.65	223	4.2%	223	-	-	1.15
Bodenham Parish Council	24.50	1,562.00	443	4.0%	443	-	-	0.98
Border Group Parish Council	23.82	1,561.32	479	6.8%	479	-	-	1.62
Bosbury and Coddington Parish Council	25.76	1,563.26	834	9.1%	834	-	-	2.34
Brampton Abbots & Foy Group Parish Council	13.56	1,551.06	75	2.6%	75	-	-	0.35
Bredenbury & District Group Parish Council	31.29	1,568.79	367	7.4%	367	-	-	2.30
Breinton Parish Council	26.20	1,563.70	315	3.1%	315	-	-	0.80
Bridstow Parish Council	15.82	1,553.32	252	4.0%	252	-	-	0.64
Brilley Parish Council	75.06	1,612.56	309	3.6%	309	-	-	2.67
Brimfield and Little Hereford Group Parish Council	21.31	1,558.81	552	5.3%	552	-	-	1.13
Brockhampton with Much Fawley Parish Council	38.74	1,576.24	72	2.0%	72	-	-	0.79
Brockhampton Group Parish Council	19.34	1,556.84	486	7.5%	486	-	-	1.44
Bromyard & Winslow Town Council	127.48	1,664.98	26,199	15.4%	8,887	9,687	7,625	6.66
Burghill Parish Council	22.17	1,559.67	658	4.3%	658	-	-	0.96
Callow & Haywood Group Parish Council	26.37	1,563.87	274	5.0%	274	-	-	1.33
Cleghonger Parish Council	27.48	1,564.98	1,280	9.9%	1,280	-	-	2.72
Clifford Parish Council	14.99	1,552.49	172	4.5%	172	-	-	0.67
Colwall Parish Council	64.04	1,630.72	4,251	5.9%	4,251	-	-	3.79
Malvern Hills Conservators (Colwall Parish Council)	29.18	1,630.72	2,474	3.3%	2,474	-	-	2.21
Cradley Parish Council	33.42	1,570.92	1,126	9.6%	1,126	-	-	1.45
Credenhill Parish Council	27.40	1,564.90	1,381	6.6%	1,381	-	-	2.21
Cusop Parish Council	46.06	1,583.56	549	17.4%	549	-	-	3.18
Dilwyn Parish Council	36.97	1,574.47	668	5.0%	668	-	-	2.27
Dinedor Parish Council	91.42	1,628.92	289	5.8%	289	-	-	2.31
Dinmore Parish Meeting	-	1,537.50	-	0.0%	-	-	-	-
Dormington & Mordiford Group Parish Council	70.61	1,608.11	704	3.2%	704	-	-	2.29
Dorstone Parish Council	21.27	1,558.77	104	2.8%	104	-	-	0.60
Eardisland Parish Council	83.65	1,621.15	975	5.3%	975	-	-	4.46
Eardisley Group Parish Council	17.27	1,554.77	524	6.2%	524	-	-	1.07
Eastnor & Donnington Parish Council	25.82	1,563.32	151	4.1%	151	-	-	1.07
Eaton Bishop Parish Council	35.74	1,573.24	218	3.2%	218	-	-	1.15
Ewyas Harold Group Parish Council	63.92	1,601.42	1,163	4.3%	1,163	-	-	2.72
Fownhope Parish Council	49.96	1,587.46	1,325	6.4%	1,325	-	-	3.20
Foxley Group Parish Council	14.51	1,552.01	131	5.5%	131	-	-	0.80
Garway Parish Council	60.72	1,598.22	556	5.6%	556	-	-	3.37
Goodrich & Welsh Bicknor Group Parish Council	24.04	1,561.54	257	4.1%	257	-	-	0.99
Hampton Bishop Parish Council	48.93	1,586.43	190	1.9%	190	-	-	0.95
Hampton Charles Parish Meeting	-	1,537.50	-	0.0%	-	-	-	-
Hatfield and District Group Parish Council	37.03	1,574.53	95	1.2%	95	-	-	0.45
Hereford City Council	47.32	1,584.82	92,169	12.6%	92,169	-	-	5.96
Holme Lacy Parish Council	81.67	1,619.17	1,065	7.1%	1,065	-	-	5.82
Holmer & Shelwick Parish Council	12.14	1,549.64	323	3.7%	323	-	-	0.44
Hope Mansell Parish Council	19.28	1,556.78	40	1.6%	40	-	-	0.30
Hope under Dinmore Group Parish Council	23.64	1,561.14	416	11.9%	416	-	-	2.82
How Caple, Sollershope & Yatton Group Parish Council	30.65	1,568.15	192	4.0%	192	-	-	1.22
Humber, Ford & Stoke Prior Group Parish Council	22.17	1,559.67	172	2.7%	172	-	-	0.60
Huntington Parish Council	16.28	1,553.78	30	4.2%	30	-	-	0.68
Kentchurch Parish Council	66.14	1,603.64	891	13.5%	641	250	-	6.41
Kilpeck Group Parish Council	51.22	1,588.72	683	6.8%	683	-	-	3.48
Kimbolton Parish Council	30.96	1,568.46	452	7.5%	452	-	-	2.31
Kings Caple Parish Council	44.03	1,581.53	401	6.4%	401	-	-	2.81
Kingsland Parish Council	42.97	1,580.47	574	3.0%	574	-	-	1.27
Kingstone & Thruxton Group Parish Council	23.35	1,560.85	1,110	12.5%	1,110	-	-	2.92
Kington Rural and Lower Harpton Group Parish Council	21.44	1,558.94	305	6.2%	305	-	-	1.34
Kington Town Council	74.61	1,612.11	11,730	18.5%	5,469	5,573	689	6.45

Kinnersley and District Group Parish Council	13.85	1,551.35	169	5.1%	169	-	-	0.70
Lea Parish Council	41.03	1,578.53	1,351	14.2%	1,351	-	-	5.84
Ledbury Town Council	81.39	1,618.89	25,220	9.3%	21,623	3,597	-	6.48
Leintwardine Group Parish Council	37.21	1,574.71	1,136	6.9%	1,136	-	-	2.58
Leominster Town Council	79.34	1,616.84	40,477	14.7%	22,484	17,993	-	6.47
Linton Parish Council	12.44	1,549.94	229	4.0%	229	-	-	0.49
Little Birch Parish Council	27.42	1,564.92	56	2.1%	56	-	-	0.58
Little Dewchurch Parish Council	47.68	1,585.18	607	7.1%	607	-	-	3.38
Llangarron Parish Council	13.50	1,551.00	113	1.8%	113	-	-	0.24
Llanwarne & District Group Parish Council	25.65	1,563.15	106	1.5%	106	-	-	0.39
Longtown Group Parish Council	12.93	1,550.43	145	2.7%	145	-	-	0.35
Lower Bullingham Parish Council	20.18	1,557.68	1,520	12.6%	1,520	-	-	2.55
Luston Group Parish Council	37.17	1,574.67	315	2.3%	315	-	-	0.86
Lyonsall Parish Council	69.46	1,606.96	604	3.1%	604	-	-	2.16
Madley Parish Council	41.24	1,578.74	873	5.3%	873	-	-	2.17
Marden Parish Council	36.88	1,574.38	1,090	5.6%	1,090	-	-	2.06
Marstow Parish Council	41.51	1,579.01	316	4.7%	316	-	-	1.96
Mathon Parish Council	40.78	1,607.10	69	1.0%	69	-	-	0.43
Malvern Hills Conservators (Mathon)	28.82	1,607.10	48	1.0%	48	-	-	0.30
Middleton-on-the-Hill and Leysters Group Parish Council	21.11	1,558.61	156	4.3%	156	-	-	0.92
Monkland and Stretford Parish Council	51.41	1,588.91	96	2.2%	96	-	-	1.15
Moreton on Lugg Parish Council	53.02	1,590.52	985	6.6%	985	-	-	3.48
Much Birch Parish Council	15.88	1,553.38	397	6.5%	397	-	-	1.03
Much Cowarne Group Parish Council	15.13	1,552.63	156	5.0%	156	-	-	0.75
Much Dewchurch Parish Council	14.98	1,552.48	214	5.7%	214	-	-	0.85
Much Marcle Parish Council	16.44	1,553.94	235	4.8%	235	-	-	0.79
North Bromyard Group Parish Council	15.51	1,553.01	119	2.4%	119	-	-	0.38
Ocle Pychard Parish Council	22.86	1,560.36	179	3.1%	179	-	-	0.70
Orcop Parish Council	69.48	1,606.98	471	4.1%	471	-	-	2.84
Orleton Parish Council	55.50	1,593.00	724	3.8%	724	-	-	2.11
Pembridge Parish Council	37.76	1,575.26	1,104	6.5%	1,104	-	-	2.47
Pencombe Group Parish Council	44.87	1,582.37	377	4.4%	377	-	-	1.96
Peterchurch Parish Council	39.54	1,577.04	1,470	9.7%	1,470	-	-	3.85
Peterstow Parish Council	25.48	1,562.98	138	2.9%	138	-	-	0.74
Pipe and Lyde Parish Council	18.48	1,555.98	76	2.9%	76	-	-	0.54
Pixley & District Parish Council	25.62	1,563.12	315	5.5%	315	-	-	1.41
Putley Parish Council	44.49	1,581.99	585	13.3%	585	-	-	5.89
Pyons Group Parish Council	23.27	1,560.77	263	3.3%	263	-	-	0.76
Richard's Castle (Herefordshire) Parish Council	33.22	1,570.72	56	1.4%	56	-	-	0.45
Ross on Wye Parish Council	69.50	1,607.00	23,386	9.1%	23,386	-	-	6.33
Sellack Parish Council	19.79	1,557.29	69	2.8%	69	-	-	0.56
Shobdon Parish Council	46.50	1,584.00	1,212	8.1%	1,212	-	-	3.78
St. Weonards Parish Council	28.33	1,565.83	151	3.6%	151	-	-	1.02
Stapleton Group Parish Council	33.53	1,571.03	232	4.9%	232	-	-	1.63
Staunton-on-Wye and District Group Parish Council	14.56	1,552.06	222	8.0%	222	-	-	1.16
Stoke Edith Parish Meeting (Chairman)	-	1,537.50	-	0.0%	-	-	-	-
Stoke Lacy Parish Council	38.16	1,575.66	383	6.8%	383	-	-	2.60
Stretton Grandison Group Parish Council	22.81	1,560.31	52	1.1%	52	-	-	0.24
Stretton Sugwas Parish Council	29.57	1,567.07	550	13.1%	550	-	-	3.87
Sutton Parish Council	49.47	1,586.97	1,129	6.1%	1,129	-	-	3.02
Tarrington Parish Council	48.43	1,585.93	1,118	10.8%	1,118	-	-	5.22
Thornbury Group Parish Council	19.02	1,556.52	221	6.7%	221	-	-	1.28
Titley and District Group Parish Council	19.40	1,556.90	152	3.5%	152	-	-	0.68
Upton Bishop Parish Council	32.48	1,569.98	397	4.7%	397	-	-	1.52
Vowchurch & District Group Parish Council	18.66	1,556.16	364	6.5%	364	-	-	1.21
Walford Parish Council	25.45	1,562.95	745	4.6%	745	-	-	1.18
Wellington Parish Council	49.18	1,586.68	952	4.6%	952	-	-	2.28
Wellington Heath Parish Council	32.65	1,570.15	212	2.9%	212	-	-	0.94
Welsh Newton & Llanrothal Group Parish Council	51.45	1,588.95	289	3.9%	289	-	-	2.01
Weobley Parish Council	29.63	1,567.13	1,571	12.5%	1,571	-	-	3.70
Weston Beggard Parish Council	14.83	1,552.33	47	3.8%	47	-	-	0.56
Weston-under-Penyard Parish Council	21.02	1,558.52	396	4.1%	396	-	-	0.87
Whitbourne Parish Council	27.38	1,564.88	549	6.1%	549	-	-	1.68
Whitchurch & Ganarew Group Parish Council	53.70	1,591.20	844	3.2%	844	-	-	1.70
Wigmore Group Parish Council	42.54	1,580.04	988	6.6%	988	-	-	2.80
Withington Group Parish Council	26.77	1,564.27	1,050	6.6%	1,050	-	-	1.76
Woolhope Parish Council	36.90	1,574.40	267	3.5%	267	-	-	1.27
Wyeside Group Parish Council	24.35	1,561.85	442	6.1%	442	-	-	1.48
Yarkhill Parish Council	38.48	1,575.98	177	3.3%	177	-	-	1.28
Yarpole Group Parish Council	44.44	1,581.94	458	3.1%	458	-	-	1.40
Total/Average	45.57	1,562.36	289,000	9.4%	243,587	37,099	8,314	3.63

Priorities and Budget Consultation 2016-2020

Version 1.0
Strategic intelligence team

October 2015



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If you need help to understand this document, or would like it in another format or language, please call the Research Team on 01432 261944 or e-mail researchteam@herefordshire.gov.uk.

Executive summary

- The consultation on Herefordshire Council's priorities and budget for 2016 to 2020 ran from late July to early October 2015. A questionnaire was available online and hard copies were distributed at promotion events in the city and market towns.
- There were 1,979 responses to the questionnaire; 60 per cent of which were completed on paper.
- Of the three council priorities that respondents were asked to rank (question 1), the general pattern of responses suggested that 'enable residents to live safe, healthy and independent lives' was most important, followed by 'keep children and young people safe and give them a great start in life' then 'support the growth of our economy and the number of people in work'.
- However, almost three quarters of respondents thought that the council should identify other priority areas (Q2). Most popular among these were keeping the libraries and customer services open; public transport and infrastructure were other highly preferred areas of priority.
- With regard to income and savings proposals (Q3), there was a general preference for those that would generate income and less preference for the savings options. In particular 'sell our smallholdings estate of 4,500 acres, including 45 farms, to reduce our debt repayments' was the most preferred option of almost a third of respondents. By far the least preferred proposal was the savings that would be generated by 'reducing customer services and libraries across the county' (least preferred option of more than half of respondents).
- Almost two thirds (63 per cent) of respondents thought that the council should continue to fund town and parish councils (Q4).
- Over half (58 per cent) of respondents thought that town and parish councils, community groups or voluntary organisations could do more to help deliver services if Herefordshire Council reduces or stops delivering a particular service (Q5). Suggestions for which services included grass cutting and the general maintenance of public spaces such as parks, streets, roads and footpaths; community transport services; and libraries and museums.
- The majority (61 per cent) of respondents would support an increase in council tax above two per cent to support services and defer savings for a year (Q6). Of these, half supported a three per cent increase and the other half supported a five per cent increase in council tax.
- An even larger majority (71 per cent) of respondents thought that the council should increase service charges to protect other services across the county (Q7).
- Just over half (52 per cent) of respondents would support an increase in council tax above two per cent and also thought the council should increase service charges.

Introduction

The consultation on Herefordshire Council's priorities and budget for 2016-2020 began on Friday 24 July 2015 and ended on Friday 9 October 2015. This report presents the key points from the analysis of responses received by 14 October. The consultation was publicised on the council's website with the following background documents:

- [Income and savings proposals](#)
- [Council's budget report 6 February 2015](#)

Methodology

The consultation questionnaire was published on the Herefordshire Council website and people were invited to complete it online. A printable version of the questionnaire was made available for the people who would like to download, print and complete. Paper questionnaires were also distributed at the events organised in all market towns to promote the consultation. The consultation was also promoted on social media via the council's Twitter and Facebook.

This report presents the results of the combined online and paper responses to the questionnaire. The sample base is the number of respondents to the question and is the base from which percentages are calculated. The sample base used is specified for each question. Percentages are presented rounded to the nearest whole number in the tables; however the charts are based on unrounded percentages.

Note that if respondents could select more than one answer to a particular question, the percentages may add up to more than 100 per cent.

Where comments have been provided these are listed in full but have been anonymised and corrected for spelling where appropriate.

There were a total of 1,979 responses to the questionnaire, of which 784 were submitted online and 1,195 were completed paper copies.

The consultation also received 30 other responses in the form of 16 letters and 14 emails. Because they didn't answer the standard questions it is not possible to include them in the analysis presented here.

Results

The council's priorities

Q1. How would you choose to rate these priorities in terms of most important and least important? (1 = most important and 3 = least important)

The three priorities that this question asked respondents to rank in order of importance were:

- Enable residents to live safe, healthy and independent lives
- Keep children and young people safe and give them a great start in life
- Support the growth of our economy and the number of people in work

In the final version of the online survey it was only possible for respondents to assign each rank to one option only, but in an earlier version and for people who responded on paper it was possible to assign ranks more than once. 615 respondents – 32 per cent of the total number who responded to this question – assigned at least one rank to more than one option. These responses have an impact on the overall result, because there was a tendency amongst them to say that all three priorities were equally (most) important. Details of how these responses varied from the rest, are given in Appendix A-Q1, but for simplicity and to ensure that all responses are taken into account the analysis below includes all responses to the question.

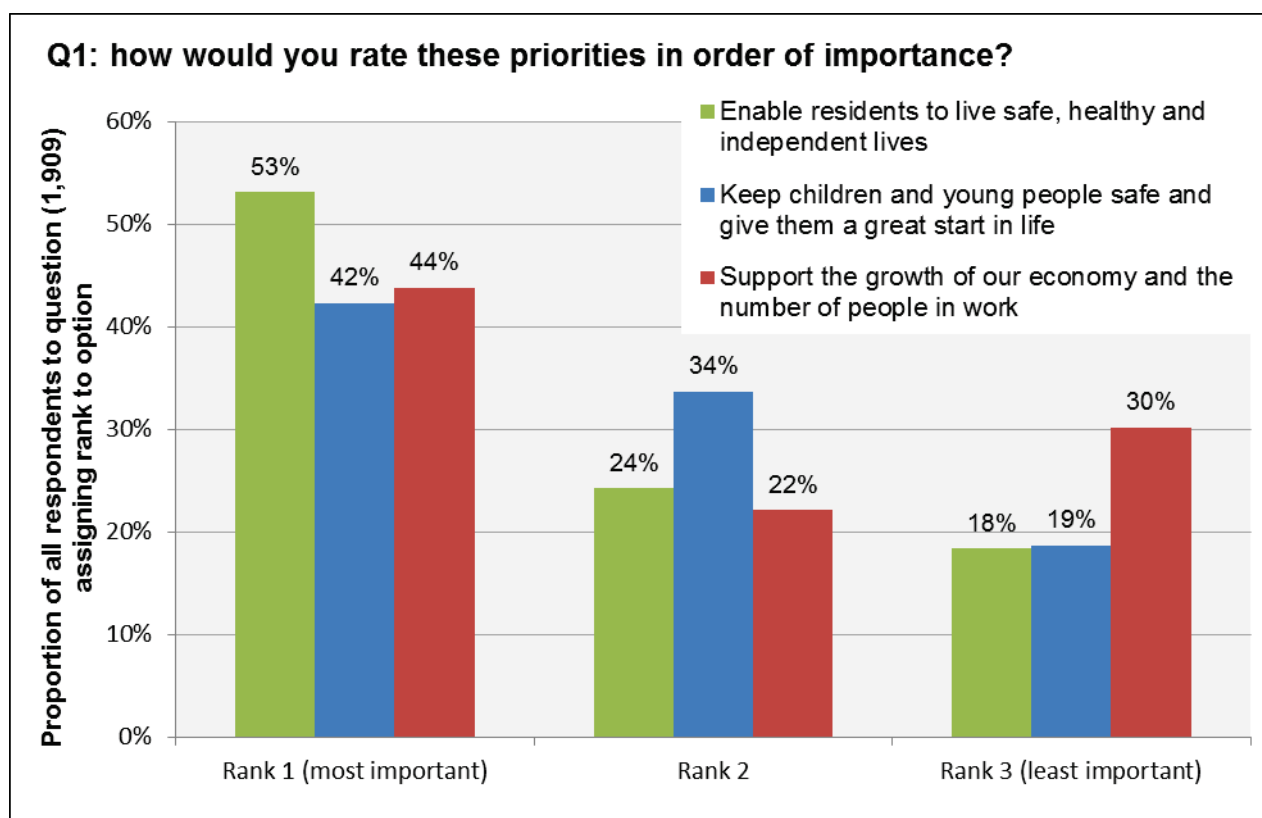
Because of the number of people who said that all priorities were equally important, when combining all 1,909 responses to the question the most common response for each option was 'most important' (see chart 1). However, it is possible to identify a general pattern of order of importance:

- **'Enable residents to live safe, healthy and independent lives' was most important** to more people than either of the other priorities (53 per cent of respondents compared to 44 per cent for the economic priority and 42 for children and young people)
- **'Keep children and young people safe and give them a great start in life' was second most important** to a higher proportion of people than any other (34 per cent), and was given first or second by a similar proportion to enabling residents to live safe, healthy and independent lives (76 per cent compared to 77 per cent)
- **'Support the growth of our economy and the number of people in work' was least important** to more respondents than either of the other priorities (30 per cent compared to 19 per cent for children and young people and 18 per cent for safe, healthy and independent lives)

Table 1: responses to question 1

Priority	Rank	All responses combined (1,909)		
		1	2	3
Enable residents to live safe, healthy and independent lives		53%	24%	18%
Keep children and young people safe and give them a great start in life		42%	34%	19%
Support the growth of our economy and the number of people in work		44%	22%	30%

Chart 1: proportion of respondents to question 1 who assigned each rank to each priority



Q2. Are there any other areas which you think the council should identify as a priority?

If yes, please specify the priorities you believe we should focus on.

Just under three quarters of respondents (72 per cent) thought that there were other areas that the council should identify as a priority, and 1,300 people made a suggestion as to what the other priorities should be. Please note that some respondents who answered 'No' to this question and people who did not answer Q2 also made suggestions.

Table 2: responses to whether council should identify other priorities

	Number of respondents	Per cent of respondents
Yes	1,166	72%
No	452	28%
Total respondents	1,618	100%
Not answered	361	

Chart 2: responses to whether council should identify other priorities

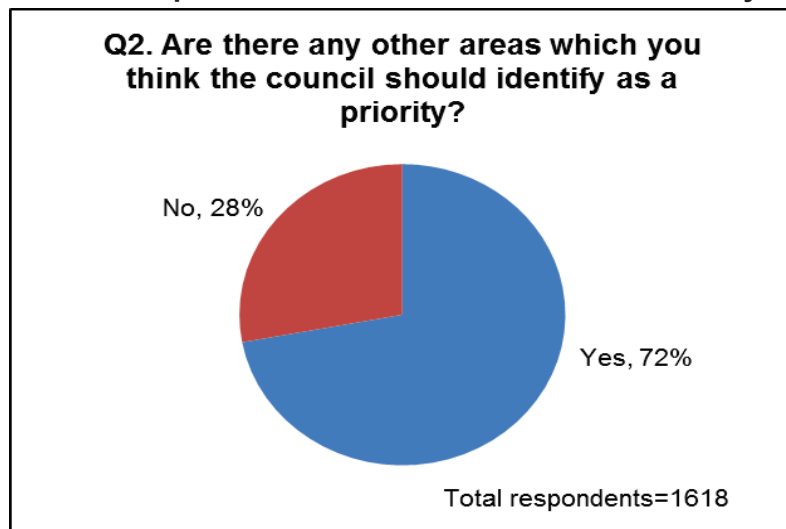


Figure 1: word cloud showing responses to Q2

(size of word relates to the number of times it was mentioned)



The word cloud in figure 1 identifies the words that featured in the 1,300 suggestions. From a more detailed analysis of the comments made to this question, the most frequently quoted priorities were:

1. Libraries, customer services and public toilets

“ Public library services, which under the 1964 Public Libraries Act are a statutory requirement, and provide education, entertainment & improve health, particularly for the young & disadvantaged. ”

2. Public transport including transport subsidies/grants, sustainable transport

“ Retaining public transport - if we don't want more problems associated with isolation in the rural communities in which we live then access to services is key. ”

3. Infrastructure including roads and broadband

“ Maintain the infrastructure of the county such as existing roads, bus travel and public rights of way. They have been neglected by the council yet all provide the services that support the above 3 objectives. ”

The next most common other priorities suggested were:

- support elderly to live an independent & healthy lives including adult social care
- children's wellbeing including education, provision of local school places, school transport
- cutting down council's internal costs e.g. high paid staff; interim consultants; short term funded projects
- focus on climate change / green energy / protect the environment

The council's budget

Q3. How would you choose to prioritise the following areas (see table 3 for full list) in terms of which you would implement first compared to last in order to reduce spending?

This question asked respondents to rank eleven options in order of preference (1 = first and 11 = last). Three of the options related to ways in which the council could generate income and the other eight related to areas of potential savings.

In the final version of the online survey it was only possible to assign each rank to one option only, but in an earlier version and for people who responded on paper it was possible to assign ranks more than once. 664 respondents – 34 per cent of the total number who responded to this question – assigned at least one rank to more than one option. These responses had the potential to skew the overall result, so they were looked at separately to the 'correct' responses. Respondents who used ranks more than once tended to favour either rank 11, i.e. to say that two or more options were their least preferred, or rank 1, i.e. to have joint favourite options: rank 11 was the most popular rank for all options except 'introduce on street car parking charges in Hereford' and 'sell our smallholdings estate' amongst these 664 respondents. For the latter, rank 1 was the most popular.

Details of how these 664 responses varied from the rest are given in Appendix A-Q3, but they did not significantly affect the overall findings. So for simplicity and to ensure that all responses are taken into account the analysis below includes all responses to the question.

To give an overall indication of relative preference between the options, the ranks assigned to each option by each respondent were given a weight (from -5 for least preferred to +5 for most preferred) which were then converted into an overall score out of 100 for each option – see chart 3 on the next page.

There were some clear messages from these scores and the distribution of the ranks (see table 3):

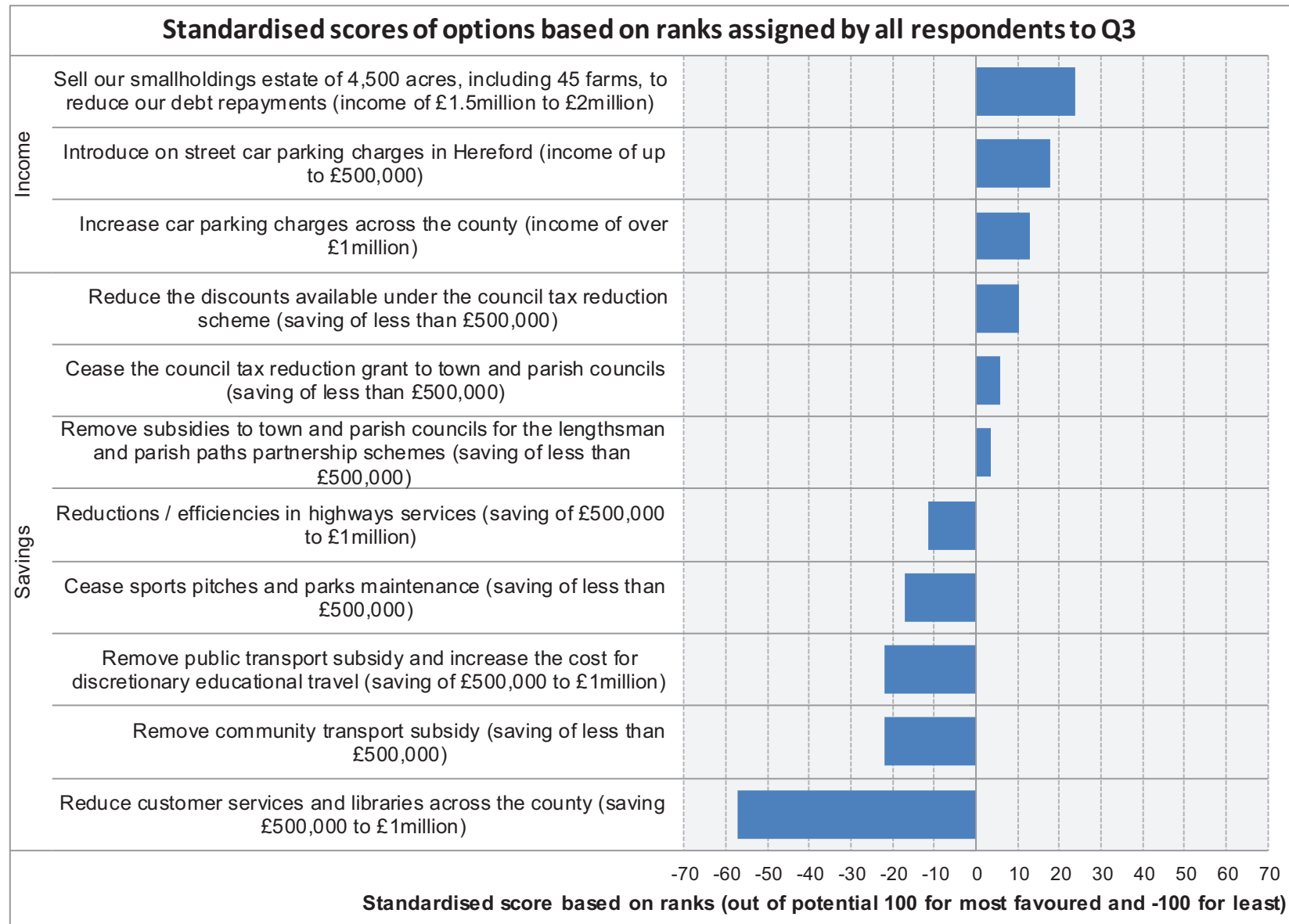
- There was a general preference for those that would generate income:
 - 37 per cent of respondents ranked 'selling our smallholdings estate' as their first or second preference
 - 'Increase car parking charges across the county' received the next highest number of first choices (22 per cent) and was the second choice of a further 10 per cent; but 'introduce on street car parking charges in Hereford' received more first and second choices combined (35 per cent)

- Altogether, these three options were ranked as most preferred by 70 per cent of respondents - and no other option received more first choices than any of them individually.
- There was less preference for the savings options, although a few were preferred over others:
 - 30 per cent of respondents ranked 'reduce the discounts available under the council tax reduction scheme' as either first, second or third preference
 - 'Cease the council tax reduction grant to town and parish councils' was first, second or third preference for 26 per cent; as was 'remove subsidies to town and parish councils for the lengthsman and parish paths partnership scheme' for 23 per cent.
- At the other end of the scale,
 - 'Reductions / efficiencies in highways services' and 'cease sports pitches and parks maintenance' were both the least preferred option of 13 per cent of respondents. In total, just under a third of respondents indicated that each of these options were amongst their three least preferred (ranks 9, 10 or 11).
 - 'Remove public transport subsidy and increase the cost for discretionary educational travel' was the least preferred option for 21 per cent of respondents and was amongst the bottom three options for almost 40 per cent. 'Remove community transport subsidy' was the least preferred for 16 per cent and was amongst the bottom three choices for 36 per cent.
- 'Reduce customer services and libraries across the county' was by far the least preferred option, being ranked as least preferred by over half (52 per cent) of respondents – and second least by a further 10 per cent.

Table 3: percentages of all respondents to question 3 that assigned each rank to each option
 (most common ranks for each option highlighted and notably large proportions in bold)

Proposal		Rank (1=first and 11=last)										
		1	2	3	4	5	6	7	8	9	10	11
Income	Sell our smallholdings estate of 4,500 acres, including 45 farms, to reduce our debt repayments (income of £1.5million to £2million)	31%	7%	10%	5%	6%	6%	4%	4%	5%	4%	13%
	Introduce on street car parking charges in Hereford (income of up to £500,000)	17%	18%	9%	6%	6%	5%	6%	5%	6%	5%	11%
	Increase car parking charges across the county (income of over £1million)	22%	10%	7%	6%	7%	7%	4%	6%	5%	7%	13%
Savings	Reduce the discounts available under the council tax reduction scheme (saving of less than £500,000)	11%	8%	12%	9%	11%	9%	7%	6%	6%	4%	9%
	Cease the council tax reduction grant to town and parish councils (saving of less than £500,000)	8%	8%	10%	10%	11%	11%	7%	7%	6%	6%	9%
	Remove subsidies to town and parish councils for the lengthsman and parish paths partnership schemes (saving of less than £500,000)	9%	7%	8%	10%	11%	11%	8%	8%	7%	5%	9%
	Reductions / efficiencies in highways services (saving of £500,000 to £1million)	5%	5%	7%	9%	9%	11%	8%	9%	10%	7%	13%
	Cease sports pitches and parks maintenance (saving of less than £500,000)	4%	3%	5%	8%	10%	10%	10%	10%	9%	10%	13%
	Remove public transport subsidy and increase the cost for discretionary educational travel (saving of £500,000 to £1million)	5%	5%	6%	8%	8%	8%	6%	9%	9%	10%	21%
	Remove community transport subsidy (saving of less than £500,000)	4%	3%	5%	7%	10%	9%	8%	10%	10%	10%	16%
	Reduce customer services and libraries across the county (saving £500,000 to £1million)	4%	2%	2%	3%	4%	5%	4%	4%	7%	10%	52%

Chart 3: scores of options based on ranks assigned by all respondents to Q3



Town and parish councils, community groups and voluntary organisations

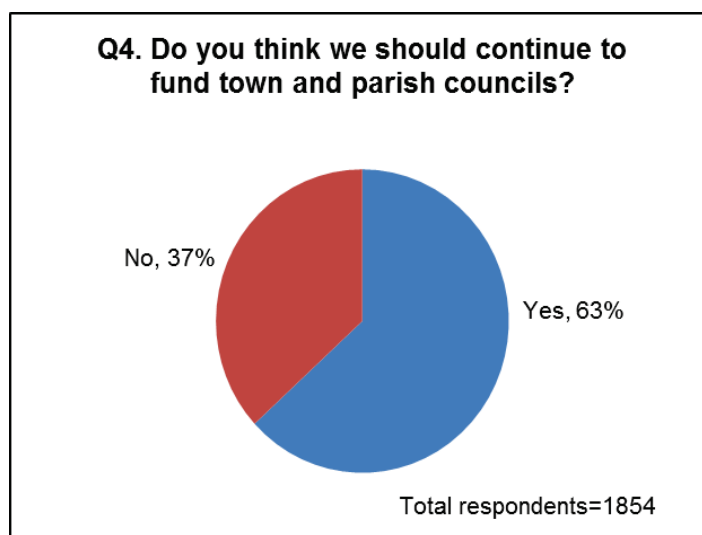
Q4. Do you think we should continue to fund town and parish councils?

Nearly two thirds of respondents (63 per cent) thought that the town and parish councils should continue to be funded by Herefordshire Council.

Table 4: responses to whether council should continue to fund town and parish councils

	Number of respondents	Per cent of respondents
Yes	1,171	63%
No	683	37%
Total respondents	1,854	100%
Not answered	125	

Chart 4: should the council continue to fund town and parish councils?



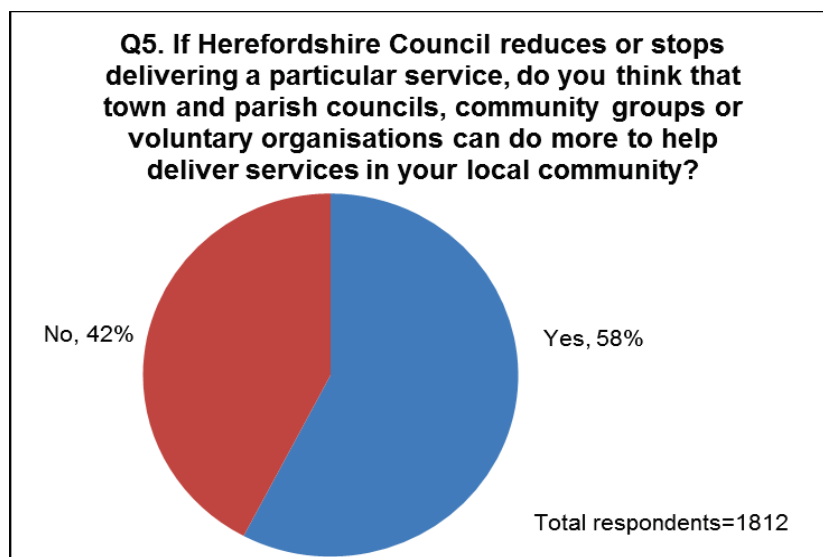
Q5. If Herefordshire Council reduces or stops delivering a particular service, do you think that town and parish councils, community groups or voluntary organisations can do more to help deliver services in your local community? If yes, please specify what services (this could include cutting the grass, maintaining parks or running a community bus service)

Nearly three fifths of respondents (58 per cent) thought that town and parish councils, community groups or voluntary organisations could do more to help deliver services in their local community if Herefordshire Council reduces or stops delivering a particular service.

Table 5: responses to whether town and parish councils, community groups or voluntary organisations could do more to help deliver services

	Number of respondents	Per cent of respondents
Yes	1,045	58%
No	767	42%
Total respondents	1,812	100%
Not answered	167	

Chart 5: do you think town and parish councils, community groups or voluntary organisations can do more to help deliver services?



There were around 1,000 comments made in relation to which services these groups could help with. The most common words are highlighted in the word cloud in figure 2.

Figure 2: word cloud of comments about which services town and parish councils, community groups or voluntary organisations could help to deliver (size of word relates to the number of times it was mentioned)



This question will be fully analysed in a later version of this report, but initial analysis indicated that the most common suggestions were:

- grass cutting
- maintaining parks and open spaces / communal areas / sport pitches,
- running a community bus service / car sharing
- helping in the community libraries and museums
- litter collection/street cleaning
- maintaining minor roads and footpaths

Some respondents expressed concerns about delegating the services to parish or town councils, community groups or voluntary organisations:

“ Possibly, but they would need support, which may negate any savings. Many services are already supported by an ageing group of voluntary workers and there is a limit to what local organisations and voluntary groups can do with very little funding.

“ There is a safety issue to consider but I believe all rural roads need to be adopted by the parish. I also feel that we could do a better job of filling in potholes! This would save one person marking the pothole and a second gang filling. The marked potholes often do not get filled and 'the marker' has to repeat the process. Otherwise summed up above - grass cutting, maintaining parks, sports grounds, community bus, litter picking, cleaning road signs.

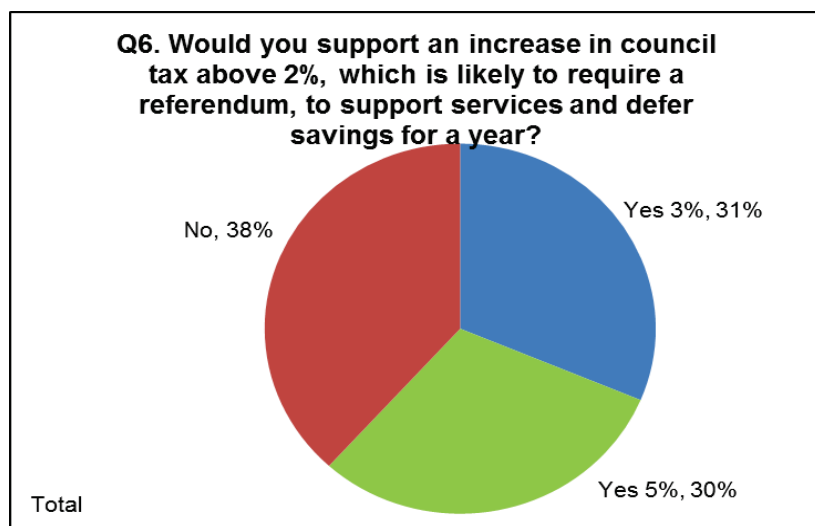
Q6. Would you support an increase in council tax above 2 per cent, which is likely to require a referendum, to support services and defer savings for a year?

Just over three fifths of respondents (62 per cent) would support an increase in council tax above 2 per cent (31 per cent by 3 per cent and 30 per cent by 5 per cent).

Table 6: responses to whether council tax should be increased by more than 2 per cent

	Number of respondents	Per cent of respondents
Yes, by 5%	574	30%
Yes, by 3%	591	31%
No	723	38%
Total respondents	1888	100%
Not answered	91	

Chart 6: would you support an increase in council tax?



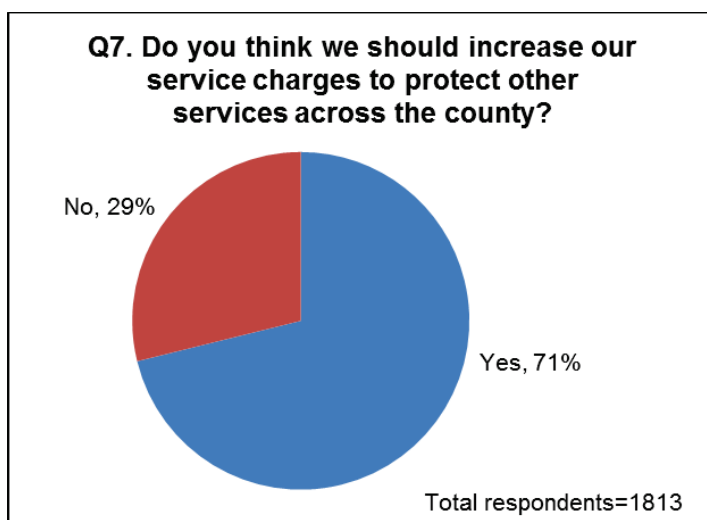
Q7. Do you think we should increase our service charges to protect other services across the county?

Just over seven in ten respondents (71 per cent) thought that Herefordshire Council should increase service charges to protect other services across the county.

Table 7: responses to whether service charges should be increased to protect other services

	Number of respondents	Per cent of respondents
Yes	1,290	71%
No	523	29%
Total respondents	1,813	100%
Not answered	166	

Chart 7: increase service charges to protect other services?



Council tax and service charges (Q6 and Q7)

Of the 1,787 respondents who answered both questions (Q6 and Q7), nearly a fifth (19 per cent) would not support an increase in either council tax or service charges.

Just over half of these respondents (52 per cent) would support both an increase in council tax (either by 3 per cent or 5 per cent) and increases in service charges.

Ten per cent of respondents would support an increase in council tax either by 3 per cent or 5 per cent but did not think the council should increase service charges. Twice as many (19 per cent) would not support an increase in council tax but did think the council should increase service charges.

Table 8: comparison of responses to questions 6 and 7

		Q6. Would you support an increase in council tax above 2%, which is likely to require a referendum, to support services and defer savings for a year?		
Total respondents	1,787	No	Yes, by 3%	Yes, by 5%
Q7. Do you think we should increase our service charges to protect other services across the county?	No	334 (19%)	108 (6%)	74 (4%)
	Yes	345 (19%)	460 (26%)	466 (26%)

Q8. Do you have any other comments you would like to make on our priorities, budget or income and savings proposals?

This question will be fully analysed in a later version of this report, but initial analysis indicated that frequently cited comments were about:

- reviewing car parking charges to support local businesses and introducing other incentives (park and ride)
- investing in public transport especially to support rural communities
- reducing high executive salaries and the number of managers in the council to release more money
- requests to keep the local libraries open and review how it should be managed and staffed.

The following word cloud highlights the most common words that featured in the general comments.

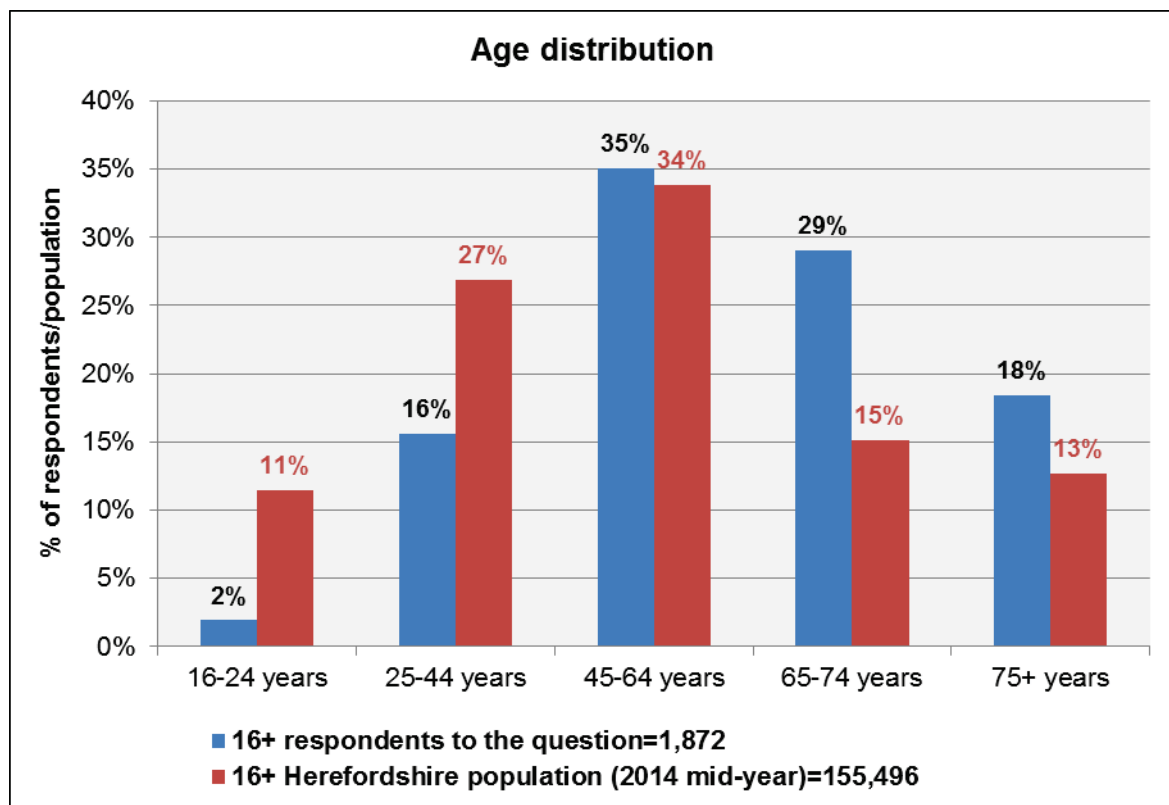
Figure 3: word clouds of comments made as any other comments on our priorities, budget or income and savings proposals



About the respondents

- One per cent of respondents represented an organisation or a group while 99 per cent were individuals.
- 54 per cent of respondents to the survey were males and 46 per cent were females.
- 47 per cent were aged 65 years or over, 35 per cent were aged 45-64 years and 18 per cent were 24 years or younger. It is clear from chart 8 that people aged 45 years and over are over represented in the consultation.

Chart 8: age distribution of survey respondents and Herefordshire population



- Nearly a fifth of respondents' day-to-day activities were limited a little or limited a lot because of a health problem or disability which has lasted, or is expected to last, at least 12 month.
- The large majority (97 per cent) of respondents identified themselves as English, Scottish, Welsh or British; three per cent identified themselves as Irish or another national identity.
- All of the 93 per cent of respondents who answered the question about their ethnicity identified themselves as 'White' (97 per cent) or 'other White' (three per cent). This is quite different to the adult population of the county according to the 2011 Census: five per cent were 'other white' and two per cent were 'non-white'.
- One in ten respondents felt that they had been treated differently (positively or negatively) because of who they are.

Appendix A-Q1: Detailed analysis of responses to question 1

This section compares the responses of those who assigned ranks to more than one priority in question 1 to those who didn't. It is necessary to do this because different versions of the questionnaire allowed for different interpretations of the question. As mentioned on page 5, amongst the 615 **respondents who assigned tied ranks**, there was a tendency to say that all three options were equally (most) important: 80 per cent of respondents assigned rank 1 to the first option (enable residents to live safe, healthy and independent lives); 73 did to the second (keep children and young people safe and give them a great start in life) and a further 73 to the third option (support the growth of our economy and the number of people in work). Only five to seven per cent of these respondents assigned rank 3 (least important) to any of the options.

There was a clearer order of priorities from the 1,295 **respondents who assigned only one option to each rank**:

- 40 per cent felt that 'enable residents to live safe, healthy and independent lives' was most important
- 41 per cent felt that 'keep children and young people safe and give them a great start in life' was second most important
- 42 per cent felt that 'support the growth of our economy and the number of people in work' was least important

Table 9: responses to question 1 as a proportion of the 615 respondents who assigned at least one rank to more than one option and as a proportion of the 1,295 respondents who assigned one rank for each option

Priority	Respondents who assigned tied ranks (615)			Respondents who assigned one option to one rank (1,295)		
	Rank 1	Rank 2	Rank 3	Rank 1	Rank 2	Rank 3
Enable residents to live safe, healthy and independent lives	80%	14%	5%	40%	29%	25%
Keep children and young people safe and give them a great start in life	73%	18%	7%	28%	41%	24%
Support the growth of our economy and the number of people in work	73%	21%	5%	30%	22%	42%

Appendix A-Q3: Detailed analysis of responses to question 3

This section compares the responses of those who assigned ranks to more than one proposal in question 3 to those who didn't. It is necessary to do this because different versions of the questionnaire allowed for different interpretations of the question. As described on page 10, a third of respondents to question 3 assigned at least one rank to more than one option. These respondents tended to favour either rank 11, i.e. to say that two or more options were their least preferred, or rank 1, i.e. to have joint favourite options. As the highlighted cells in table 9 show, rank 11 was the most popular for all options except 'introduce on street car parking charges in Hereford' and 'sell our smallholdings estate' amongst these 664 respondents. For the latter, rank 1 was the most popular by a small minority.

Table 10: responses to question 3 as a proportion of the 664 respondents who assigned at least one rank to more than one option
(most common ranks for each option highlighted and notable proportion in bold)

Per cent of respondents assigning each rank to each proposal		Rank (1=first and 11=last)										
		1	2	3	4	5	6	7	8	9	10	11
Income	Sell our smallholdings estate of 4,500 acres, including 45 farms, to reduce our debt repayments	28%	5%	7%	6%	6%	5%	2%	3%	6%	3%	27%
	Increase car parking charges across the county	24%	4%	4%	5%	10%	7%	3%	6%	4%	3%	26%
	Introduce on street car parking charges in Hereford	25%	6%	7%	4%	9%	8%	3%	4%	3%	3%	24%
Savings	Reduce the discounts available under the council tax reduction scheme	18%	4%	9%	5%	9%	10%	4%	3%	5%	5%	21%
	Cease the council tax reduction grant to town and parish councils	14%	4%	6%	8%	10%	11%	5%	5%	5%	5%	20%
	Remove subsidies to town and parish councils for the lengthsman and parish paths partnership schemes	16%	4%	7%	6%	9%	10%	6%	7%	6%	5%	22%
	Reductions / efficiencies in highways services	9%	4%	5%	7%	12%	11%	6%	6%	6%	5%	23%
	Cease sports pitches and parks maintenance	9%	4%	5%	7%	9%	9%	5%	6%	7%	8%	29%
	Remove public transport subsidy and increase the cost for discretionary educational travel	9%	3%	5%	5%	9%	8%	3%	6%	7%	6%	36%
	Remove community transport subsidy	8%	3%	3%	6%	9%	8%	4%	6%	6%	7%	36%
	Reduce customer services and libraries across the county	6%	2%	1%	2%	5%	3%	1%	2%	5%	5%	66%

There were 1,204 respondents who assigned one rank for each option. According to them, there was a clear order of preference for 'selling our smallholdings estates', 'introduce on street car parking charges in Hereford' and 'increase car parking charges across the county' as rank 1, 2 and 3 respectively. 'Reduce customer services and libraries across the county' was the least preferred choice (rank 11) for a large majority.

Table 11: responses to question 3 as a proportion of the 1204 respondents who assigned one rank for each option
(most common ranks for each option highlighted and notable proportion in bold)

Per cent of respondents assigning tied ranks to each proposal		Rank (1=first and 11=last)										
		1	2	3	4	5	6	7	8	9	10	11
Income	Sell our smallholdings estate of 4,500 acres, including 45 farms, to reduce our debt repayments (income of £1.5million to £2million)	32%	8%	12%	5%	5%	6%	5%	5%	4%	4%	6%
	Introduce on street car parking charges in Hereford (income of up to £500,000)	12%	24%	9%	7%	5%	4%	7%	6%	8%	7%	3%
	Increase car parking charges across the county (income of over £1million)	21%	13%	8%	6%	6%	7%	5%	5%	5%	10%	6%
Savings	Reduce the discounts available under the council tax reduction scheme (saving of less than £500,000)	7%	10%	13%	12%	12%	8%	9%	7%	7%	4%	2%
	Cease the council tax reduction grant to town and parish councils (saving of less than £500,000)	5%	10%	12%	12%	11%	11%	8%	8%	7%	6%	2%
	Remove subsidies to town and parish councils for the lengthsman and parish paths partnership schemes (saving of less than £500,000)	5%	8%	9%	12%	13%	12%	10%	9%	8%	4%	1%
	Reductions / efficiencies in highways services (saving of £500,000 to £1million)	3%	5%	8%	10%	7%	10%	9%	10%	12%	8%	8%
	Cease sports pitches and parks maintenance (saving of less than £500,000)	1%	3%	5%	9%	11%	11%	13%	12%	10%	11%	4%
	Remove community transport subsidy (saving of less than £500,000)	1%	3%	6%	7%	12%	10%	11%	12%	12%	12%	5%
	Remove public transport subsidy and increase the cost for discretionary educational travel (saving of £500,000 to £1million)	2%	5%	7%	9%	7%	8%	7%	11%	10%	12%	12%
	Reduce customer services and libraries across the county (saving £500,000 to £1million)	4%	2%	2%	3%	4%	5%	6%	5%	8%	13%	44%

Appendix B: The questionnaire

Priorities and budget consultation 2016-2020

Consultation questions

The council's priorities

The council, as with any other organisation, works towards an agreed set of priorities which have been identified through in depth research, including public consultation, to ensure we are providing the services required to the residents who need them.

Despite the financial challenges we face, we remain committed to efficiently maximising the use of scarce resources in order to secure better services, quality of life and value for money whilst complying with our legal duties and corporate priorities.

The council needs to refresh its priorities for 2016 - 2020, to form the basis for our corporate plan, and after listening to what you've told us and analysing the available research in the 2014 [Understanding Herefordshire report \(https://factsandfigures.herefordshire.gov.uk/Understanding-Herefordshire\)](https://factsandfigures.herefordshire.gov.uk/Understanding-Herefordshire), we propose to focus our resources so we enable residents to live safe, healthy and independent lives; keep children and young people safe and give them a great start in life and support the growth of our economy and the number of people in work.

1. How would you choose to rate these priorities in terms of most important and least important? (1 = most important and 3 = least important)

	1	2	3
Enable residents to live safe, healthy and independent lives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Keep children and young people safe and give them a great start in life	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Support the growth of our economy and the number of people in work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Are there any other areas which you think the council should identify as a priority?

☐ Yes

☐ No

If yes, please specify the priorities you believe we should focus on:

The council's budget

In order to meet our priorities, we allocate our annual budget accordingly and consult on it every year.

The council's budget for 2015/16 is just under £142million and we have had to take challenging decisions to make savings of £10million to remain within budget. For 2016/17 our budget will be £138million and a combination of reduced funding from central government (£7million) and increased demand on priority services (£4million), means that after taking into account any increased income from council tax and business rates, we will need to find further savings of £11million. From now until 2020, the council will need to have saved a total of £42million.

Increasing efficiency

The majority of our planned savings will be made from improving the efficiency of the organisation, including reducing management and staffing numbers and the reliance on agency staff; reducing our spend on external contracts; implementing better IT systems and reducing the number of buildings we occupy. We will also be investing in preventative strategies and working with public health to improve people's health and wellbeing, which in turn will reduce the demand for services and save money.

The efficiencies alone will not deliver all of the savings required, so we will need to consider increasing income or reducing service levels.

Where can we increase income or make savings?

We have identified a range of areas where we may be able to increase income or make savings. These proposals are needed in order to balance our budget and allow more funding to be available to spend on priority areas, especially those which are experiencing a significant increase in demand from residents such as adult social care.

3. How would you choose to prioritise the following areas* in terms of which you would implement first compared to last in order to reduce spending? (1 = first and 11 = last)

* Please note that there is additional information available for each area; simply read our [income and savings proposals \(www.herefordshire.gov.uk/budgetconsultation2016\)](http://www.herefordshire.gov.uk/budgetconsultation2016) for further details.

Income and savings

	1	2	3	4	5	6	7	8	9	10	11
Increase car parking charges across the county (income of over £1million)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Introduce on street car parking charges in Hereford (income of up to £500,000)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sell our smallholdings estate of 4,500 acres, including 45 farms, to reduce our debt repayments (income of £1.5million to £2million)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Remove public transport subsidy and increase the cost for discretionary educational travel (saving of £500,000 to £1million)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Remove community transport subsidy (saving of less than £500,000)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reductions / efficiencies in highways services (saving of £500,000 to £1million)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cease sports pitches and parks maintenance (saving of less than £500,000)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Remove subsidies to town and parish councils for the lengthsman and parish paths partnership schemes (saving of less than £500,000)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce the discounts available under the council tax reduction scheme (saving of less than £500,000)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cease the council tax reduction grant to town and parish councils (saving of less than £500,000)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Reduce customer services and libraries across the county (saving of £500,000 to £1million)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Town and parish councils, community groups and voluntary organisations

Herefordshire Council is looking to town and parish councils, community groups and voluntary organisations to, where possible, help deliver services in their local communities.

We currently provide funding to the 133 town and parish councils across Herefordshire through the council tax reduction grant. If we removed this funding, we'd save £289,000 a year.

4. Do you think we should continue to fund town and parish councils?

☐ Yes

☐ No

5. If Herefordshire Council reduces or stops delivering a particular service, do you think that town and parish councils, community groups or voluntary organisations can do more to help deliver services in your local community?

☐ Yes

☐ No

If yes, please specify what services (this could include cutting the grass, maintaining parks or running a community bus service):

How can we generate income?

The council could generate income from a number of areas to help balance the budget and protect services. It is therefore incredibly important that you give us your views on this section, so we can best decide how to proceed in future years.

Council tax

We could generate additional funding, which could be used to protect services, if we raised council tax above the current level. In 2016/17, it is proposed to raise council tax by 1.9%, however if we wanted to raise it above the 2% level, it is likely that we would be required to hold a countywide referendum (which would cost approximately £300,000), where we ask residents to say if they're for or against the proposal.

What this would mean for you

If the proposed 1.9% council tax increase is agreed by full Council in February 2016, this would mean an average increase to each household of 50p a week, which would generate additional income of approximately £1.5million.

Alternatively, we could raise council tax by 3% or 5%, which would mean...

	Additional weekly increase	Additional income generated
3%	25p	£1million*
5%	70p	£2.5 million

*This would provide sufficient funding to allow us to defer the savings proposals identified in question three for a year.

6. **Would you support an increase in council tax above 2%, which is likely to require a referendum, to support services and defer savings for a year?**

☐ Yes 3% ☐ Yes 5% ☐ No

Increase charges

There are a number of council services which are chargeable and provide an income, such as car parking, planning, licensing and burial services, which could be increased to protect other services. For example, if we increased charges it could help to protect transport or library services.

7. **Do you think we should increase our service charges to protect other services across the county?**

☐ Yes ☐ No

8. **Do you have any other comments you would like to make on our priorities, budget or income and savings proposals? Please state below:**

Are you responding on behalf of an organisation or group, or as an individual?

☐ Organisation or group ☐ Individual

If you are responding on behalf of an organisation or group please tell us the name of the organisation/group:

If you are responding as an individual please answer the following questions about yourself. This will help us to better understand how views may differ between different people across the county.

About you

This information helps us to ensure that our services are accessible to all. It will only be used for the purpose of statistical monitoring, treated as confidential and not used to identify you.

What is your gender?

☐ Male

☐ Female

What is your age band:

☐ 0-15 years

☐ 25-44 years

☐ 65-74 years

☐ 16-24 years

☐ 45-64 years

☐ 75+ years

Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?

☐ Yes - limited a little

☐ Yes - limited a lot

☐ No

If yes, please specify any particular requirements when using this service:

How would you describe your national identity? (Tick as many as apply)

☐ English

☐ Welsh

☐ Other (please specify)

☐ Scottish

☐ Northern Irish

☐ British

☐ Irish

Other (please specify):

How would you describe your ethnic group? (Please tick one box only)

☐ White British/English/Welsh/Scottish/Northern Irish

☐ Other White (please specify)

☐ Any other ethnic group (please specify)

Other White (please specify)

Any other ethnic group (please specify)

Do you feel that you were treated differently (positively or negatively) because of who you are? (e.g. your age, gender, disability or ethnicity)

☐ Yes

☐ No

If yes, please specify:

Thank you for completing the questionnaire

Please send your completed questionnaire to:
Herefordshire Council Research Team, Freepost SWC4816, PO Box 4,
Hereford, HR4 0BR



Meeting:	Cabinet
Meeting date:	3 December 2015
Title of report:	Review of off street parking tariffs
Report by:	Head of technical and parking services

Classification

Open

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 and because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the county.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards Affected

Countywide

Purpose

To agree the new off-street council car park tariffs for implementation in 2016.

Recommendation

That the off street car park tariffs, including the relevant staff car park tariffs in Hereford, outlined in the appendix of the report are approved for implementation from February 2016.

Alternative options

- 1 Not to increase off street parking tariffs. The local transport plan (LTP) requires the management of the supply and pricing of parking to encourage the use of sustainable modes of transport. Feedback from the council's priorities and budget consultation 2016-2020 indicated a general preference for the option to increase parking charges

Further information on the subject of this report is available from
Chris Jenner, Head of Technical and Parking Services on Tel (01432) 261941

across the county, as opposed to most of the alternative options. This option is therefore rejected.

- 2 Not to increase council staff parking charges in council car parks in Hereford. The council staff car parking policy acknowledges that charges will be reviewed annually. In line with the objectives of the LTP, staff who do not require the daily use of their vehicle are encouraged to consider sustainable modes of transport where possible. This option is therefore rejected.

Reason for recommendations

- 3 The LTP parking strategy has a number of objectives relating to the management of supply of parking to encourage economic growth, help reduce peak hour congestion and encourage use of sustainable modes of transport. The recommendation will support these objectives in addition to maintaining a revenue stream which through contributing to the council's overarching transport strategy will support greater economic growth.

Key considerations

- 4 A key objective of the LTP parking strategy is the management of the supply and pricing of parking to encourage the use of sustainable modes of transport, whilst acknowledging that car travel is the most important form of transport in what is one of the most rural counties in England. The price of parking can be a driver for behavioural changes and encourage a change in travel habits from driving to walking, cycling or public transport. If a reduction in car use is realised, a general tariff increase serves to support the LTP through a change to less polluting and healthier forms of transport thereby reducing congestion, improving air quality and journey time reliability, whilst supporting economic growth. This, however, needs to be balanced against prices that cause car users to alter their destination to areas or locations with cheaper or free parking, and/or shorter duration trips, both of which can have an adverse impact on the local economy. The proposals aim to provide a suitable balance which supports the economic viability of the county.
- 5 Whilst the price of off street car parking charges is part of a broad economic mix there is in fact limited hard research evidence to support a direct link between parking charges and either a strong or weak local economy. Much of the available evidence indicates that the issues are much more complex and include the size of a town centre, public transport alternatives, and proximity of other destinations and importantly a town's retail, commercial, leisure and tourism offer. A report by the Association of Town and City Management, the British Parking Association, Springboard Research, and Parking Data and Research International (2013) confirmed the 'anecdotal evidence, opinion and speculation', but found no conclusive evidence that parking tariffs are influencing decline in the high street. Some emerging trends were identified that led to the conclusion that further research is needed on this relationship. The report did point to the need for car park operators to set charges that reflect the amenities on offer in an area and there was evidence that those who did not may suffer a decline in footfall.
- 6 A recent car park charges review by Alpha Parking, independent parking consultancy, has highlighted that;
 - Overall council car parks are assessed as average to very good in important areas such as; access to customer attractions, internal signage, exits and

entries, vehicle and pedestrian flow and internal and external appearance which are all at a consistently good standard.

- The responses to a focus group review show that the level of the tariff is not perceived as the most important factor in choosing to use a car park. Accessibility to the destination and ease of finding a space are both considered to be more important.
 - There are no growth factors from TEMPro (central government's national trip end model presentation program) which suggest any cause for concern about the capacity of the car parks in the coming 20 years.
- 7 The report by Alpha Parking includes benchmarking against similar sized towns/ cities and a range of tariff proposals for consideration in Hereford city. The proposed tariffs are, in general, cheaper than the medium-level tariffs. The report indicates limited increases in the market towns.
- 8 A limited range of changes to tariffs charges was introduced In June 2014 and the charging period was extended to 10pm. The last general tariff increase was Nov 2012
- 9 Prior to finalising proposals a detailed consultation was carried out with the market town councils, Hereford City Council and local stakeholders. Feedback indicated a level of concern with the proposed tariffs. However a number of those responding proposed concessions to help support economic, leisure and transport objectives. In addition to putting forward a number of concessions Ledbury, Leominster and Ross-on-Wye town councils submitted redesigned charging structures and tariffs levels. The redesigned charging structures have been considered and generally accepted as alternatives to those which formed part of the consultation.
- 10 The concessions incorporated in the final recommendations are;
- Free parking from 6pm in Leominster and Ross, and the continued free evening parking in Ledbury.
 - Free bank holiday parking in Ledbury.
 - A single £1 all day Sunday tariff in Leominster and Ross which is cheaper than current charges.
 - A £1.00 one hour tariff for Hereford car parks (in the control of the council) after 6pm and a £1.50 all evening tariff for those wishing to stay longer than an hour.
 - A £1.00 one hour tariff for St Martins 1 car park, in Hereford, after 3pm and a £1.50 tariff for those wishing to stay longer than an hour after 3pm. Due to the car parks proximity to the leisure pool a reduced tariff would help support after school activities, healthier lifestyles and increased physical activity.
 - For commuters or regular car park users the ability to purchase seasons tickets at specified car parks which deliver a substantial saving on individual ticket purchases.
 - For those wishing to use Merton Meadow and St. Martins 2 (overflow) car parks, in Hereford, a reduced all day tariff of £4.00 will be available for those purchasing a ticket between 5am and 8am. This supports the parking strategy by helping to reduce peak hour congestion.

- Extending the option to stay longer than the current four hour maximum stay on the short stay car parks; Gaol Street, West Street and Shirehall (Saturday and Sunday only), Hereford.
 - The introduction of a 30 minute stay option in Hereford short stay car parks; Gaol Street, West Street, Shirehall (Saturday and Sunday only) and Maylord.
- 11 In addition to introducing a number of concessions the parking service is undertaking a programme of replacing the existing pay and display machines across the county. The new machines will enable the council to introduce a more flexible approach to both tariff levels and charging structures to assist in managing peak traffic flow whilst supporting the retail core. Through the introduction of the new technology the council will look to trial tariff offers periodically throughout the year and monitor their impact. This will help inform future tariffs structures the potential for further concessions to better support the economic viability of the county.
- 12 In addition, the new machines in Hereford City will allow motorists to make payment for their parking by credit/debit and contactless cards. This is in addition to the current payment method of coins or pay by phone. These proposals will further modernise the service, give an incentive to use council car parks and improve convenience for users addressing, in part, comments from Hereford Business Improvement District and others responding to the consultation.
- 13 Feedback on the council's priorities and budget consultation 2016-2020 showed a general preference for those options that would generate income and less preference for the savings options. The option to increase car park charges across the county was listed as the top priority for 21% of respondents, this was the second ranking top priority. Only 6% listed increasing charges as their last priority for implementation.
- 14 The proposals include an increase in staff parking charges. The council introduced a new staff car parking policy, as from 1 June 2013, in which car park charges were payable in a number of main office car parks in Hereford. The office car parks which currently have staff car park charges in Hereford are at Plough Lane, County Offices (Bath Street), Shirehall and Town Hall. The aim of the staff policy is to support a number of issues including encouraging sustainable travel across the county, and ensuring a fair and consistent approach for all staff and residents. The proposals are in line with the current staff parking policy.
- 15 A business pass is available to staff who meet a strict criteria where they need to have continual access to their own vehicle on each day they are contracted to work, in order to deliver off site planned / reactive council services to clients, residents and businesses. This pass allows the user to park free of charge in the office car parks and designated public car parks whilst on business.

Community Impact

- 16 The proposals included within this report follow adopted council policies and support the strategy set out in the LTP which seeks to manage access and encourage increased use of more sustainable and active modes of transport such as walking, cycling, public transport and car sharing. These policies also support the council's public health objectives by encouraging healthier lifestyles and increased physical activity.
- 17 In setting car parking charges, regard has been had to the potential impacts on the economies of the county's main retailing and employment locations.

- 18 Although the health of the local economy cannot be linked with any certainty to car park charges, an increase in tariffs will inevitably result in a perception that the council is acting without any regard to local business interests. An increase may result in a displacement of parking onto unregulated streets in and around the city and town centres with the consequential impact this may have on businesses and residents in those areas. Whilst this displacement can be retrospectively addressed through the traffic regulation order process if necessary, this does take time.

Equality and human rights

- 19 This report and recommendations pay due regard to the council's public sector equality duty. Under Section 149 Equalities Act 2010, the "General Duty" on public authorities is set out thus:

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

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

- 20 In terms of protected groups, concessions for 'blue badge' holders are not affected by the recommendations in this report, this includes staff parking in council car parks.

- 21 Any increase in charges will have an impact on all users of the car parks. The impact will naturally vary according to the necessity and frequency of use and what alternative transport arrangements are practicable. Whilst this impact is non-discriminatory in the sense that it applies to all, it is inevitably an impact that is less easily 'absorbed' by those with lower levels of household income. In making the recommendations the balance to be struck between the impact on individual users and the wider public interest of the council setting and achieving a balanced budget has been considered, and in this context an increase in charges is considered to be justified.

Financial Implications

- 22 Car park income contributes to the council's overarching transport strategy. For 2014/15 the authority incurred a net cost of £14.1m across the following services:

- Parking (including staff parking);
- Highways and community services;
- Transport and access services.

The level of income realised from the proposed fee increases will depend upon parking usage, but the modelled assumptions indicate that the net annual cost could reduce by £750K, an increase of circa 20%. The additional income will, through the overarching transport strategy, support greater economic growth.

- 23 The programme to replace the current pay and display machines is financed through an existing capital programme budget of £214k over three years specifically for this purpose.
- 24 The recommendations are in line with the Council's Charging Principles in that the council should (subject to market conditions) aim to maximise income from fees and charges by ensuring that charges reflect the full cost of provision, unless there are contrary policies, legal or contractual reasons.

Legal implications

- 25 Authorities are required, under the provisions of section 55 of the Road Traffic Regulation Act 1984 as amended, to keep a special account of income and operational expenditure relating to their on-street parking places; as well as income from and expenditure relating to their functions as enforcement authorities. This includes all of their income and expenditure related to the issue of and income from Penalty Charge Notices in respect of off-street parking places, but not income from ordinary off street car park charges, nor any other expenditure in off street car parks.
- 26 Section 55(4) outlines the purposes for which any surplus in the parking account can be used. It lists a number of matters on which any surplus income, in the special account, can be spent, including provision and maintenance of off street parking, and if such provision is unnecessary, certain other matters, such as the provision or operation of public transport services and highway improvement schemes.
- 27 Council car parks are operated by virtue of the council's Off Street Parking Places Consolidation Order 2014. Section 35 of the Road Traffic Regulation Act 1984 ("the 1984 Act") allows for provision to be made as to the charges paid in connection with the use of these car parks and any variation of the charges. The Local Authorities' Traffic Orders (Procedures) (England and Wales) Regulations 1996 provide for the procedures to be followed in this respect.
- 28 In this regard, a change in tariffs does not require advertising for objections but, at least 21 days prior to introduction; notice must be advertised on every affected car park site and also advertised in a local newspaper.
- 29 However, the council should be mindful of the court decisions in *Attfield v Barnet LBC* 2013. ("The Barnet Case") and *Chaumeton v Camden LBC* (2015). Whilst the focus of these cases related to on street parking charges, it was established that the 1984 Act is not a revenue raising statute and that therefore it is unlawful to set charges for the express purposes of creating a surplus. However, the requirement that a local authority should not use parking charges for the purpose of raising additional revenue does not mean that the objective must be revenue neutrality. Addressing the problems that come with private vehicle traffic, may mean a parking scheme that is far from revenue neutral. This is also why the mere fact of 'budgeting for a surplus', or of recognition of 'the likelihood of a surplus' is not 'evidence of an improper purpose'.
- 30 This is further confirmed in the very recent (May 2015) investigation by the external auditors for North Dorset District Council. In that matter, a local resident, exercising their rights under the Audit Commission Act 1998 to object to a council's yearly accounts, claimed his council had increased its off street parking charges for inappropriate, and therefore potentially unlawful reasons. In setting such charges, the auditors noted that a council must comply with the relevant provisions of the 1984 Act. The auditors ruled that, in this instance, this district council had, in their view, unlawfully increased parking charges to support other council services.

- 31 The 1984 Act imposes a duty on local authorities exercising any functions under the Act, including the setting of parking charges, to act so as to secure the expeditious, convenient and safe movement of vehicular and other traffic (including pedestrians) and the provision of suitable and adequate parking facilities on and off the highway. If, however, as a result of setting enforcement or parking charges designed to meet the objectives of a parking strategy, then income can exceed that required simply to cover expenditure.

Risk management

- 32 There is a risk that some current users of car parks will seek alternative parking arrangements or destinations, for example not visiting the city/market towns, or parking in cheaper non-council car parks, or finding free on-street parking in unregulated areas. This presents a risk to car park income projections. This has in part been mitigated by anticipating a reduction in use in income projection figures. Additionally the extent of residents parking schemes, particularly in Hereford, is such as to largely prevent on-street long stay parking near to town centres. Any consequential parking in unregulated areas can be addressed through the established statutory TRO process, albeit this process can be lengthy.
- 33 Any sustained change to alternative locations or destinations by users, in resistance to increased charges, could have a negative impact on local economies.

Consultees

- 34 Herefordshire market town councils, Hereford city council, HBID, Old Market, Maylords and Halo. In addition, the council's wider priorities and budget consultation 2016-2020 has taken view from the general public and others. The views have influenced the recommendations as outlined in the body of the report

Appendices

Appendix A – Proposed off-street and staff car park tariffs

Background papers

None

Proposed off-street and staff parking tariffs

Off-street car parks

HEREFORD	Current Charge (Monday to Sunday 8am - 10pm including Bank Holidays)	Pre-consultation proposal (Monday to Sunday 8am - 10pm including Bank Holidays)	Post consultation proposal (Charge Monday to Sunday 8am - 10pm including Bank Holidays)
Bath Street Bus Station Garrick Multi-Storey Greyfriars Union Walk Venns Close Wye Street L	Monday to Saturday £1.00 for up to 1 hour £1.70 for up to 2 hours £2.70 for up to 3 hours £3.70 for up to 4 hours £4.70 for over 4 hours Sunday £1.00 for up to 1 hour £1.50 for up to 2 hours £2.00 for over 2 hours Season Ticket £705 per year, £180 per quarter	Monday to Saturday £1.20 for up to 1 hour £2.40 for up to 2 hours £3.60 for up to 3 hours £4.60 for up to 4 hours £6.00 for over 4 hours Sunday £1.20 for up to 1 hour £2.00 for up to 2 hours £3.00 for over 2 hours Season Ticket £900 per year, £230 per quarter	Monday to Saturday £1.20 for up to 1 hour £2.20 for up to 2 hours £3.60 for up to 3 hours £4.60 for up to 4 hours £6.00 for over 4 hrs & up to 24hrs 6pm – 10pm (7 days a week) £1.00 for up to 1 hour £1.50 for over 1 hour Sunday £1.00 for up to 1 hour £2.00 for up to 2 hours £3.00 for over 2 hours Season Ticket £900 per year, £230 per quarter
County Offices, Bath Street Town Hall L Weekend only car parks; all other times it is a private car park.	Saturday £1.00 for up to 1 hour £1.70 for up to 2 hours £2.70 for up to 3 hours £3.70 for up to 4 hours £4.70 for over 4 hours Sunday £1.00 for up to 1 hour £1.50 for up to 2 hours £2.00 for over 2 hours	Saturday £1.20 for up to 1 hour £2.40 for up to 2 hours £3.60 for up to 3 hours £4.60 for up to 4 hours £6.00 for over 4 hours Sunday £1.20 for up to 1 hour £2.00 for up to 2 hours £3.00 for over 2 hours	Saturday £1.20 for up to 1 hour £2.20 for up to 2 hours £3.60 for up to 3 hours £4.60 for up to 4 hours £6.00 for over 4 hrs & up to 24hrs 6pm – 10pm (Weekends) £1.00 for up to 1 hour £1.50 for over 1 hour Sunday £1.00 for up to 1 hour £2.00 for up to 2 hours £3.00 for over 2 hours
East Street 1 East Street 2	Monday to Sunday Private Rented Spaces Only. £775 per year, £195 per quarter	Monday to Sunday Private Rented Spaces Only. £990 per year, £250 per quarter	Monday to Sunday Private Rented Spaces Only. £990 per year, £250 per quarter
Friars Street L	Monday to Saturday £1.00 for up to 2 hours £2.00 for up to 4 hours £3.00 for over 4 hours Sunday £1.00 for up to 2 hours £2.00 for over 2 hours	Monday to Saturday £1.40 for up to 2 hours £2.40 for up to 4 hours £4.00 for over 4 hours Sunday £1.50 for up to 2 hours £2.50 for over 2 hours	Monday to Saturday (8am to 6pm) £1.40 for up to 2 hours £2.40 for up to 4 hours £4.00 for over 4 hrs & up to 24hrs Sunday £1.00 for up to 2 hours £2.00 for over 2 hours

<p>Gaol Street West Street</p> <p>Shirehall (Saturday and Sunday only)</p> <p>S</p>	<p>Monday to Saturday</p> <p>£1.10 for up to 1 hour £2.20 for up to 2 hours £3.30 for up to 3 hours £4.40 for up to 4 hours</p> <p>4 hours maximum stay</p> <p>Sunday</p> <p>£1.00 for up to 1 hour £1.50 for up to 2 hours £2.00 for up to 4 hours</p> <p>4 hours maximum stay</p>	<p>Monday to Saturday</p> <p>£1.50 for up to 1 hour £2.60 for up to 2 hours £3.80 for up to 3 hours £5.50 for up to 4 hours</p> <p>4 hours maximum stay</p> <p>Sunday</p> <p>£1.20 for up to 1 hour £2.00 for up to 2 hours £3.00 for up to 4 hours</p> <p>4 hours maximum stay</p>	<p>Monday to Saturday</p> <p>70p for up to 30 mins £1.30 for up to 1 hour £2.60 for up to 2 hours £4.00 for up to 3 hours £6.00 for up to 4 hours £8.00 for up to 5 hours £11.00 up to 6 hours £13.00 over 6 hours</p> <p>6pm – 10pm (7 days a week) £1.00 for up to 1 hour £1.50 for over 1 hour</p> <p>Sunday 60p for up to 30 mins £1.00 for up to 1 hour £2.00 for up to 2 hours £3.00 for up to 4 hours £5.00 for up to 6 hours £7.00 for over 6 hours</p>
<p>Maylord Orchards</p> <p>S</p>	<p>Monday to Saturday</p> <p>£1.20 for up to 1 hour £2.40 for up to 2 hours £3.60 for up to 3 hours £4.80 for up to 4 hours £6.50 up to 5 hours £8.80 up to 6 hours £10.50 over 6 hours</p> <p>Sunday</p> <p>£1.00 for up to 1 hour £1.50 for up to 2 hours £2.00 for up to 4 hours £4.00 for up to 6 hours £6.00 over 6 hours</p>	<p>Monday to Saturday</p> <p>£1.50 for up to 1 hour £2.60 for up to 2 hours £4.00 for up to 3 hours £5.50 for up to 4 hours £7.00 up to 5 hours £10.00 up to 6 hours £12.00 over 6 hours</p> <p>Sunday</p> <p>£1.20 for up to 1 hour £2.00 for up to 2 hours £3.00 for up to 4 hours £5.00 for up to 6 hours £7.00 over 6 hours</p>	<p>Monday to Saturday</p> <p>70p for up to 30 mins £1.30 for up to 1 hour £2.60 for up to 2 hours £4.00 for up to 3 hours £6.00 for up to 4 hours £8.00 for up to 5 hours £11.00 up to 6 hours £13.00 over 6 hours</p> <p>6pm – 10pm (7 days a week) £1.00 for up to 1 hour £1.50 for over 1 hour</p> <p>Sunday</p> <p>60p for up to 30 mins £1.00 for up to 1 hour £2.00 for up to 2 hours £3.00 for up to 4 hours £5.00 for up to 6 hours £7.00 for over 6 hours</p>
<p>Merton Meadow</p> <p>L</p>	<p>Monday to Saturday</p> <p>Daytime 8am to 10pm £3.00 Cars All days £7.00 for lorries and coaches (24 hours a day) Overnight 10pm to 8am Cars free.</p> <p>Season Ticket £450 per year, £115 per quarter</p> <p>Sunday</p> <p>Daytime 8am to 10pm £2.00 Cars £7.00 for Lorries and coaches (24 hours a day)</p> <p>Overnight 10pm to 8am Cars free</p>	<p>Monday to Saturday</p> <p>Daytime 8am to 10pm £5.00 Cars All days £10.00 for lorries and coaches (24 hours a day) Overnight 10pm to 8am Cars free.</p> <p>Season Ticket £750 per year, £190 per quarter</p> <p>Sunday</p> <p>Daytime 8am to 10pm £3.00 Cars £10.00 for Lorries and coaches (24 hours a day)</p> <p>Overnight 10pm to 8am Cars free</p>	<p>Monday to Saturday</p> <p>£5.00 for up to 24 hours</p> <p>(£4.00 for up to 24 hours if ticket purchased between 5am and 08.00am)</p> <p>6pm – 10pm (7 days a week) £1.00 for up to 1 hour £1.50 for over 1 hour</p> <p>£ 10.00 for lorries and coaches (24 hours a day)</p> <p>Season Ticket £750 per year, £190 per quarter</p> <p>Sunday</p> <p>£3.00 all day</p> <p>£10.00 for Lorries and coaches (24 hours a day)</p>
<p>Nelson Street</p>	<p>Monday to Sunday</p> <p>Private Rented Spaces Only.</p> <p>£300 per year, £75 per quarter</p>	<p>Monday to Sunday</p> <p>Private Rented Spaces Only.</p> <p>£330 per year, £85 per quarter</p>	<p>Monday to Sunday</p> <p>Private Rented Spaces Only.</p> <p>£400 per year, £105 per quarter</p>
<p>Station Approach</p> <p>L</p>	<p>Monday to Saturday</p> <p>£3.00 all day</p> <p>Sunday £2.00 all day</p> <p>Season Ticket £600 per year, £165 per quarter</p>	<p>Monday to Saturday</p> <p>£5.00 all day</p> <p>Sunday £3.00 all day</p> <p>Season Ticket £750 per year, £190 per quarter</p>	<p>Monday to Saturday</p> <p>£5.00 for up to 24 hours</p> <p>6pm – 10pm (7 days a week) £1.00 for up to 1 hour £1.50 for over 1 hour</p>

	quarter	quarter	Season Ticket £750 per year, £190 per quarter Sunday £3.00 all day
St. Martins 1 L	Monday to Saturday £1.00 for up to 1 hour £1.70 for up to 2 hours £2.70 for up to 3 hours £3.70 for up to 4 hours £4.70 for over 4 hours Sunday £1.00 for up to 1 hour £1.50 for up to 2 hours £2.00 for over 2 hours Season Ticket £705 per year, £180 per quarter	Monday to Saturday £1.20 for up to 1 hour £2.40 for up to 2 hours £3.60 for up to 3 hours £4.60 for up to 4 hours £6.00 for over 4 hours Sunday £1.20 for up to 1 hour £2.00 for up to 2 hours £3.00 for over 2 hours Season Ticket £900 per year, £230 per quarter	Monday to Saturday £1.20 for up to 1 hour £2.20 for up to 2 hours £3.60 for up to 3 hours £4.60 for up to 4 hours £6.00 for over 4 hrs & up to 24hrs 3pm – 10pm (7 days a week) £1.00 for up to 1 hour £1.50 for over 1 hour Sunday £1.00 for up to 1 hour £2.00 for up to 2 hours £3.00 for over 2 hours Season Ticket £900 per year, £230 per quarter
St Martins 2 Overflow L	Monday to Saturday £1.00 for up to 1 hour £1.70 for up to 2 hours £3.00 for over 2 hours Coaches charge payable 24 hours a day £7.00 Season Ticket £600 per year, £165 per quarter Sunday £1.00 for up to 1 hour £1.50 for up to 2 hours £2.00 for over 2 hours Coaches charge payable 24 hours a day £7.00	Monday to Saturday £1.20 for up to 1 hour £2.40 for up to 2 hours £4.00 for over 2 hours Coaches charge payable 24 hours a day £10.00 Season Ticket £600 per year, £165 per quarter Sunday £1.20 for up to 1 hour £2.00 for up to 2 hours £3.00 for over 2 hours Coaches charge payable 24 hours a day £10.00	Monday to Saturday £1.20 for up to 1 hour £2.20 for up to 2 hours £5.00 for up to 24 hours (£4.00 for up to 24 hours if ticket purchased between 5am and 08.00am) 3pm – 10pm (7 days a week) £1.00 for up to 1 hour £1.50 for over 1 hour Season Ticket £600 per year, £165 per quarter Coaches charge (7 days a week) payable 24 hours a day £10.00 Sunday £1.00 for up to 1 hour £2.00 for up to 2 hours £3.00 for over 2 hours
BROMYARD	Current Charge Monday to Sunday 8am - 6pm excluding Bank Holidays)	Pre-consultation proposal (Monday to Sunday 8am - 6pm excluding Bank Holidays)	Post consultation proposal (Monday to Sunday 8am - 6pm excluding Bank Holidays)
Tenbury Road L	Monday to Saturday 60p for up to 1 hour 90p for up to 2 hours £1.10 for up to 3 hours £1.30 for up to 4 hours £1.60 over 4 hours Coaches - Free Season Ticket £240 per year, £60 per quarter Sunday 90p for up to 2 hours £1.30 for up to 4 hours £1.60 for over 4 hours	Monday to Saturday No change Sunday No change	Monday to Saturday No change Sunday No change
KINGTON	Current Charge (Monday to Sunday 9am - 3pm excluding Bank Holidays)	Pre-consultation proposal (Monday to Sunday 9am - 3pm excluding Bank Holidays)	Post consultation proposal (Monday to Sunday 9am - 3pm excluding Bank Holidays)
High Street L	Free	No change	No change
Love Lane L	Free	No change	No change

Market Hall Street L	Free	No change	No change
Mill Street L	Monday to Saturday 50p for up to 1 hour 70p for up to 2 hours £1.10 for up to 3 hours £1.30 for up to 4 hours £1.60 for over 4 hours Season Ticket £240 per year, £60 per quarter Sunday 50p for up to 2 hours £1.00 for up to 4 hours £1.50 for over 4 hours	Monday to Saturday No change Sunday No change	Monday to Saturday No change Sunday No change
LEDBURY	Current (Charge Monday to Saturday 8am - 6pm including Bank Holidays)	Pre-consultation proposal (Charge Monday to Saturday 8am - 6pm including Bank Holidays)	Post consultation proposal (Charge Monday to Saturday 8am - 6pm Excluding Bank Holidays)
Bridge Street L	Monday to Saturday £1.00 up to 4 hours £1.50 over 4 hours Season Ticket £190 per year, £50 per quarter Sunday Free	Monday to Saturday £1.50 up to 4 hours £2.00 over 4 hours Season Ticket £300 per year, £80 per quarter Sunday Free	Monday to Saturday £1.50 up to 4 hours £2.00 up to 24 hours Season Ticket £250 per year, £70 per quarter Sunday Free
Bye Street S	Monday to Saturday 50p for up to 1 hour £1.00 for up to 2 hours £1.50 for up to 3 hours 3 hours maximum stay Sunday Free	Monday to Saturday £1.00 for up to 1 hour £1.40 for up to 2 hours £1.80 for up to 3 hours 3 hours maximum stay Sunday Free	Monday to Saturday 50p for up to 1 hour £1.50 for up to 2 hours £2.00 for up to 3 hours 3 hours maximum stay Sunday Free
Lawnside Road L	Monday to Saturday 50p for up to 1 hour £1.00 for up to 2 hours £1.50 for up to 3 hours £2.00 for up to 4 hours £2.50 for over 4 hours Sunday Free Season Ticket £315 per year, £80 per quarter	Monday to Saturday £1.00 for up to 1 hour £1.40 for up to 2 hours £1.80 for up to 3 hours £2.40 for up to 4 hours £3.00 for over 4 hours Sunday Free Season Ticket £450 per year, £115 per quarter	Monday to Saturday 70p for up to 1 hour £1.20 for up to 2 hours £2.00 for up to 3 hours £2.50 for up to 4 hours £3.00 for up to 24 hours Sunday Free Season Ticket £375 per year, £100 per quarter
St Katherines S	Monday to Saturday 70p for up to 1 hour £1.20 for up to 2 hours £2.00 for up to 3 hours £3.00 for up to 4 hours £4.00 for over 4 hours Sunday Free	Monday to Saturday £1.00 for up to 1 hour £1.40 for up to 2 hours £2.40 for up to 3 hours £3.40 for up to 4 hours £4.50 for over 4 hours Sunday Free	Monday to Saturday £1.00 for up to 1 hour £2.00 for up to 2 hours £3.00 for up to 3 hours £4.00 for up to 24 hours Sunday Free Season Ticket £500 per year, £130 per quarter
LEOMINSTER	Current Charge (Monday to Sunday 8am - 10pm including Bank Holidays)	Pre-consultation proposal (Monday to Sunday 8am - 10pm including Bank Holidays)	Post consultation proposal (Monday to Sunday 8am - 6pm including Bank Holidays)

Broad Street L	Monday to Sunday £1.00 up to 4 hours £1.50 over 4 hours Lorries (Evening charge 6.00pm to 8.00am - £3.00) Coaches – Free Sunday 50p for up to 2 hours £1.00 for up to 4 hours £1.50 for over 4 hours Season Ticket £225 per year, £60 per quarter	Monday to Saturday £1.40 up to 4 hours £2.00 over 4 hours Lorries (Evening charge 6.00pm to 8.00am - £5.00) Coaches – Free Sunday 80p for up to 2 hours £1.30 for up to 4 hours £1.80 for over 4 hours Season Ticket £300 per year, £80 per quarter	Monday to Saturday £2.50 for up to 24 hours Lorries (Evening charge 6.00pm to 8.00am - £2.50) Coaches – Free Sunday £1.00 all day Season Ticket £360 per year, £95 per quarter
Central Area S	Monday to Sunday 60p for up to 1 hour £1.10 for up to 2 hours £1.60 for up to 3 hours £2.10 for up to 4 hours Maximum stay 4 hours Sunday 50p for up to 2 hours £1.00 for up to 4 hours Maximum stay 4 hours	Monday to Saturday £1.00 for up to 1 hour £1.50 for up to 2 hours £1.80 for up to 3 hours £2.40 for up to 4 hours Maximum stay 4 hours Sunday 80p for up to 2 hours £1.30 for up to 4 hours Maximum stay 4 hours	Monday to Saturday £1.00 for up to 1 hour £1.50 for up to 2 hours Maximum stay 2 hours (Disabled blue badge holders up to 5 hours maximum stay) Sunday £1.00 all day
Central Area (Service Delivery Area) S	Free Maximum stay 30 minutes	Free Maximum stay 30 minutes	Free Maximum stay 30 minutes
Dishley Street L	Monday to Sunday 50p for up to 1 hour 70p for up to 2 hours £1.10 for up to 3 hours £1.30 for up to 4 hours £2.10 for over 4 hours Sunday 50p for up to 2 hours £1.00 for up to 4 hours £1.50 for over 4 hours Season Ticket £315 per year, £80 per quarter	Monday to Saturday £1.00 for up to 1 hour £1.20 for up to 2 hours £1.50 for up to 3 hours £1.80 for up to 4 hours £2.40 for over 4 hours Sunday 80p for up to 2 hours £1.30 for up to 4 hours £1.80 for over 4 hours Season Ticket £360 per year, £95 per quarter	Monday to Saturday £1.00 for up to 2 hours £1.50 for up to 4 hours £2.50 for up to 24 hours Sunday £1.00 all day Season Ticket £360 per year, £95 per quarter
Etnam Street S	Monday to Saturday 60p for up to 2 hours £1.00 for up to 3 hours £1.50 for up to 4 hours Maximum stay 4 hours Sunday 50p for up to 2 hours £1.00 for over 2 hours	Monday to Saturday 80p for up to 2 hours £1.30 for up to 3 hours £2.00 for up to 4 hours Maximum stay 4 hours Sunday 80p for up to 2 hours £1.30 for over 2 hours	Monday to Saturday 50p for up to 1 hour 80p for up to 2 hours £1.50 for up to 4 hours Maximum stay 4 hours Sunday £1.00 all day
ROSS ON WYE	Current Charge (Monday to Sunday 8am - 10pm including Bank Holidays)	Pre-consultation proposal (Monday to Sunday 8am - 10pm including Bank Holidays)	Post consultation proposal (Monday to Sunday 8am - 6pm including Bank Holidays)

Corn Exchange Crossfields L	Monday to Saturday 60p for up to 1 hour £1.10 for up to 2 hours £1.60 for up to 3 hours £2.10 for up to 4 hours £3.10 for over 4 hours Sunday 50p for up to 2 hours £1.00 for up to 4 hours £1.50 for over 4 hours	Monday to Saturday £1.00 for up to 1 hour £1.50 for up to 2 hours £2.00 for up to 3 hours £2.50 for up to 4 hours £3.50 for over 4 hours Sunday 80p for up to 2 hours £1.30 for up to 4 hours £1.80 for over 4 hours	Monday to Saturday £1.00 for up to 1 hour £1.50 for up to 2 hours £2.00 for up to 3 hours £2.50 for up to 4 hours £5.00 for up to 24 hours Sunday £1.00 all day
Edde Cross Street L	Monday to Saturday 60p for up to 1 hour £1.10 for up to 2 hours £1.60 for up to 3 hours £2.10 for up to 4 hours £3.10 for over 4 hours Sunday 50p for up to 2 hours £1.00 for up to 4 hours £1.50 for over 4 hours Season Ticket £465 per year, £120 per quarter	Monday to Saturday £1.00 for up to 1 hour £1.50 for up to 2 hours £2.00 for up to 3 hours £2.50 for up to 4 hours £3.50 for over 4 hours Sunday 80p for up to 2 hours £1.30 for up to 4 hours £1.80 for over 4 hours Season Ticket £525 per year, £135 per quarter	Monday to Saturday £1.50 for up to 24 hours Sunday £1.00 all day Season Ticket £225 per year, £60 per quarter
Homs Road L	Monday to Saturday £1.00 up to 4 hours £1.50 over 4 hours Sunday 50p for up to 2 hours £1.00 for up to 4 hours £1.50 for over 4 hours Coaches – Free Season Ticket £225 per year, £60 per quarter	Monday to Saturday £1.50 up to 4 hours £2.00 over 4 hours Sunday 80p for up to 2 hours £1.30 for up to 4 hours £1.80 for over 4 hours Coaches – Free Season Ticket £270 per year, £70 per quarter	Monday to Saturday £1.00 for up to £24 hours Sunday £1.00 for up to 24 hours Coaches – Free Season Ticket £150 per year, £40 per quarter
Kings Acre (Upper and Lower) L	Monday to Saturday £1.00 up to 2 hours £1.50 for over 2 hours Sunday 50p for up to 2 hours £1.00 for up to 4 hours £1.50 for over 4 hours Season Ticket £225 per year, £60 per quarter	Monday to Saturday £1.50 up to 2 hours £2.00 over 2 hours Sunday 80p for up to 2 hours £1.30 for up to 4 hours £1.80 for over 4 hours Season Ticket £270 per year, £70 per quarter	Monday to Saturday £1.50 for up to 24 hours Sunday £1.00 all day Season Ticket £225 per year, £60 per quarter
Kyrle Street L	Monday to Saturday £1.50 all day Sunday 50p for up to 2 hours £1.00 for up to 4 hours £1.50 for over 4 hours Season Ticket £225 per year, £60 per quarter	Monday to Saturday £2.00 all day Sunday 80p for up to 2 hours £1.30 for up to 4 hours £1.80 for over 4 hours Season Ticket £270 per year, £70 per quarter	Monday to Saturday £2.00 for up to 24 hours Sunday £1.00 all day Season Ticket £300 per year, £80 per quarter

Red Meadow L	Monday to Saturday 60p for up to 1 hour £1.10 for up to 2 hours £1.60 for up to 3 hours £2.10 for up to 4 hours £3.10 for over 4 hours Sunday 50p for up to 2 hours £1.00 for up to 4 hours £1.50 for over 4 hours Coaches – Free Season Ticket £465 per year, £120 per quarter	Monday to Saturday £1.00 for up to 1 hour £1.50 for up to 2 hours £2.00 for up to 3 hours £2.50 for up to 4 hours £3.50 for over 4 hours Sunday 80p for up to 2 hours £1.30 for up to 4 hours £1.80 for over 4 hours Coaches – Free Season Ticket £525 per year, £135 per quarter	Monday to Saturday £1.00 for up to 1 hour £1.50 for up to 2 hours £2.00 for up to 3 hours £2.50 for up to 4 hours £5.00 for up to 24 hours Sunday £1.00 all day Season Ticket £750 per year, £190 per quarter
The Maltings S	Monday to Sunday 60p for up to 1 hour £1.10 for up to 2 hours £1.60 for up to 3 hours Max stay 3 hours Sunday 50p for up to 2 hours £1.00 for up to 4 hours £1.50 for over 4 hours	Monday to Saturday £1.00 for up to 1 hour £1.50 for up to 2 hours £2.00 for up to 3 hours Max stay 3 hours Sunday 80p for up to 2 hours £1.30 for up to 4 hours £1.80 for over 4 hours	Monday to Saturday 60p for up to 30 minutes £1.00 for up to 1 hour £1.50 for up to 2 hours £2.50 for up to 3 hours Max stay 3 hours Sunday £1.00 all day
Wilton Road L	Free	No change	Monday to Saturday £1.00 all day Sunday £1.00 all day Season Ticket £150 per year, £40 per quarter

S = Short Stay Car Park L = Long Stay Car Park

Hereford Off peak season ticket valid 6pm to 8am

Annual charge £150 (No change in price)

Quarterly charge £40 (No change in price)

Staff office car parks

The following are the current and proposed new charges in the council's staff office car parks Monday to Friday inclusive.

STAFF OFFICE CAR PARKS	Current Charge (Monday to Friday)	Pre-consultation proposal (Monday to Friday)	Post consultation proposal (Monday to Friday)
County Offices (Bath Street) Plough Lane 1 and 2 Town Hall Shirehall	20p for up to 1 hour 40p for up to 3 hours 60p for up to 5 hours £1.00 over 5 hours Season tickets £115 per year £30 per quarter	30p for up to 1 hour 50p for up to 3 hours 70p for up to 5 hours £1.10 over 5 hours Season tickets £150 per year £40 per quarter	30p for up to 1 hour 50p for up to 3 hrs 70p for up to 5 hrs £1.10 over 5 hrs Season tickets £130 per year £35 per quarter



MEETING:	CABINET
MEETING DATE:	3 December 2015
TITLE OF REPORT:	Quarter 2 corporate performance and budget report 2015/16
REPORT BY:	Director of resources and assistant director, commissioning

Classification

Open

Key decision

This is not a key decision.

Wards affected

County-wide

Purpose

To consider performance for the first two quarters of 2015/16 and the projected budget outturn for the year.

Recommendation(s)

THAT:

- (a) **Cabinet notes the council is currently projecting an overspend of £583k; and**
- (b) **Performance for the first six months of 2015/16 is considered.**

Alternative options

1. Cabinet may: choose to review performance more or less frequently; or request alternative actions to address any identified areas of under-performance, including referral to the relevant scrutiny committee.

Reasons for recommendations

2. To provide assurance that progress is being made towards achievement of the
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Peter Robinson, director of resources on (01432) 383514 and Richard Ball, assistant director
commissioning on (01432) 260965

agreed outcomes and service delivery targets, and that the reasons for important areas of actual or potential under-performance are understood and are being addressed to the cabinet's satisfaction.

Key Considerations

3. Council approved the corporate plan 2013-15 in November 2012, framed around the key priorities of: enabling residents to be independent and lead fulfilling lives with resources focussed on supporting the most vulnerable; and creating and maintaining a successful economy. The supporting delivery plan for 2015/16 was approved by cabinet in March 2015.
4. Progress is measured through a number of performance measures. These have been selected because they demonstrate progress towards achievement of the council's priorities and also provide an overview of the council's performance from a resident's perspective. The databooks, which are available on the council's website, contain the latest performance outturns available. Where monitoring information is only available annually, these measures will be reported at the point it becomes available.
5. The projected outturn based on spend to the end of September 2015 is an overspend of £583k, 0.4% of net budget. It is anticipated that overall spending will come in within budget by year-end. The £700k corporate contingency budget has not been allocated, this may cover the overspend however it is being held until there is more certainty of potential winter pressures.

Projected revenue outturn 2015/16

Directorate Net Budget	Net Budget (£000)	September Outturn (£000)	September Variance Over / (Under)spend (£000)
Adults' wellbeing	53,596	53,689	93
Children's wellbeing	23,159	24,753	1,594
Economy, communities and corporate	53,380	52,876	(504)
Directorates Total	130,135	131,318	1,183
Other budgets and reserves	11,858	11,258	(600)
Total	141,993	142,576	583

6. Appendix A provides a further breakdown of the directorate budgets and forecast spend.
7. Appendix E provides an overview of performance during the first six months of 2015/16. Whilst 65% (74% at end of May) of performance measures are showing a positive shift in performance, there remain however 32% (24% at end of May) that are currently performing worse than the same period last year, and consideration needs to be given as to required actions to improve performance.
8. A summary of performance and the challenges faced within each directorate is included below in paragraphs 9-31.

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Adults' wellbeing

9. The latest forecast predicts a £93k overspend of the budget at year end. The forecast overspend within adult social care client groups is £937k at year end. This is due to higher than budgeted demand particularly for personal budgets. It should be noted that client budgets for 2015/16 are over £2.2m lower than they were in 2014/15.
10. The year on year reduction of costs has been achieved by proactive management of placements and financial challenge of all new placements as well as high cost existing packages. The Client forecast assumes that any further demand pressures will be managed within operational teams, by AWB panel and by senior management.

Better Care Fund Update

11. The table below shows contributions made by both the CCG and the Council to the Better Care Fund (BCF), the latest forecast outturn has identified a pressure for the council of £600k, mitigated by one-off Care Act money. Local Authority (LA) expenditure is included within the AWB budget and outturn reported above. It is assumed that the pressure will be covered in 2016/17 by re-basing the pooled budget.

Key Deliverables	LA Cont. (£000)	CCG Cont. (£000)	Agreed Pooled Budget	Full year Forecast (£000)	Full year Variance (£000)
Expenditure					
Minimum protection of Social Care (Scheme 1a)		4,520	4,520	4,520	0
Implementation of Care Act		458	458	461	3
Disabled Facilities Grant (capital)	866		866	865	(1)
Community Capacity/Social Care Capital	490		490	490	0
Community Health Redesign (Scheme 1b)		6,716	6,716	6,716	0
Care Market Management (Scheme 2)	18,363	8,365	26,728	27,978	1,250
Fund Management	27		27	27	0
Total BCF Expenditure	19,746	20,059	39,805	41,057	1,252

What is going well?

12. During the first half of the year, the number of clients permanently placed in residential and nursing placements has significantly reduced on our position at this point last year, for both clients under 65 and those aged 65+.
13. The proportion of carers provided with a service remains high, with just over 44% receiving support. All carers previously in receipt of support are being re-assessed against the new criteria, to ensure that this service supports those most in need.
14. Evaluation of safeguarding concerns at our front door remains positive; with 86% of cases being evaluated within 2 days of receipt and more appropriate allocation of these cases (only 1 in 4 cases now progress to a safeguarding enquiry). Overall delivery of service user outcomes within safeguarding also remains positive, with

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96% of outcomes being met where these have been identified. Further work in this area will be developed as a result of the peer review action plan.

Challenges

15. Safeguarding closures within timescales remain a challenge. Results in this measure continue to remain at levels below expectations, despite regular active monitoring and support. However, additional analysis provides reassurance that almost all cases are now completed within shorter timescales than in previous years.
16. As part of the revised Care Act eligibility, we are required to re-assess/review all clients currently in receipt of a long term package of care against new criteria set out in the Act. To date the number of reviews undertaken since the start of the financial year is just below 30%, which is short of the target for this point in the year, but is not dissimilar to the position in other council areas across the country. A complex needs, assessment & review team is being established, however recruitment to this team has been challenging so the team is not yet at full capacity. The target to complete all reviews by April 2016 is also a challenge for local authorities nationally.
17. The Wellbeing Information and Signposting in Herefordshire (WISH) programme of work, which includes both the web development supporting the provision of quality information and advice and a face to face hub that will provide a signposting service, has been delayed. Various factors, including asbestos being identified in Hereford Library, have led to this pause. However, good progress is being made in preparation for the launch of the new service at the end of January 2016.

Children's wellbeing

18. The forecast outturn is an overspend of £1.6m, an increase of £319k since May. The overspends in children's safeguarding are now £1.9m, summarised below:

	September Outturn Overspends	
	(£000)	(£000)
Placements and Allowances		
Residential and Fostering	740	
Kinship Carers	262	
Special Guardianship Allowances	120	
Direct Payments	50	1,172
Agency Staff		526
Social work Academy		142
Children's Centres		37
Other		32
Net Overspend in Safeguarding		1,909

19. Since May there have been 10 external foster agency placements, two placements have been extended until the end of the year and a residential placement has been extended to the end of December, increasing the over-spend by £210k.

What is going well?

20. The children and young people's plan was approved by full council in September 2015; this sets out the blueprint for services for CYP over the next 3 years. It provides the multi-agency strategy for addressing children, young people and their families, identified through the Health and Well-being Strategy and needs assessments.
21. The children with disabilities team are working with adults' wellbeing to develop a service for 0-25. A service manager post has been agreed to oversee its implementation and it will be designed to aid transition to adults' wellbeing.
22. Early analysis of summer exam results suggests improvements in early years, foundation stage good level of development in year one phonics, key stage 2 (level 4 +) in reading, writing and maths. Performance at school sixth forms was at a high level and exceeded national performance for all grades with particular improvement in A*. There were also 60 more students progressing to level 3 qualifications.

Challenges

23. The council, CCG and Wye Valley NHS trust (WVT) continue to work closely together to support short breaks for families with children with disabilities. There have been some difficulties in providing continuity of short breaks at No.1 Ledbury road and WVT has developed revised arrangements that should be more resilient for the next period. Whilst some families have had a reduction in respite, WVT is hopeful that additional staff recruitment could increase the amount of respite available in December. The children with disabilities team have been undertaking updated core assessments with families who currently use No.1 Ledbury Road. There are some concerning trends in the Multi Agency and Safeguarding Hub (MASH) and Children in Need (CIN) teams relating to timeliness and quality. In part this has been caused by both rapid turnover and recruitment of agency staff, and high caseloads in the CIN teams. Consequently, there is more evidence of drift in addressing problems in families, poor quality planning and we have seen an increase in complaints relating to delays in communications with families and other professionals and concerns reported within the service. There was a period in the last quarter where there were circa 60 unallocated CIN cases, although they were subject to risk management by managers this is not acceptable and has been addressed. Time limited additional posts have been agreed for the CIN teams and recruitment is underway.
24. As at the end of September 2015, the number of looked after children stands at 300 and this has been steadily increasing since May 2015. There has been a significant variation in the number of children entering the system via section 20 (voluntarily coming in to care).
25. With regard to education, the performance at all key stages for vulnerable groups and those eligible for free school meals remains an area of focus for individual schools and the LA. The gap between these groups and their peers remains too great. Specific work to address this is being co-ordinated through the Herefordshire school improvement partnership. There is a mixed picture of Ofsted judgements and educational performance in several Herefordshire academies, this is being raised with the regional schools commissioner.

Economy, communities and corporate

26. The September forecast outturn is an underspend of £504k, a favourable change of

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£424k compared to the May forecast. This relates to increased planning income and further savings brought forward to mitigate the corporate position.

What is going well?

27. The Inspector's report for the Local Development Plan was received in September. The LDF Core Strategy was agreed for adoption by Cabinet and approved by Full Council. The preparation of a Minerals and Waste plan will follow. Programme planning is underway for the Hereford Area Plan and Community Infrastructure Levy.
28. The £3m refurbishment works at Hereford Leisure Centre are now complete, which include a new fitness suite, children's adventure play area, refurbished changing rooms, improved disabled changing facilities, three new group exercise studios, permanent purpose built gymnastic training area, refurbished squash courts, new reception and café area. The works were completed in September and officially opened on 18 September. Ross Swimming Pool has also seen a £2m refurbishment with new changing rooms, fitness suite, group exercise studio, reception, improved disabled access. Works were completed in September and were officially re-opened on 1 October. These works are part of the programme of refurbishment works at Herefordshire's leisure facilities to modernise and improve facilities across the county, which will enable local people to be more physically active.
29. The scope of works for High Town refurbishment has been established. Full design works will be commissioned alongside a 5-year Hereford Economic Master Plan. Consultation is being prepared for November 2015.

Challenges

30. Customer services has seen an increase in face-to-face contacts at Franklin House (10,243 in quarter 2 compared to 9,735 in quarter 1), and a significant increase on the same period in 2014. The highest demand is Council Tax and Housing Benefit payments/enquiries. Customer migration to digital continues to be a challenge.
31. Hereford Library was closed for an initial 12 week period in September, due to the discovery of trace levels of asbestos found in the building as a result of planned building work due to take place at the site. Consequently, there has been a considerable increase in the use of Belmont Library to compensate for its closure and a drop-off point has been made available at the Shirehall. A temporary library is due to be located at Hereford Town Hall. To address the removal of asbestos and the backlog of maintenance, £1 million needs to be spent. This investment is outlined in the council's capital programme. Cabinet will consider if there is an opportunity to use that funding to work with the community on an improved library. It is proposed to hold discussions with representatives of the Hereford Library Users Group to see if their ambitions for a modern library with a range of other facilities could be realised if there was a wider fundraising campaign.

Other budgets and reserves

32. The forecast outturn is to underspend by £600k compared to the budget. The underspend is in two areas, managing change is expected to underspend by £100k based on current redundancy estimates and a one off contribution to the general fund reserve of £500k is not required due to the £600k underspend in 2014/15 being transferred to reserves last year. The £700k corporate contingency budget has been set aside for the moment against the potential risk identified by the CCG in the Better

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Care fund referred to in paragraph 11 above.

Council Tax and Business Rate Collection Performance

33. The business rate and council tax income is showing a forecast in line with budget of £22m and £84m. Business rate income is subject to the risk of appeals including appeals from GP surgeries which are assessed to have an ongoing funding reduction of up to £250k pa. Funds of £5.8m have been set aside for the settlement of successful back dated business rate appeal costs.
34. A more detailed analysis of the revenue outturn is provided in Appendix A.

Capital forecast

35. A summary of capital schemes is provided in Appendix B. The capital forecast is funded with no loss of conditional funding. Funding pressures for future years will be reported separately in December.

Treasury Management

36. Treasury Management is forecast to spend to budget. Due to short term borrowing being available at substantially lower interest rates than fixed term borrowing, no new fixed term borrowing has been secured. Appendix C provides further details.

Community Impact

37. Delivering the corporate plan is central to achieving the positive impact the Council wishes to make across Herefordshire and all its communities. The recommendations do not have any community impact.

Equality and human rights

38. There are no specific implications in the report. As regards demonstrating due regard to the council's public sector equality duty (PSED), as part of our decision making processes we ensure that individual directorates and service areas assess the potential impact of any proposed project, leading to fairer, transparent and informed decisions being made.

Financial implications

39. Projects and activity within the delivery plan must be delivered within the budget agreed by council in February 2015; they include projects and activity to deliver the cost reductions required for a balanced budget. Slippage in projects and activity to deliver cost reductions will impact on the overall council budget and will require remedial or mitigating actions to maintain financial stability.

Legal implications

40. None.

Risk management

41. The corporate plan and its delivery plan are integral elements of the council's risk management framework. Risks associated with each objective and project are

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entered onto the relevant service or directorate risk register and escalated as appropriate. The corporate risk register is available on the council's website and an overview of the significant risks is included within Appendix E.

Consultees

42. None in relation to this report. The development of the delivery plan was informed by the evidence base already gathered during the year and which includes user, resident and partner feedback where available.

Appendices

- Appendix A Revenue forecast
- Appendix B Capital forecast
- Appendix C Treasury management forecast
- Appendix D Debt write offs
- Appendix E Strategic overview:
- Organisation wide
 - Adults' wellbeing
 - Children's wellbeing
 - Economy, communities and corporate

Background Papers

- [adults' wellbeing databook](#)
- [children's wellbeing databook](#)
- [economy, communities and corporate databook](#)
- [corporate risk register](#)

Appendix A

Directorate Net Budget	Net Budget (£000)	September Variance (£000) Over / (Under)spend	May Variance (£000) Over / (Under)spend	Change to forecast (£000) Adv / (Fav)
Adults' wellbeing	53,596	93	(0)	93
Children's wellbeing	23,159	1,594	1,275	319
Economy, communities & corporate	53,380	(504)	(80)	(424)
DIRECTORATES TOTAL	130,135	1,183	1,195	(12)
Other budgets and reserves	11,858	(600)	(600)	0
TOTAL	141,993	583	595	(12)

Adults' wellbeing

	Annual Budget					September	May	Change to Forecast
Service	Budget Expenditure £000's	Budget (Income) £000's	Net Budget £000's	September Forecast Outturn £000's	Projected Over/ (Under)spend £000's	Projected Over/ (Under)spend £000's	Adv/ (Fav) £000's	
Learning Disabilities	17,052	(1,871)	15,181	15,991	810	594	216	
Memory and Cognition/Mental Health	10,185	(1,908)	8,278	7,813	(464)	(506)	42	
Physical Support	25,359	(5,604)	19,755	20,513	758	664	94	
Sensory Support	873	(191)	682	516	(166)	(170)	3	
Client Sub-Total	53,470	(9,573)	43,896	44,833	937	582	355	
Operations	8,438	(826)	7,612	7,197	(415)	(251)	(164)	
Commissioning	6,147	(497)	5,649	5,464	(185)	(74)	(111)	
Directorate Management	1,200	(6,202)	(5,002)	(5,019)	(17)	(48)	31	
Public Health	8,091	(7,971)	120	120	0	(0)	0	
Transformation	1,325	(5)	1,320	1,093	(227)	(209)	(18)	
Use of one off reserves/grants	0	0	0	0	0	0	0	
Non Client Sub-Total	25,201	(15,501)	9,700	8,856	(844)	(582)	(262)	
Adult's Wellbeing	78,670	(25,074)	53,596	53,689	93	(0)	93	

Children's Wellbeing

	Annual Budget							Change to Forecast
Service	Budget Expenditure	Budget (Income)	Net Budget	September Forecast Outturn	Projected Over/ (Under)spend	Projected Over/ (Under)spend	May	
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Directorate	874	(1,230)	(380)	(598)	(219)	7		(225)
Directorate	874	(1,230)	(380)	(598)	(219)	7		(225)
Additional Needs	2,455	(46)	2,409	2,409	0	0		0
Children's Commissioning	1,245	(36)	1,209	1,153	(56)	(62)		6
Commissioning Management	471	(78)	393	393	0	1		(1)
Development and Sufficiency	3,815	(1,976)	1,839	1,798	(41)	(31)		(10)
Education Improvement	254	(93)	161	161	(0)	0		(0)
Education & Commissioning	8,240	(2,228)	6,011	5,915	(96)	(92)		(4)
Safeguarding and Review	959	(268)	691	738	46	38		9
Early Help and Family Support	2,393	(478)	1,915	1,888	(26)	87		(113)
Fieldwork	3,025	(5)	3,020	3,295	275	386		(111)
Looked After Children	7,255	(235)	7,019	7,863	844	588		256
LAC External placements	2,907	(30)	2,877	3,458	581	37		543
Safeguarding Development	871	0	871	997	125	194		(68)
Safeguarding and Early Help Management	1,169	(23)	1,146	1,210	65	30		34
Safeguarding & Family Support	18,580	(1,040)	17,540	19,449	1,909	1,360		549
Children's Wellbeing excluding DSG	27,694	(4,499)	23,171	24,766	1,594	1,275		319

Economy, Communities and Corporate

	Annual Budget				September	May	Change to Forecast
Service	Budget Expenditure £000's	Budget (Income) £000's	Net Budget £000's	September Forecast Outturn £000's	Projected Over/ (Under)spend £000's	Projected Over/ (Under)spend £000's	Adv/ (Fav) £000's
Economic, Environment and Culture	9,577	(9,630)	(53)	(126)	(73)	20	(93)
Placed Based Commissioning	36,016	(3,566)	32,450	32,363	(87)	(172)	85
Resources	68,360	(56,805)	11,555	11,522	(33)	225	(258)
Community and Customer Services	4,222	(545)	3,677	3,710	33	4	29
Governance	4,333	(471)	3,862	3,798	(64)	(9)	(55)
Directors	1,943	(54)	1,889	1,609	(280)	(148)	(132)
Total ECC and Chief Executive	124,451	(71,071)	53,380	52,876	(504)	(80)	(424)

2015/16 Capital Forecast Outturn

Summary of capital schemes

Scheme	Total Scheme Budget £000	Spend to end August £000	Scheme Forecast £000	Comments
Children's Wellbeing				
Condition property works	2,477	293	2,477	Annual programme of works at various school sites committed on a highest need first basis
Colwall Replacement School	6,500	-	6,500	Provision of a new school
Peterchurch primary school	1,000	-	1,000	Replace leaking roof & internal remodelling, additional works required, business case being constructed
Aylestone and Broadlands relocation	1,257	898	1,257	Release current buildings and grounds, modify & adapt Aylestone
Adults' Wellbeing				
Disabled Facilities Grant	1,000	250	1,000	Individual grants enabling independent living.
Economy, Communities & Corporate				
Leisure Centre Improvements	9,000	6,684	9,000	Works at leisure sites, Ledbury works to be defined.
Local Transport Plan	12,592	2,558	12,592	Annual programme of capital works to highways, footways and bridges.
Fastershire Broadband	20,200	9,030	20,200	Investment in broadband infrastructure in Hereford and Gloucester.
Link Road	27,000	14,367	27,000	Acquisition costs and construction works
LED Street Lighting	5,655	1,810	5,655	Phased installation of LED street lighting
Solar Panel Installations	2,134	72	2,134	Photovoltaic instalment at various locations
South Wye Transport Package	27,000	275	27,000	Funded from LEP growth deal, construction to start in 2017
Hereford Enterprise Zone	16,000	1,562	16,000	Self-financed investment in serviced plots
Road investment	20,000	16,968	20,000	Investment improvements to the highway infrastructure
Energy from Waste plant	40,000	12,332	40,000	Construction loan
Three Elms Trading Estate	2,600	2,077	2,600	Purchase and improvement of trading estate
Total	193,415	69,176	193,415	

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 UK Economy

1.1. There has been little change in the UK economic climate:

- The second quarter showed GDP growing by 0.7% over the quarter and 2.6% year-on-year.
- Inflationary pressure is very low (annual CPI (July 2015) is currently 0.1%) and is expected to remain so in the short term rising towards the end of 2015, with inflation remaining steady in the medium term.
- The latest data for June 2015 show a broadly stable UK labour market, with a marginal movement downwards in the number of employed and a marginal movement upwards in the number of unemployed. Wage growth for the year to June 2015 was 2.8% excluding bonuses.
- There has been no change in the bank base rate.

2. The Council's Investments

2.1 At 31 August 2015 the council held the following investments:

Investment	Term	Maturity Date	Interest Rate	Amount invested £m
<u>Instant Access Money Market Funds:</u>				
Ignis	N/A	N/A	0.5%	3.0
<u>1 Month Notice Account</u>				
Close Bros	N/A	N/A	1.0%	2.5
<u>Certificates of Deposit:</u>				
Standard Chartered	183 days	21/10/15	0.7%	2.5
Total			0.7%	8.0

2.2 The council's current eligible counterparties and their associated maximum maturity periods (as recommended by the council's treasury advisers, Arlingclose) are as follows:

UK Financial Institution	Maximum maturity period from:		
	31/03/15	31/06/15	31/07/15
Barclays, Goldman Sachs International Bank	100 days	100 days	100 days
Close Brothers Ltd	100 days	100 days	6 months
Standard Chartered Bank	6 months	6 months	6 months
Cumberland BS, Darlington BS, Furness BS, Harpenden BS, Hinckley & Rugby BS, Leeds BS, Leek United BS, Loughborough BS, Mansfield BS, Market Harborough BS, Marsden BS, Melton Mowbray BS, National Counties BS, Newbury BS, Scottish BS, Tipton & Coseley BS and Vernon BS	100 days	100 days	100 days

Santander UK	100 days	100 days	6 months
Bank of Scotland and Lloyds Bank	100 days	100 days	13 months
Coventry BS and Nationwide BS	100 days-	100 days	6 months
HSBC	6 months	6 months	13 months
NatWest and RBS	Overnight	Overnight	35 days

Non-UK Financial Institution	Maximum maturity period from:		
	31/03/15	31/06/15	31/07/15
ING Bank NV, Credit Suisse	100 days	100 days	100 days
Deutsche Bank AG	100 days	Temporarily suspended	35 days
Landesbank Hessen-Thuringen (Heleba)	100 days	100 days	6 months
Pohjola Bank, DBS Bank Ltd, Oversea-Chinese Banking Corporation and United Overseas Bank	6 months	6 months	6 months
Bank Nederlandse Gemeenten N.V, Nordea Bank AB, Rabobank and Svenska Handelsbanken	6 months	6 months	13 months
Approved Australian, Canadian and US Banks	6 months	6 months	6 months
No change in counterparties or maturity limits since 31/07/15.			

2.3 The council has earned interest on its investments as follows:

Month	Average amount invested		Average rate of interest earned		Amount of interest earned / Forecast £000	Budget £000	Adv (Fav) £000
	Actual / Forecast £m	Budget £m	Actual / Forecast %	Budget %			
Apr-15	20	30	0.46	0.4%	8	10	2
May-15	17	30	0.52	0.4%	8	10	2
Jun-15	16	30	0.59	0.4%	8	10	2
Jul-15	23	30	0.58	0.4%	10	10	-
Aug-15	16	30	0.54	0.4%	7	10	3
Sep-15	20	30	0.5%	0.4%	8	10	2
Oct-15	20	30	0.5%	0.4%	8	10	2
Nov-15	20	30	0.5%	0.4%	8	10	2
Dec-15	20	30	0.5%	0.4%	8	10	2
Jan-16	20	30	0.5%	0.4%	8	10	2
Feb-16	20	30	0.5%	0.4%	8	10	2
Mar-16	20	15	0.5%	0.4%	8	5	(3)
Total					97	115	18

2.4 Due to lower balances being maintained, to reduce the need to borrow, interest income to date is lower than expected. The interest rate earned has been higher than budgeted but investing lower balances gives a projected overspend of £18k.

3. The Council's Borrowing

Short-term borrowing

- 3.1 The council is continuing its policy of mainly using short-term borrowing from other local authorities for short-term liquidity needs. These short-term interest rates are significantly below levels available from other sources avoiding a large cost of carry when comparing fixed interest debt to current (variable) investment rates.
- 3.2 The council can only borrow up to its Capital Financing Requirement, which represents the need to borrow for capital spend, and cannot borrow beyond this to finance the revenue budget.
- 3.3 At the end of August 2015 short-term borrowing from other local authorities consisted of nine loans totalling £32m with an average interest rate of 0.52% (including brokers commission of between 0.01% and 0.10%). Loan periods ranged from seven weeks to two years and averaged 247 days.

Long-term borrowing

- 3.4 At 31 August 2015 the council held long term borrowing of £143.9m. No new long term debt has been taken. Longer term Interest rates (20 year EIP) have fluctuated between 2.80% and 3.28%, with an average of 3.09% over the period, significantly higher than current short term interest rates.
- 3.5 The current capital financing budget position is summarised below:

Summary of Borrowing Budget	Budget	Forecast	Adv / (Fav)
	£m	£m	£m
Minimum revenue provision	9.5	9.5	-
Interest on existing loans	5.8	5.8	-
New borrowing interest cost	0.9	0.9	-
Less capitalised interest	(0.3)	(0.3)	-
Total	15.9	15.9	0.0

- 3.6 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, is added to the cost of the associated asset. Capitalised interest of £0.3m has been included in the 2015/16 budget.

4. Summary of forecast outturn

- 4.1 The need to borrow has been less than expected due to the maintenance of lower investment balances. This means that the investment income overspend is expected to be mitigated by savings on the borrowing budget giving a current net treasury forecast to budget.

Bad debt write offs during the period 1 April 2015 to 31 August 2015

- 1 Individual debts exceeding £2k written off are required to be reported to Cabinet two times per annum.
- 2 Debts under £2k written off in the period totalled £43k. Debts are only written off once full debt recovery processes are completed, occasionally debt previously written off becomes payable if the debtors circumstances change. The council works closely with statutory bodies when deciding to write off debt. Legislative processes can take many months, or even years if the debtor is on low income, to conclude before a write off is sanctioned. There were no debts exceeding £2k written off between 1 April and 31 August.

Herefordshire Council performance & budget report (September 2015)

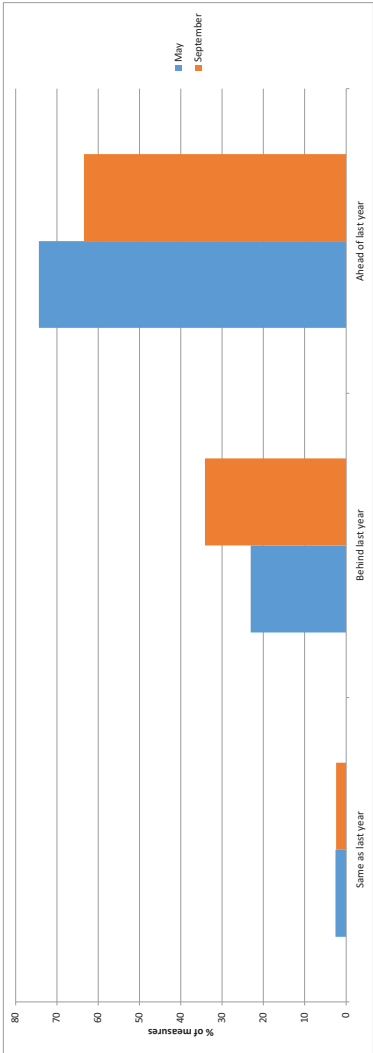
Budget forecast

Service	Budget		Forecast		Variance	
	Expenditure	Income	Expenditure	Income	Full Year	Net
	£000s	£000s	£000s	£000s	£000s	£000s
Adults' Wellbeing	78,670	(25,074)	86,497	(32,608)	53,689	93
Children's Wellbeing	27,670	(4,499)	29,689	(4,923)	24,766	1,595
Economy, Communities & Corporate	124,451	(71,070)	125,748	(72,871)	52,877	(503)
DIRECTORATES TOTAL	230,790	(100,643)	241,934	(110,602)	131,332	1,184
Other budgets and reserves	11,857	0	11,257	0	11,257	(600)
	242,647	(100,643)	253,191	(110,602)	142,589	583

FINANCE

PERFORMANCE

Direction of travel (measures compared to last year)



The following items from the Corporate Risk Register are still red after controls have been put in place. Further details are available in the relevant directorate's overview:

School Assets

IF: Insufficient condition oversight of school assets is not in place THEN: There may be an increase in costs due to unplanned significant spend.

Litigation

IF: Litigation claims against Herefordshire Council are successful THEN: this may expose the Council to significant unbudgeted costs and reputational damage.

Transfer of Contracts

Failure to effectively transition key underpinning/ supporting contracts from NHS England (Pharmacotherapy, Needle Exchange, Supervised Consumption) due to failure to agree budget transfer with CCG may compromise service delivery.

Demographic Pressures

Continued demographic pressures require significant savings to be made or reductions in levels of dependency to manage rising levels of demand across council services.

Integration

The scale and pace of integration work required internally to the council and across health and social care proves to be undeliverable and a new model for integrated and financially viable health and social care pathways does not emerge.

System resilience and urgent care

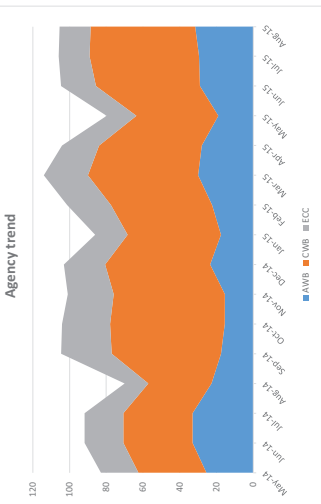
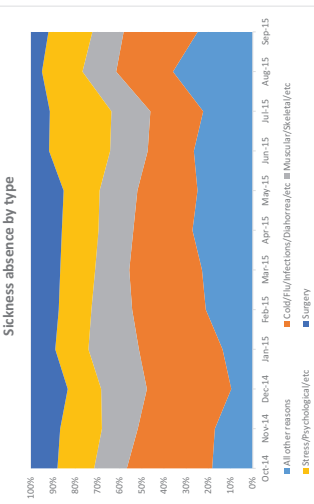
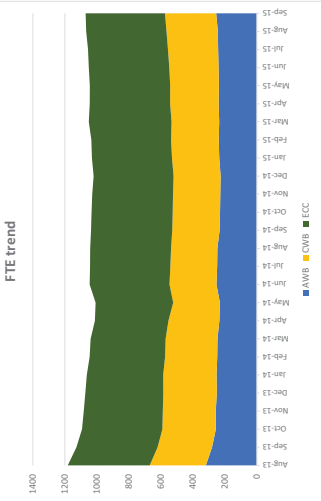
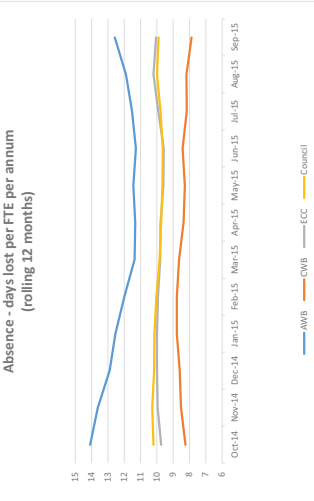
The role and responsibility of adult social care alongside system and process is not clearly set out in relation to system resilience and urgent care.

Human rights claims

IF: 2 test cases in high court uphold a claim against human rights - one listed on 7 Dec 15 for 11 days; the other on 30 Nov 2014 for 3 days THEN: Herefordshire council currently have approx 8 cases involving Revocation of Placement Orders (children's wellbeing) for which, pending the outcome of the test cases, we are at risk of human rights claims; in all of these cases there have been significant delays in these Applications being made to the Court. This is where the breach of Human Rights claims are being made.

RISK

WORKFORCE



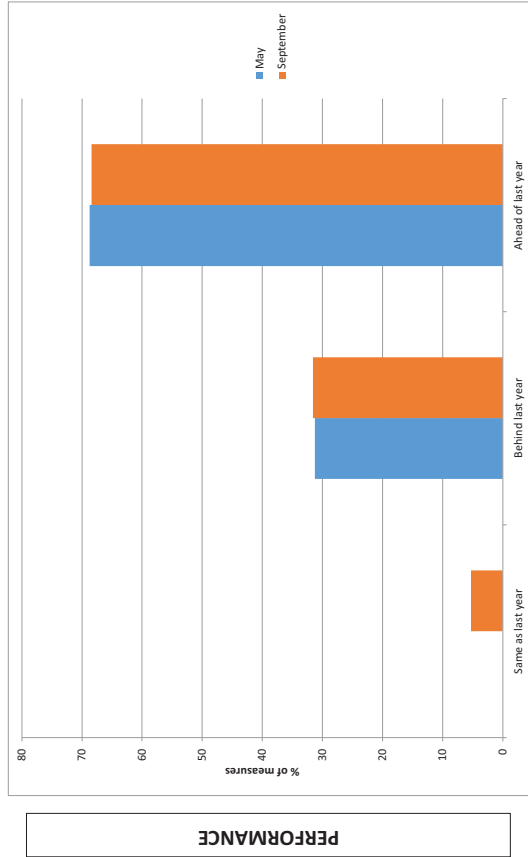
Adults' wellbeing performance & budget report (September 2015)

Budget forecast

Service	Budget		Forecast		Variance	
	Expenditure £000s	Income £000s	Full Year £000s	Expenditure £000s	Income £000s	Net £000s
Learning Disabilities	17,052	(1,871)	15,181	18,985	(2,994)	15,991
Mental Health/Memory & Cognition	10,185	(1,908)	8,278	9,847	(2,034)	7,813
Physical Support	25,359	(5,604)	19,755	27,014	(6,502)	20,513
Sensory Support	873	(191)	682	660	(144)	516
Operations	8,438	(826)	7,612	13,127	(5,930)	7,197
Commissioning	6,147	(497)	5,649	6,975	(1,511)	5,464
Directorate Management	1,200	(6,202)	(5,002)	705	(5,724)	(5,019)
Public Health	8,091	(7,971)	120	8,091	(7,971)	120
Transformation and Safeguarding	1,325	(5)	1,320	1,093	0	1,093
	78,670	(25,074)	53,596	86,497	(32,808)	53,689
						93

FINANCE

Direction of travel (measures compared to last year)



Significant directorate risks

Risk Reference Number	Risk Description	Risk Rating (before controls)	Existing Controls in Place	Risk Rating (after controls)
CR.014	Transfer of Contracts Failure to effectively transition key underpinning/ supporting contracts from NHS England (Pharmacotherapy, Needle Exchange, Supervised Consumption) due to failure to agree budget transfer with CCG may compromise service delivery.	15 RED	Plans and negotiations underway to ensure effective operational and financial transfer.	15 RED
CR.017	Demographic Pressures Continued demographic pressures require significant savings to be made or reductions in levels of dependency to manage rising levels of demand across council services.	25 RED	Range of primary and secondary preventative services commissioned including Information, Advice, Signposting, Reablement, Telecare, Rapid Response. Communications strategy and proactive media briefing advising on ASC LA services focus. Proactive screening of cases that are not eligible through reviews and diversion to other services.	16 RED
CR.022	Integration The scale and pace of integration work required internally to the council and across health and social care proves to be undeliverable and a new model for integrated and financially viable health and social care pathways does not emerge.	25 RED	Transformation Board and Joint Commissioning Board in place underpinned by refreshed Health and Well Being strategy.	16 RED
CR.024	System resilience and urgent care The role and responsibility of adult social care alongside system and process is not clearly set out in relation to system resilience and urgent care	16 RED	Social care pathway for prevention of hospital admission and discharge is aligned with WVT. Joint post funded through SRG to manage interface is in place, number of schemes funded through BCF to support urgent care - however this post has now ceased. On call arrangements in place and AMPH/EDT rota is in place. Senior Management attend operational and strategic SRG	16 RED

RISK

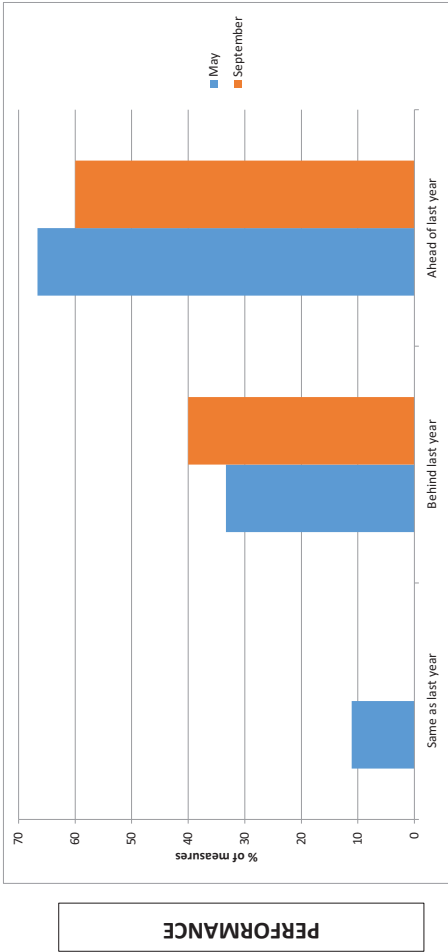
Children's wellbeing performance & budget report (September 2015)

Budget forecast

Service	Budget		Forecast		Variance	
	Expenditure £000s	Income £000s	Full Year £000s	Expenditure £000s	Full Year £000s	Net £000s
Directorate	850	(1,230)	(380)	1,182	(1,780)	(598)
Education & Commissioning	8,240	(2,228)	6,011	8,101	(2,186)	5,915
Safeguarding & Family Support	18,580	(1,040)	17,540	20,406	(957)	19,449
	27,670	(4,499)	23,171	29,689	(4,923)	24,766
						1,595

FINANCE

Direction of travel (measures compared to last year)



Significant directorate risks

Risk Reference Number	Risk Description	Risk Rating (before controls)	Existing Controls in Place	Risk Rating (after controls)
CR.005	School Assets IF: Insufficient condition oversight of school assets is not in place THEN: There may be an increase in costs due to unplanned significant spend.	25 RED	Education assets condition surveys to be completed and estates strategy in place to address the Education Strategic Plan.	16 RED

RISK

Economy, communities & corporate performance & budget report (September 2015)

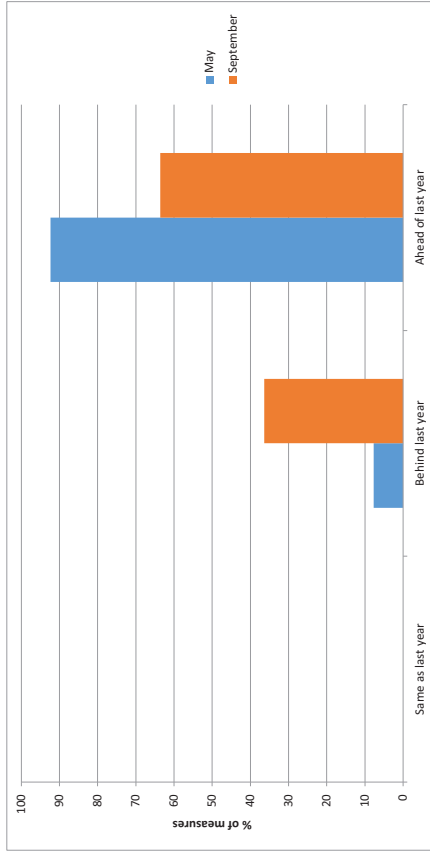
Budget forecast

Service	Budget		Forecast		Variance	
	Expenditure £000s	Income £000s	Expenditure £000s	Income £000s	Full Year £000s	Net £000s
Economic, Environment and Culture	9,577	(9,630)	(53)	9,922	(10,048)	(126)
Placed Based Commissioning	36,016	(3,566)	32,450	36,088	(3,725)	32,363
Resources	68,360	(56,805)	11,556	68,584	(57,060)	11,524
Community and Customer Services	4,222	(545)	3,677	4,795	(1,085)	3,710
Governance	4,333	(471)	3,862	4,696	(899)	3,798
Directors	1,943	(54)	1,889	1,663	(54)	1,609
	124,451	(71,070)	53,380	125,748	(72,871)	52,877
						(503)

FINANCE

PERFORMANCE

Direction of travel (measures compared to last year)



Significant directorate risks

Risk Reference Number	Risk Description	Risk Rating (before controls)	Existing Controls in Place	Risk Rating (after controls)
CR.007	Litigation IF: Litigation claims against Herefordshire Council are successful THEN: this may expose the Council to significant unbudgeted costs and reputational damage.	20 RED	Compliance with the Contracts dispute resolution procedure. Legal and commercial opinion has been sought in support of Herefordshire's case. Structured dispute resolution processes are being taken forward including negotiation, adjudication and formal mediation. Litigation may be required to resolve high value matters. S151 Officer is made aware of pending financial claims against Council at earliest opportunity. For ongoing cases, an appropriate base line budget (from which to operate and deliver an effective legal service and to increase chances of Council losing litigation cases) has been provided.	16 RED
CR.026	Human rights claims IF: 2 test cases in high court uphold a claim against human rights - one listed on 7 Dec 15 for 11 days; the other on 30 Nov 2014 for 3 days THEN: Herefordshire council currently have approx 8 cases involving Revocation of Placement Orders (children's wellbeing) for which, pending the outcome of the test cases, we are at risk of human rights claims; in all of these cases there have been significant delays in these Applications being made to the Court. This is where the breach of Human Rights claims are being made.	16 RED	Currently, judges are adjourning the hearing of council revocation cases until January 2016, awaiting the outcome of these 2 test cases.	16 RED

RISK



MEETING:	Cabinet
MEETING DATE:	3 December 2015
TITLE OF REPORT:	West Midlands rail devolution
REPORT BY:	Head of transportation and access

Classification

Open

Key Decision

This is not a key decision.

Wards Affected

County-wide

Purpose

To agree arrangements for participation in the West Midlands Rail Partnership in preparation for potential devolution of the West Midlands rail franchise currently operated by London Midland and managed centrally by the Department for Transport.

Recommendation(s)

THAT:

- (a) the council becomes a member of the West Midlands Rail Limited Company, subject to legal agreements being satisfactorily finalised;
- (b) authority is delegated to the director of economy, communities and corporate to complete these agreements;
- (c) Subject to recommendations A and B, the leader be appointed as a director of the company and the cabinet member transport and roads be appointed as substitute who will be authorised to make decisions in this capacity relating to the strategic direction of the WMRL;
- (d) Subject to recommendations A and B, funding of £13,200 in 2016/17 and £7,464 in 2017/18 be approved as the council's contribution towards the costs of administering the partnership and developing the case for full devolution of the rail franchise.

Alternative Options

1. Not to join the WMR Ltd. Centro, which has been leading on the franchise devolution proposals has been requested by the Department of Transport to set out its proposed governance arrangements and needs to clarify the views of all the constituent local transport authorities covered by the current West Midlands rail franchise by 4 December 2015. This is not recommended as it would reduce the council's influence over the refranchising process and any subsequent devolved powers to manage the franchise locally.
2. Join the partnership at a later stage. This is not recommended as joining the partnership at a later stage would require a 75% supporting vote of existing partners and this could not be guaranteed.

Reasons for Recommendations

3. To ensure that the council can play an active role in the developing proposals for rail franchise devolution for the West Midlands rail service.

Key Considerations

4. The council is keen to support rail service improvements in the county and has lobbied government and Network Rail for greater investment in local infrastructure to improve service reliability and enable greater capacity.
5. Government set out proposals for rail decentralisation and invited expressions of interest in its consultation document of 2012 – 'Rail Decentralisation – Devolving Decision Making on Passenger Rail Services in England'. It received three detailed expressions of interest to pursue devolution of powers including one from Centro relating to the West Midlands Rail franchise operated by London Midland. The other submissions were 'Rail in the North' and from Transport for London. Government noted that Centro's proposal sought to include a wider area than that covered by its boundary of operation and was based on a Birmingham travel to work area. This included services between Hereford and Birmingham. The benefits which government wishes to explore through rail devolution include:
 - Cost reduction and enhanced value for money
 - Local democratic control
 - Benefits for passengers
 - Supporting and stimulating economic growth
 - Contribution to carbon reduction
6. The West Midlands Rail (WMR) franchise is currently operated by London Midland and covers rail services across the west midlands, focused on Birmingham and its surrounding conurbation. It includes the Hereford to Birmingham services and operational responsibility for Ledbury and Colwall rail stations. This provides an important service for local transport needs and longer distance commuting opportunities. The quality and frequency of this service is important in terms of connections with the west midlands conurbation, providing connectivity with the regional economic hub and future connections with HS2.

7. The WMR franchise covers a total of 112 stations. The list below provides a comparison with the other shire authorities indicating total number of rail stations and the number (in brackets) which are operated through the WMR franchise
- Herefordshire 4 (2)
 - Shropshire (including Telford and Wrekin) – 19 (6)
 - Worcestershire – 17 (14)
 - Staffordshire – 23 (13)
 - Warwickshire – 23 (14)
 - Northamptonshire – 7 (0)
8. There are two other rail franchises operating in Herefordshire. The Wales and Borders franchise, operated by Arriva Trains Wales, provides services operating north south, through the county, between south wales and the north west and includes operational responsibility for Hereford and Leominster rail station. The Great Western franchise, operated by First Great Western, provides services between Hereford and London via Worcester and the Cotswolds (using the same line as the West Midlands franchise).
9. Centro established an informal partnership supported by an officer working group (the Officers Rail Devolution Group – ORDG) and a members group (the Leaders Rail Group – LRG) to develop proposals for taking over devolved management responsibility for West Midlands rail services. The full range of local authority partners represented at these meetings comprises:

Metropolitan Authorities	Shire and Unitary Authorities
Birmingham City Council	Herefordshire Council
Coventry City Council	Northamptonshire County Council
Dudley Metropolitan Borough Council	Shropshire Council
Sandwell Metropolitan Borough Council	Staffordshire County Council
Solihull Metropolitan Borough Council	Telford and Wrekin Council
Walsall Metropolitan Borough Council	Warwickshire County Council
Wolverhampton City Council	Worcestershire County Council
West Midlands Integrated Transport Authority	

10. The aims and ambitions for WMR devolution have been set out in a vision statement included at appendix 1. This has been developed in discussion with council officers and members and is consistent with our longer term ambitions for improved rail services in the county. In summary, these include:
- a passenger network that is more closely aligned to regional priorities and objectives,
 - improved connectivity to areas of economic activity, population centres and national and international hubs such as Birmingham Airport and the proposed new HS2 Stations
 - provision of capacity for growth across all rail freight and passenger sectors
 - maximising the benefits of investment such as HS2 and railway electrification

11. A formal bid to take over the next franchise (due to end 2016) was submitted to the DfT in 2014. The DfT rejected this proposal indicating that it preferred a phased approach which would see it (government) directly managing the re-letting of the franchise (December 2015 – June 17) whilst allowing for the devolution proposals to develop. DfT also confirmed that it would need to be content that an appropriate governance framework was in place clarifying the formal roles of the partners within the devolution arrangement.
12. The partnership had initially set out a governance model which would allow for two tiers of membership – those authorities accepting financial risk and those which would not. The feedback from government to the 2014 submission required a review of this model and development of a more formal partnership.
13. A report setting out proposals for options for different governance models was considered at the LRG meeting of 26 June 2015. A copy of that report is included at appendix 2. The LRG recommended the establishment of West Midlands Rail Limited (WMR Ltd) as a company limited by guarantee with the LRG forming its board of directors.
14. Articles of association setting out arrangements for the West Midlands Rail Limited Company, a private company limited by guarantee under the Companies Act 2006 are included at Appendix 3.
15. The WMR Ltd will have two distinct phases of development:
 - a) Phase 1: The period between now and the commencement of the new West Midlands Rail Franchise in 2017, during which WMR Ltd and DfT will work collaboratively on the franchise design and procurement processes although the Secretary of State for Transport will retain responsibility for letting the franchise; and
 - b) Phase 2: The period following the commencement of the new West Midlands Rail Franchise, during which it is expected that the relationship between WMR and DfT will develop into a clearly governed partnership for managing the franchise and potentially to full devolution. However, any such increased devolution direct to WMR Ltd would require the further approval of the partner authorities and, in the case of changes to WMR Ltd's expected partnership agreement with the DfT would require the approval of a 75% majority of WMR Ltd members

Issues to Consider

16. It is understood that all current partners (the local authorities listed at paragraph 8) intend to join the WMR Ltd. The WMR Leaders Rail Group is due to meet 4 December to confirm its proposals for forming the WMR Ltd and all partner authorities have been requested to confirm their intentions in time for that meeting.
17. If the council does not join the partnership at this time it will continue to be a formal consultee for the DfT in its preparations for letting the next franchise. If the council wished to join the partnership at a later stage it is likely that this would need to be confirmed by a 75% vote of the partners.
18. Whilst the longer term costs associated with a devolved rail franchise are not known Centro has requested financial contributions towards the costs for developing devolution proposals and administrative costs associated with the establishment of a formal governance proposal. In the current financial year the contribution is £15,145, which the council has already paid, and £13,200 and £7,464 has been requested towards costs for 2016/17 and 2017/18. (A table sets out apportionment of costs in the

financial implications section below). Centro has not clarified contribution costs beyond the letting of the next franchise but has suggested that these will be reduced as full management costs would be borne by the Department for Transport.

19. The benefits to Herefordshire of joining the WMR Ltd have the potential to be significant. It will allow the council to engage fully in the formal discussions with the DfT about the details and specification for the next franchise as part of a louder voice for the west midlands region. This should enable the council to better secure quality rail services to help drive the local economy and maintain connectivity for Herefordshire residents and visitors. By being part of WMR Ltd Herefordshire would be able to secure longer term benefits of devolution if this is taken forward which could include further enhancement of local services, more closely aligned with local needs.

Community Impact

20. The corporate plan includes the priority to support economic growth and connectivity and commits to the formation of local strategic partnerships to benefit the council and the local community. By joining the WMR Ltd at this stage the council will be protecting its position for improved rail connectivity and will be joining a regional partnership which could have significant influence over rail services and connectivity in the future.

Equality and Human Rights

21. This report does not impact on any Equality and Human Rights issues.

Financial Implications

22. The projected costs for the WMR Ltd proposal are set out in the table below. Meetings of the Leaders Rail Group have established a 75:25 split in contribution between the Centro authorities and the shires, including at present Herefordshire Council. The funding requirement covers the period to the letting of the new rail franchise at which point Centro have indicated the WMR Ltd partners would be required to take a further decision to remain as partners and agree a partnership arrangement with DfT for the joint management (or other arrangement to be determined) of the franchise and a potential time frame for full devolution. The council would have the opportunity at that point to consider whether or not it wished to remain a member depending on the future proposals.

Description	2015/16	2016/17	2017/18 (7 Months)
1. Franchise Specification	£220,000	£100,000	£0
2. DfT/WMR Agreements	£25,000	£15,000	£15,000
3. WMR Governance and Admin	£5,000	£85,000	£80,000
4. Project/Programme Support	£135,500	£136,000	£95,000
5. Contingency (10%)	£38,550	£33,600	£19,000
Total	£424,050	£369,600	£209,000
Herefordshire Council Contribution	£15,145.00	£13,200.00	£7,464.00

23. Herefordshire Council has already provided a contribution towards the costs of the proposal for current financial year of £15,145 (which represents 1/7 of 25% of total costs for the year). Contributions for 2016/17 and 2017/18 are set out in the table above and would be required should the council formally join the WMR Ltd. These funds are as yet unbudgeted.
24. In the event that any partner authority were to resign from WMR Ltd. the resigning member would be required to honour its funding commitments for the duration of the applicable financial year.

Legal Implications

25. The council has the powers to join WMR Ltd and to appoint directors to its board of directors under section 1 of the Localism Act 2011. WMR is a company limited by guarantee (CLG); CLG are normally incorporated for non-profit making functions, have no share capital and members rather than shareholders.
26. The council's maximum liability as a member of WMR Ltd is limited to £1 which becomes due in the event that the company is wound up. If it is intended that assets of the council are to be transferred into the company (either property or personnel) then arrangements will need to be put in place to protect the council's position, and this would be the subject of a further report.
27. The council will be subject to the articles of the company in their present form on joining. The company and all its members from time to time are parties to the articles and can therefore sue and be sued under them. Additionally, directors of the company do have potential to be personally liable for actions taken in respect of their role as a director and it is expected an indemnity will be provided by the council and/or an insurance policy will be put into effect.
28. Although it is acknowledged that there is no intention to trade in the first two years, if this position changes and additional responsibilities/powers are devolved to the company, this will be subject to a further report. That notwithstanding, it is advised that a members' agreement (the equivalent of a shareholders agreement) is agreed now between the partners to address those matters not in the articles such as: capitalisation and funding (initial and ongoing); contributions of the parties (for example, intellectual property rights, know-how, secondment of staff, provision of premises); the composition of the board and management arrangements; approval of business plan; and, confidentiality. This will be a legally binding document setting out essential provisions concerning the relationship between the partners and their liability to each other. Current and new members would need to enter into the agreement which will take time to negotiate and settle between the parties.

Risk Management

29. The risks associated with not joining the partnership at this stage would be that:
- a) Future influence – it may be difficult to join at a later stage (after formation of the WMR Ltd) as it would require a 75% majority vote of Board members to approve
 - b) Current influence – not joining now would mean that the council's views on the next franchise would be as an individual stakeholder consulted by government. It is likely that its views would carry additional weight if they were shared/endorsed by WMR Ltd.

30. If cabinet determines to join the formal partnership the main risks relate to the pressure on officer and member resources to play an active role in developing proposals and identifying immediate resources to cover the financial contributions in the run up to the next franchise (£21K). If resource commitments prove to be too great and do not align with benefits of engagement the council could leave the WMR Ltd at any stage.

Consultees

31. No local consultation has taken place on the proposals set out in this report. West Midland rail partner authorities are planning a public consultation jointly with DfT around the re-letting of the West Midlands Rail franchise and emerging devolution proposals for December 2015 to March 2016.

Appendices

Appendix 1: West Midlands Rail Devolution – Realising the West Midlands’ Rail Vision

Appendix 2: Report to West Midlands Leaders Rail Group

Appendix 3: West Midlands Rail Ltd, Private Company – draft Articles of Association

Background Papers

- None identified

West Midlands Rail Devolution:

Realising the West Midlands'
Rail Vision



“Championing the needs of passengers and business, West Midlands Rail will manage local rail services as part of an integrated public transport network, directing future investment at increasing our economic performance”

1 The West Midlands Rail (WMR) Opportunity:

In March 2015, the Secretary of State for Transport approved the start of a process for re-tendering of the London Midland rail franchise. This should lead to the creation in 2017 of a distinct West Midlands Business Unit, specified and managed jointly between the Department for Transport and West Midlands Rail (WMR), a partnership of the West Midlands Integrated Transport Authority (ITA) and 14* metropolitan, shire and unitary authorities.

The West Midlands Rail partner authorities have a clear ambition, as outlined in the 2014 West Midlands' Rail Vision, to maximise the contribution the local rail network can make in terms of achieving our wider economic, social and environmental objectives and, in particular, support the Midlands' role as Britain's "Engine for Growth".

To support these objectives, West Midlands Rail focuses on 5 key outputs known as the “5Cs”:

Capacity

- Providing for increasing rail passenger numbers and facilitating economic growth

Connectivity

- Aligning rail services with changing market and economic requirements and providing seamless integration between rail and other transport modes

Customer-focused

- Delivering a high-performing, quality rail service which is accessible to all

Clarity

- Providing a coherent, readily understandable and “smart” network of rail services, fares and information

Cost-effective

- Delivering an efficient, competitive rail service which provides value for money for both taxpayers and passengers

In the first instance, these outputs relate primarily to the next West Midlands rail franchise which is currently due to commence in late 2017. However, as a high proportion of the region's rail services will continue to be provided by other train operators, it is ultimately envisaged that these objectives will eventually apply to all rail passenger operators serving the West Midlands.

* WMR Partner Authorities are Birmingham City Council, Coventry City Council, Dudley Metropolitan Borough Council, Herefordshire Council, West Midlands Integrated Transport Authority, Northamptonshire County Council, Sandwell Metropolitan Council, Shropshire Council, Solihull Metropolitan Borough Council, Staffordshire County Council, Telford and Wrekin Council, Walsall Council, Warwickshire County Council, Wolverhampton City Council and Worcestershire County Council.





2 WMR: Realising the West Midlands' Rail Vision:

The West Midlands rail network already contributes significantly to the region's economic, social and environmental wellbeing in that it:

- is increasingly important in providing access to employment and education
- links businesses to suppliers and customers
- provides access to retail and leisure facilities
- reduces congestion and contributes to a more sustainable, lower carbon economy

However, there are significant opportunities for the West Midlands rail network to play an even greater role in meeting our regional ambitions for sustainable economic growth and an improved quality of life, especially given that:

- much of the network is at or approaching capacity and many services are overcrowded
- connectivity between many areas across the West Midlands region (or to economic centres in the East Midlands) remains poor
- High Speed Rail is coming to the West Midlands in 2026 and we need to be "HS2 Ready"

- there is an inconsistency of passenger offer in terms of fare structures, station and rolling stock quality / accessibility and service frequencies which have failed to keep pace with changing customer demands

The 2014 "Rail Vision for the West Midlands" sets out the region's ambition for a modern, accessible, rail network, which is more responsive to the needs of passengers and businesses and "supports sustainable economic development, job creation and social cohesion". This will be achieved through:

- a passenger network that is more closely aligned to regional priorities and objectives
- improved connectivity to areas of economic activity, population centres and national and international hubs such as Birmingham Airport and the proposed new HS2 Stations.
- provision of capacity for growth across all rail freight and passenger sectors
- maximising the benefits of investment such as HS2 and railway electrification

The West Midlands region is already making the case for further investment to support these objectives in the medium to long term (see section 4). A devolved West Midlands rail franchise, with greater local control over the specification and management of local rail service provision, will however be key to unlocking the potential of the existing rail network in the immediate term and to maximising the benefits of that future longer term investment.

3 West Midlands Rail: Achieving the Outputs

Achieving the “5 key” outputs will require a variety of measures to address current or emerging challenges.

Capacity

West Midlands rail passenger numbers have doubled from 37m in 2005/6 to 74m in 2012/13, the highest rail growth of any region in the UK. Rail's commuter market share has also increased from 17% to over 30% in the last decade and passenger growth is continuing at significantly above industry forecasts, resulting in high levels of overcrowding at peak times and on off-peak services associated with major events.

The key short-term requirement is for additional carriages and longer trains to:

- deliver the DfT's target of 3,900 additional peak seats by 2019
- meet the *actual* growth in passengers which continues to be over and above industry forecasts
- resource committed schemes e.g. NUCKLE new stations or Walsall – Rugeley Electrification

Connectivity

Fast, high-frequency rail services have the potential to shrink the economic geography of the region, improve access to jobs and education and enable the Midlands to realise its full potential as the nation's “Engine for Growth”.

However, links between some centres are poor (e.g. Black Country to Birmingham Airport and Coventry) whilst historic service patterns, especially in the evening and on Sundays, have failed to keep pace with changing customer demands.

Whilst the base service timetable specification for WMR services should protect existing services, key requirements for connectivity improvements to meet the demands of the modern rail market include:

- more frequent / later evening services
- earlier / more frequent Sunday services
- faster journeys on longer regional routes
- more direct and earlier / later services to Birmingham Airport (and future HS2 Interchange Station)
- better connectivity between services (especially where services are infrequent)
- better integration between other modes (bus, car, cycle, pedestrian)

Customer-focused

Consistency of service provision on a predominantly high subsidy rail network will require a focus on performance and quality with appropriate incentives for the train operator. Particular attention will need to be paid to:

- punctuality and reliability
- stations (including facilities, accessibility, security, cleanliness and upkeep)
- on-train passenger environment (including new requirements such as Wi-Fi) & compliance with EU “Persons with Reduced Mobility” legislation
- reliable information provision (before, during and after journey)
- the fares structure and passenger offer
- car parking availability and cost

Clarity

Providing a network that is understandable and easy to use, instils passenger confidence and encourages additional travel. Key requirements for WMR are:

- coherent, strong, consistent branding across the network and other customer interfaces
- clear information, delivered through a variety of channels, which keep pace with technological and communications advances
- simpler fare structure, restrictions and availability of more customer-friendly, “Smart” ticketing

Cost-effective

Reducing the cost of the railway to both the taxpayer and passenger through initiatives such as:

- more efficient operation of services and station facilities
- moving towards a lower-cost, fully electrified regional rail network
- investment in modern information and ticketing technologies
- replacement (or extensive re-engineering and refurbishment) of older rolling stock to improve passenger experience and reduce operating costs
- ensuring rail remains competitive with other, less sustainable, modes of transport

Longer Term

However, whilst a correctly specified and managed WMR rail franchise can deliver much of the required improvement in local rail services, it will not replace the need for a targeted programme of investment in the rail network infrastructure over the medium to long term.

4 Investment for Economic Growth and Demand

As part of the nation's "Engine for Growth", the West Midlands is rightly benefitting from investment in rail schemes such as Birmingham New Street "Grand Central" and new local rail services and stations. Similarly, the new HS2 rail line will place the region at the heart of the new national transport network for the 21st Century.

However, there is still an urgent requirement to invest further in the region's existing rail infrastructure to improve connectivity (especially to the new HS2 Station Hubs and between the West and East Midlands) and provide capacity for economic and passenger growth.

The rail industry's new West Midlands and Chilterns Route Study (WMCRS) is therefore focusing on options to meet future rail network capacity requirements, especially on the critical, but already heavily congested, rail corridors into Central Birmingham.

In parallel to the WMCRS, the Midlands Connect initiative is making the economic case for transport investment across the East and West Midlands which will enable the wider region to realise its full economic potential as Britain's "Engine for Growth".

Similarly, the Greater Birmingham and Solihull LEP's HS2 Growth Strategy makes the case for a programme of transport connectivity improvements to the new

HS2 Station Hubs and the Curzon / UKCentral regeneration areas in order to both maximise their growth potential and spread the benefits of HS2 across the wider region.

Finally, the West Midlands regards the ongoing electrification of the national rail network as a huge opportunity to simultaneously: improve services and connectivity; support further economic growth; maximise use of available capacity; and further reduce the environmental impact and ongoing cost of rail transport. We therefore strongly support Government and emerging rail industry proposals to further electrify the rail network, including the following principal corridors.

- Worcester – Stourbridge – Birmingham – Stratford / Leamington Spa (Snow Hill Lines)
- Connections to West Midlands Intermodal Freight Terminals
- Felixstowe – Leicester – Nuneaton – Birmingham for both freight and passenger
- Derby – Birmingham – Bristol (plus connections)
- Chiltern Main Line (West Midlands to London)
- Wolverhampton – Shrewsbury
- Walsall – Aldridge – Castle Bromwich for freight and future passenger services

Crucially, electrification of the busy Snow Hill rail lines will have the additional benefit of releasing a large number of modern diesel trains to provide additional passenger capacity elsewhere on the network.

Summary:

A devolved West Midlands Rail franchise represents a huge opportunity to provide a rail network that better reflects and is more responsive to local requirements:

Key Principles:

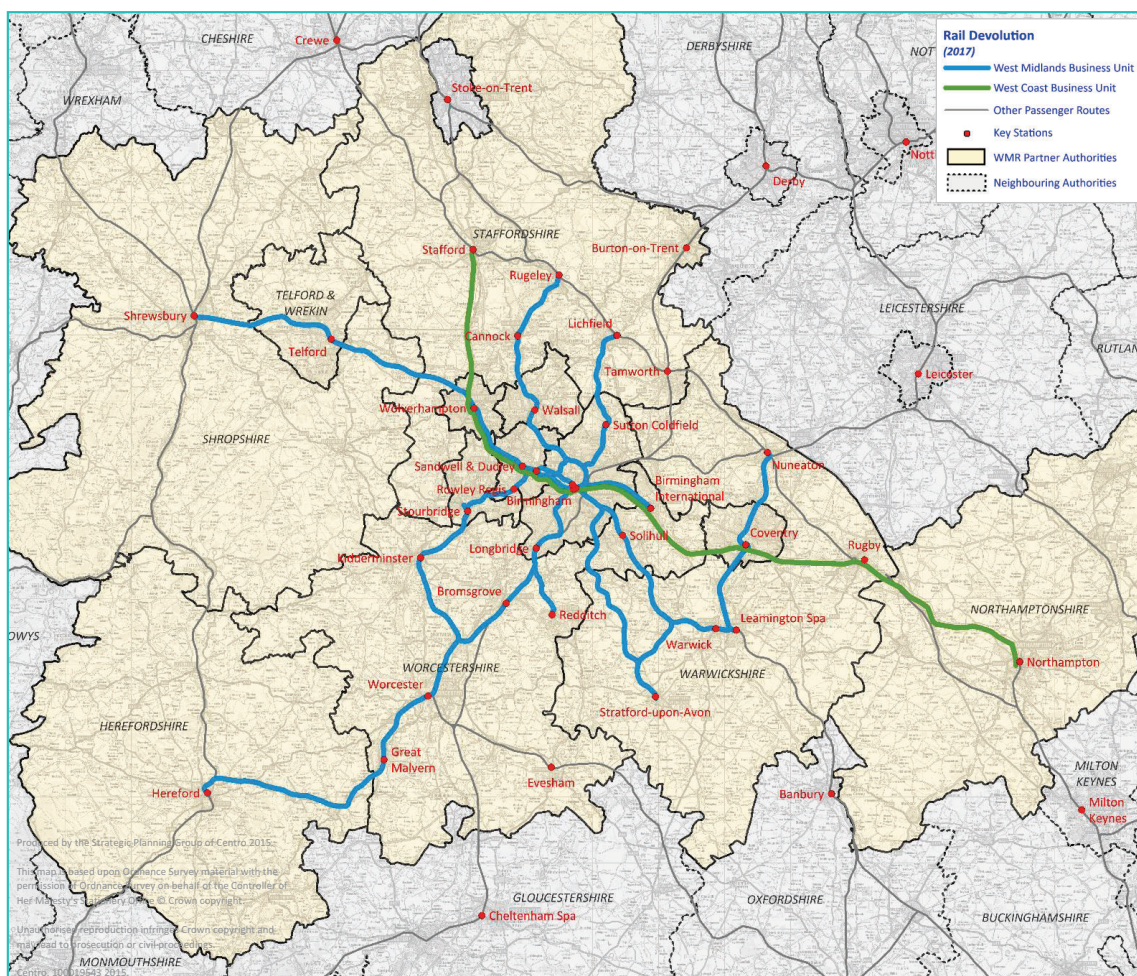
To be effective WMR needs to meet our "5C" commitments at the earliest opportunity & provide:

- Capacity for Growth
- improved Regional Connectivity
- a Customer-focused, High Quality Service Offer
- passenger Clarity in provision of a Coherent Rail network
- a Cost-effective rail operation

in order to deliver tangible benefits for passengers, businesses and stakeholders and support the region's role as Britain's "Engine for Growth".

This will provide the foundation for realising the longer term West Midlands Rail Vision which will also require significant investment in the expansion of the capacity and capability of the rail network.

The case for this investment is being made in parallel with West Midlands rail devolution, through the Midlands Connect and HS2 Growth Strategy initiatives as well as through the rail industry's own Long Term Planning Process for 2019 and beyond.



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Paper F

Meeting: Leaders' Rail Group

Date: 26 June 2015

From: Officers Rail Devolution Group

Subject: **Rail Devolution Governance**

Purpose of Report

1. To advise Leaders' Rail Group (LRG) that three options for the next phase of governance (from now until the signing of a Partnership Agreement with DfT) have been considered by Officers Rail Devolution Group (ORDG), and to make a recommendation as to the preferred option.

Recommendations

2. LRG are recommended to:
 - a) **Agree** to establish West Midlands Rail Limited (WMR Ltd) as a company limited by guarantee with LRG as its Board of Directors.
 - b) **Instruct** officers to seek formal approval from each WMR Partner Authority to become a member of WMR Ltd. by 4 December 2015.

Background

3. LRG aim to ensure that the region can demonstrate clear political intent and strong leadership in relation to the decentralisation of local rail services. This was originally intended to be through a "joint committee" of partner authorities which would exist until such time as WMR Ltd was established, marking the beginning of the longer term governance arrangements.
4. Subsequent legal advice indicated that the establishment of a formal joint committee would be inappropriate as no partner authority functions were proposed to be delegated to LRG and as such these proposals were not progressed.
5. However, to meet LRG's desire to demonstrate positive intent and unity between Partner Authorities, this paper outlines three options for giving greater formality to LRG in place of LRG continuing on a purely "shadow" basis pending the envisaged Partnership Agreement with the DfT.

Governance Overview

6. Discussions will soon commence with DfT to develop a formal 'Partnership Agreement' between West Midlands Rail (WMR) and the DfT. This will require the consent of the Secretary of State for Transport. It is expected that, subject to good progress being made, this is likely to be during 2016.

7. Work has been started by officers to define the proposed outcomes we will be seeking from a Partnership Agreement, including learning from the recent Rail North experience.
8. Between now and the Partnership Agreement being finalised, there will be an interim arrangement in place to formalise the relationship between WMR and the DfT. This interim arrangement will recognise the significant role that WMR will play in the development of the West Midlands franchise.
9. The principles of governance for West Midlands Rail (WMR) are now well established and the currently applicable governance arrangements are shown in Figure 1.
10. In advance of the Partnership Agreement being signed, there will be a further 'decision point' to enable each Partner Authority to confirm that they wish to continue their participation in WMR Ltd on the basis of that Agreement.

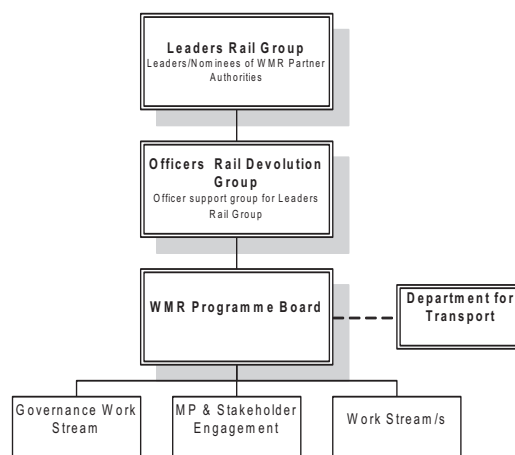


Figure 1 WMR existing outline governance arrangements

Governance Options Considered

11. Three possible options for local democratic governance are outlined in this paper:
 - A. **Establish WMR Limited with LRG as its Board of Directors**
This would set up in shadow form the governance arrangements appropriate for the Partnership Agreement when agreed (subject to any necessary refinement/amendment to the articles of association of WMR Ltd), and is the option recommended by ORDG.
 - B. **Constitute a WMR Association of Partner Authorities with LRG as its governing body**
The association would be a shadow WMR Board set up for the interim, period in advance of the Partnership Agreement being signed and WMR Ltd being established. It should be dissolved when replaced by WMR Ltd.
 - C. **Agree a Memorandum of Understanding between Partner Authorities**
This option maintains the status quo as indicated in the diagram with authorities agreeing to continue to explore/progress potential rail devolution.
12. A full assessment of each of the options has been undertaken and is included in the appendix.

Conclusion

13. Having reviewed the three options, ORDG recommend to LRG that Option A, the establishment of WMR Limited with LRG as its Board of Directors, is preferable and that steps are taken, including gaining the individual approval of each Partner Authority, to set up the new organisation by the December LRG meeting.

Appendix: Assessment of each of the three options

For each option, the following are considered:

- i. Constitution
- ii. Process
- iii. Legal considerations
- iv. Financial implications
- v. Political risks
- vi. Timing implications

Option A Establishing WMR Limited early with LRG as its Board of Directors

i. Constitution of WMR Limited:

- The Articles of Association would provide as follows:
 - The objects would be essentially the same as those envisaged for the Leaders Rail Group
 - The ITA and the Non-Metropolitan Authorities would be entitled to be full members of WMR Ltd and the Metropolitan Authorities would be entitled to become non-voting "associate members". No other members would be admitted unless agreed by 75% vote of the existing members. Only other local transport authorities would be entitled to be admitted as full members
 - The ITA would have seven votes at general meetings (which if agreed by the ITA could be cast individually by its seven members) and the Non-Metropolitan Authorities would have one vote each. Metropolitan Authorities would not have votes separate to those of the ITA
 - The Board of Directors of WMR Ltd would be appointed by each Metropolitan and Non-Metropolitan Authority (but not also the ITA) having the right to appoint its leader or other elected member nominee, or such other person as it sees fit, to the Board (i.e. the LRG could in effect become the Board of WMR)
 - Each Director could appoint another elected member from his/her authority, or such other person as he/she wishes, as an alternate director with the prior approval of that authority
 - The quorum for Board meetings would be a majority of Directors or their alternates – but remote participation in meetings would be permitted
 - Board decisions would be made by majority vote and would also be capable of being made by e-mail (also by simple majority)
 - A Chair and Vice Chair would be appointed (selected respectively from among the Metropolitan Authority and the Non-metropolitan Authority representatives, or vice versa) but the chair would not have a casting vote at Board/LRG meetings
 - The Board of Directors/LRG would generally meet quarterly – and any allowances or expenses payable for attendance would, in the case of elected members who are directors, be subject to the applicable restrictions in the Local Authorities (Companies) Order 1995
 - The Board of Directors/LRG would be able to invite representatives of other bodies to attend meetings on a non-voting basis and could choose

to hold its meetings in public (but would not be statutorily required to as it would not constitute a joint committee of Partner Authorities)

- The Board of Directors/LRG would not require member approval to any decisions except that entry by WMR into the envisaged Partnership Agreement with DfT (or any changes to it, once made) must be approved by a 75% vote. Any member authority that does not wish to continue to participate in WMR Ltd for any reason (including objection to the form of partnership agreement) will be able to resign as a member (or associate member in the case of the Metropolitan Authorities) of the company
- The Board of Directors/LRG would be able to delegate decisions/powers to individuals (e.g. employees or secondees within WMR Ltd) or to committees established for that purpose
- Administrative support for meetings of the Board would be as currently proposed for the Leaders Rail Group
- Financial support for WMR Limited (if not to remain dormant from a financial/trading perspective) would until otherwise agreed by the Partner Authorities be provided by member authorities on the same basis as the existing funding agreement for the WMR project

ii. Process

- Each Partner Authority will need formally to agree to become a member of the company and to appoint its leader/representative to the Board
- At the appropriate point in time (i.e. before entry into the envisaged Partnership Agreement with DfT) WMR Ltd.'s Articles/constitution would be reviewed and revised as appropriate in the light of the content of the Partnership Agreement and the role to be played by WMR Ltd in the devolution of local rail services – if appropriate the LRG would resign as Board members at that time and a new Board of Directors would be appointed pursuant to the revised Articles
- Those revisions to WMR Ltd.'s Articles would require approval by a 75% majority of WMR Ltd.'s member authorities

iii. Legal considerations

- All of the member authorities have the necessary powers to become members of WMR Ltd
- Member authorities' financial liabilities as company members would be limited to £1 or some other nominal amount
- The LRG as the Board of WMR Limited will have the statutory duties of company directors but given the expected role of WMR during the franchise development phase and that it is likely to remain dormant from a financial/trading perspective at this time, those duties would not be problematic. At the point the agreement between WMR Ltd and DfT is entered into the Board will need to be satisfied the agreement is in the best interests of WMR Limited but will rely on professional advice in reaching that decision.

iv. Financial implications

- Relatively modest additional legal and company administration costs in establishing WMR Ltd earlier

v. Political risks

- Risk that not all stakeholder authorities agree to join WMR Ltd (because they regard it as committing them to participate in as yet unknown devolution arrangements)
- Risk (presumably remote) that one of the stakeholder authorities as a member of WMR Ltd votes against the proposed partnership agreement with DfT and/or decides not to participate in WMR and this causes DfT to reconsider devolving responsibilities to WMR

vi. Timing implications

- The Articles for WMR Ltd will take time to develop/agree
- Authority approval procedures will take time (including review of Articles by authority legal departments)
- The December 2015 LRG is anticipated to be a reasonable timescale to allow this approach to be concluded

OPTION B Establish WMR as a Partner Authority Association (“WMR Association”) with LRG as its governing body

i. Constitution of WMR Association:

- Each of the Metropolitan and Non-Metropolitan Authorities would be entitled to join, as would the ITA
- The ITA would not have a vote
- The stated purpose/objects would be essentially the same as those envisaged for the Leaders Rail Group
- The governance arrangements would involve the establishment of a Leaders Rail Group with membership/voting/quorum arrangements essentially the same as envisaged for the existing Leaders Rail Group
- Administrative support for meetings of the Leaders Rail Group would be as currently proposed
- Financial support for the WMR Association would be provided by member authorities on the same basis as the existing funding agreement for the WMR project.
- A member authority could resign from WMR Association at any time on 7 days’ notice
- The constitution would be capable of amendment by a 75% majority vote of members
- The WMR Association could be dissolved by a simple majority vote of its members

ii. Process

- All member authorities will need formally to agree to become members of the WMR Association and to appoint the members of the LRG as its governing body
- At the appropriate point in time (i.e. when WMR Limited has been established and Partnership Agreement signed) the WMR Association would be dissolved

iii. Legal considerations

- All of the member authorities have the necessary powers to become members of the WMR Association
- The WMR Association would not be a separate legal entity and either its members (if they have given ostensible authority to the LRG to act for them) or, more probably, the LRG members themselves might theoretically be liable for decisions/actions of LRG as the governing body of the WMR Association (but this is no different to decisions/actions taken by the LRG currently)

iv. Financial implications

- Additional but relatively modest legal costs in preparing the constitution for the WMR Association in addition to the event establishment of WMR Ltd.

v. Political risks

- Risk that not all stakeholder authorities agree to join the WMR Association (because they regard it as committing them to participate in as yet unknown devolution arrangements)

- Risk of confusion/negative PR caused by WMR Association being dissolved at the end of the interim phase, or continuing to exist in parallel after WMR Ltd has been established

vi. Timing implications

- The constitution of WMR Association will take time to develop/agree (but less than for WMR Ltd Articles as it ought to be a much simpler document given the non-applicability of company law)
- Authority approval procedures will take time (but possibly less than for WMR Ltd membership)

OPTION C Agree a Memorandum of Understanding (MoU) between WMR and Partner Authorities

- i. Content/format of MoU
 - Broadly as for existing LRG terms of reference, including in respect of purpose/objects and governance arrangements
 - The ITA would be a party to the MoU, which would need to be signed by all partner authorities
- ii. Process
 - All partner authorities will need formally to agree to sign the MoU (subject to delegations in place that permit this without further approvals)
- iii. Legal considerations
 - No significantly different legal effects to existing LRG arrangements – there would be no meaningful contractual obligations imposed on partner authorities by agreeing to and signing the MoU
 - As with the WMR Association the LRG is not a separate legal entity and either the partner authorities (if they have given ostensible authority to the LRG to act for them) or, more probably, the LRG members themselves might theoretically be liable for decisions/actions of LRG
- iv. Financial implications
 - Same as with existing LRG arrangements
- v. Political risks
 - Risk that not all stakeholder authorities agree to sign the MoU (but presumably this is a relatively remote risk)
- vi. Timing implications
 - Subject to further partner authority approval requirements the MoU should not take long to put in place

THE COMPANIES ACT 2006**PRIVATE COMPANY LIMITED BY GUARANTEE****ARTICLES OF ASSOCIATION****OF****WEST MIDLANDS RAIL LIMITED (the "Company")****(Adopted by special resolution passed on [INSERT DATE])****CONTENTS**

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PART 1 – OBJECTS, POWERS AND INTRODUCTORY PROVISIONS

1 Interpretation

1.1 In these Articles, unless the context otherwise requires:

Act: means the Companies Act 2006;

Articles: means the Company's articles of association for the time being in force;

Associate Member: has the meaning given in article 28.1(b);

bankruptcy: includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

Business Day: means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business;

Companies Acts: means the Companies Acts (as defined in section 2 of the Act), in so far as they apply to the Company;

Conflict: means a situation in which a Director has or can have, a direct or indirect interest that conflicts or possibly may conflict, with the interests of the Company;

Director: means a director of the Company, and includes any Principal Director and Substitute Director and any other person occupying the position of director of the Company, by whatever name called;

document: includes, unless otherwise specified, any document sent or supplied in electronic form;

electronic form: has the meaning given in section 1168 of the Act;

Eligible Director: means a Director who would be entitled to vote on the matter at a Directors' meeting (but excluding in relation to the authorisation of a Conflict pursuant to article 18, any Director whose vote is not to be counted in respect of the particular matter);

ITA: means the West Midlands Integrated Transport Authority;

local transport authority: has the meaning given in section 108 of the Transport Act 2000;

LTA Member: has the meaning given in article 28.1(a);

Member: means a member of the Company being either an LTA Member or an Associate Member;

Model Articles: means the model articles for private companies limited by guarantee contained in Schedule 2 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles;

Northamptonshire: means the shire county known as Northamptonshire;

Objects: means the objects set out in article 2;

ordinary resolution: has the meaning given in section 282 of the Act;

participate: (in relation to a Directors' meeting) has the meaning given in article 15;

Principal Director: has the meaning given in article 22.1;

proxy notice: has the meaning given in article 41;

special resolution: has the meaning given in section 283 of the Act;

subsidiary: has the meaning given in section 1159 of the Act;

Substitute Director: has the meaning given in article 22.1;

West Midlands: means the West Midlands metropolitan county and the shire counties of Herefordshire, Shropshire, Staffordshire (excluding the area for which Stoke-on-Trent City Council is the local transport authority), Warwickshire and Worcestershire; and

writing: means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

- 1.2 Unless the context otherwise requires and save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles.
- 1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
 - (a) any subordinate legislation from time to time made under it; and
 - (b) any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6 Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.7 The Model Articles shall not apply to the Company.

2 Objects

2.1 The Company's objects are restricted to the following:

- (a) to promote the devolution of responsibility for rail passenger services and (where appropriate) associated facilities in the West Midlands and Northamptonshire to local transport authorities or other appropriate local authorities or other bodies within that area (acting through the Company);
- (b) to manage or to assist in managing the performance of rail passenger services operating within the West Midlands and Northamptonshire pursuant to rail franchise agreements or other similar agreements;
- (c) to improve rail passenger services and associated facilities within the West Midlands and Northamptonshire; and
- (d) to develop and oversee the implementation of a long-term strategy for rail passenger services in the West Midlands and Northamptonshire as approved by the Members.

3 Powers

3.1 In pursuance of the Objects, the Company has the power to:

- (a) enter into arrangements and/or agreements with the Secretary of State for Transport in relation to the provision of rail passenger services in the West Midlands and Northamptonshire and adjacent areas pursuant to rail franchises awarded by him or her;
- (b) enter into contracts for the provision of rail passenger services and associated facilities in the West Midlands and Northamptonshire (and outside of that area where associated with the provision of those services and facilities within that area);
- (c) enter into any other contracts to procure or to provide services of any kind (including on behalf of other bodies);
- (d) buy, lease or otherwise acquire and deal with any property real or personal and any rights or privileges of any kind over or in respect of any property real or personal and to improve, manage, develop, construct, repair, sell, lease, mortgage, charge, surrender or dispose of or otherwise deal with all or any part of such property and any and all rights of the Company;
- (e) borrow and raise money in such manner as the Directors shall think fit and secure the repayment of any money borrowed, raised or owing by mortgage, charge, lien or other security on the Company's property and assets;
- (f) invest and deal with the funds of the Company not immediately required for its operations in or upon such investments, securities or property as may be thought fit;
- (g) subscribe for, take, buy or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority in any part of the world;
- (h) lend and advance money or give credit on such terms as may seem expedient and with or without security to customers and others, to enter into guarantees, contracts of indemnity and suretyships of all kinds to receive

money on deposit or loan upon such terms as the Company may approve and to secure or guarantee the payment of any sums of money or the performance of any obligation by any company, firm or person including any holding company or subsidiary;

- (i) lobby, advertise, publish, educate, examine, research and survey in respect of all matters of law, regulation, economics, accounting, governance, politics and/or other issues and to hold meetings, events and other procedures and co-operate with or assist any other body or organisation in each case in such way or by such means as may, in the opinion of the Directors, affect or advance the Objects;
- (j) pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company and to contract with any person, firm or company to pay the same;
- (k) provide and assist in the provision of money, materials or other help;.
- (l) open and operate bank accounts and other facilities for banking and draw, accept, endorse, issue or execute promissory notes, bills of exchange, cheques and other instruments;
- (m) incorporate subsidiary companies to carry on any trade; and
- (n) do all such other lawful things as are, in the opinion of the Directors, incidental or conducive to the pursuit or to the attainment of any of the Objects.

4 Income

- 4.1 Subject to article 5, the income and property of the Company shall be applied solely in promoting the Objects.
- 4.2 Subject to article 5, no dividends or bonus may be paid or capital otherwise returned to the Members, provided that this article 4 shall not prevent any payment by the Company of:
 - (a) remuneration or expenses to Directors in accordance with articles 25 and 26;
 - (b) reasonable and proper remuneration and/or expenses to any other officer or servant of the Company for any services rendered to the Company or in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company;
 - (c) any interest on money lent by any Member at a reasonable and proper rate; or
 - (d) reasonable and proper rent for premises demised or let by any Member.

5 Winding Up

- 5.1 On the winding-up or dissolution of the Company, any assets or property that remains available to be distributed or paid, shall be distributed or paid to the Members for the time being in proportion to their voting rights on a poll at general meetings of the Company (disregarding voting rights resulting from the application of article 38.3).

6 Guarantee

- 6.1 The liability of each Member is limited to £1, being the amount that each Member undertakes to contribute to the assets of the Company in the event of its being wound up while he is a Member or within one year after he ceases to be a Member, for:
- (a) payment of the Company's debts and liabilities contracted before he ceases to be a Member;
 - (b) payment of the costs, charges and expenses of the winding up; and
 - (c) adjustment of the rights of the contributories among themselves.

PART 2 – DIRECTORS' MEETINGS AND DECISION MAKING

7 Directors' General Authority

- 7.1 Subject to the Articles (including in particular article 8) and to the provisions of the Act, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

8 Members' Reserve Power And Approval Rights

- 8.1 The Members may, by special resolution, direct the Directors to take, or refrain from taking, specified action.
- 8.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.
- 8.3 The Directors shall ensure that the Company will not do and will not enter into any agreement to do any of the following acts or things without the prior approval of the Members by special resolution:
- (a) enter into a partnership agreement or other formal agreement with the Secretary of State for Transport providing for the involvement of the Company in the specification, letting process or management of any rail franchise agreement; and
 - (b) make any substantial amendment to any such agreement.

9 Directors May Delegate

- 9.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles:
- (a) to such person or committee;
 - (b) by such means (including by power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters; and
 - (e) on such terms and conditions;
- as they think fit.

9.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.

9.3 The Directors may revoke any delegation in whole or part, or alter its terms and conditions.

10 Committees

10.1 Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.

10.2 The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

11 Attendance Of Non-Directors At Directors' Meetings

11.1 The Directors may from time to time invite any persons they think fit to attend Directors' meetings and to speak (but not vote) at those meetings, either in relation to individual meetings or to Directors' meetings generally.

12 Directors To Take Decisions Collectively

12.1 Subject to article 12.3 any decision of the Directors must be either a majority decision at a Directors' meeting or a decision taken in accordance with article 13.

12.2 Subject to article 18 and article 24.3 each Director participating in a Directors' meeting has one vote in respect of decisions proposed to be taken at that meeting.

12.3 If:

(a) there is only one Director for the time being, and

(b) no provision of the Articles requires it to have more than one Director,

then the Director may (for so long as he remains the sole Director) take decisions without regard to any of the provisions of the Articles relating to Directors' decision-making except for the provisions of article 18 and article 8 and any other provision of the Articles requiring Directors' decisions to be approved by the Members.

13 Directors' Written Resolutions And Unanimous Decisions

13.1 Any Director may propose a Directors' written resolution by giving notice in writing, setting out the wording of the proposed resolution and the time limit for adopting it, to each of the other Directors, provided that where the Company has a company secretary a Director may instead require the company secretary to circulate that notice to each of the Directors.

13.2 A Directors' written resolution circulated in accordance with article 13.1 is adopted when a majority of Eligible Directors have signed one or more copies of it and circulated these to all Directors or otherwise indicated their agreement in writing to the resolution to all Directors before the relevant time limit expires.

13.3 For the purposes of article 13.2 a Substitute Director shall not be an Eligible Director and shall not be counted in calculating whether a majority of Eligible Directors have agreed a resolution unless either (1) the Principal Director for whom he or she is a substitute has ceased to be a Director and no replacement has yet been appointed pursuant to article 22.4 or (2):

- (a) the Principal Director for whom he or she is a substitute would be entitled to vote on the relevant matter at a Directors' meeting;
- (b) there would have been no requirement pursuant to article 18.3(c) not to count that vote; and
- (c) that Principal Director does not, within the applicable time limit, sign a copy of the written resolution or indicate in writing either agreement or disagreement to the resolution;

provided in each case that there would have been no requirement pursuant to article 18.3(c) not to count the Substitute Director's vote had the resolution been adopted at a Directors' meeting.

13.4 Where article 13.3 applies the relevant Substitute Director shall be an Eligible Director for the purposes of article 13.2 in place of the Principal Director for whom he or she is a substitute.

13.5 A unanimous decision of the Directors is taken when all Eligible Directors indicate to each other by any means that they share a common view on a matter and may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing. For the purposes of this article 13.5 a Substitute Director is not an Eligible Director except in the circumstances set out in article 24.3(e) (in which case the agreement in writing of the Principal Director for whom he or she is a substitute shall not be required for the relevant unanimous decision).

13.6 A decision may not be taken in accordance with this article 13 if the Eligible Directors taking that decision would not have formed a quorum at a Directors' meeting.

14 Calling A Directors' Meeting

14.1 Unless otherwise agreed by the Directors, Directors' meetings shall be held in March, June, September and December of each year or otherwise at least four times per year with a period of not less than 10 weeks between any two meetings.

14.2 Any Director may call a Directors' meeting by giving not less than 5 Business Days' notice (or such lesser notice as all the Directors, excluding Substitute Directors, may agree) to the Directors or by authorising the company secretary (if any) to give such notice.

14.3 Notice of a Directors' meeting shall be given to each Director in writing.

14.4 A Director who is absent from the UK and who has no registered address in the UK shall not be entitled to notice of the Directors' meeting.

14.5 Notice of any Directors' meeting must indicate:

- (a) its proposed date and time;
- (b) where it is to take place; and
- (c) if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

14.6 Notice of any Directors' meeting must be accompanied by an agenda specifying reasonably clearly the matters to be raised at the meeting.

- 14.7 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company before or up to 7 days after the date of the meeting. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

15 Participation In Directors' Meetings

- 15.1 Subject to the Articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when:

- (a) the meeting has been called and takes place in accordance with the Articles, and
- (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

- 15.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.

- 15.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

16 Quorum For Directors' Meetings

- 16.1 Subject to article 16.3, the quorum for the transaction of business at a meeting of Directors shall be such number of Eligible Directors as is equal to the number of Directors that constitutes a majority in number of the Directors for the time being appointed (excluding any Substitute Director except where the Principal Director for whom the relevant Substitute Member acts as substitute has ceased to be a Director and has not been replaced pursuant to article 22.4).

- 16.2 At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

- 16.3 For the purposes of any meeting (or part of a meeting) held pursuant to article 18 to authorise a Conflict, if there are less Eligible Directors than the quorum required by article 16.1 due to the number of Interested Directors (as defined in article 18.2) in relation to that Conflict, then the quorum for such meeting (or part of a meeting) shall be the number of such Eligible Directors.

17 Chairing Of Directors' Meetings

- 17.1 The Directors shall appoint one of the Directors as the Chair of the Company and one of the Directors as the Vice-Chair of the Company, such appointments to take effect (subject to early termination in accordance with article 17.2) either until the next annual general meeting of the Company (if the Company holds annual general meetings) or until the start of the first Directors' meeting to take place after the first anniversary of his or her appointment (if the Company does not hold annual general meetings), provided that:

- (a) where the Chair is a Director appointed by an Associate Member then the Vice-Chair must be a Director appointed by an LTA Member (and vice versa); and
- (b) the position of Chair and the position of Vice-Chair shall alternate between a Director appointed by an Associate Member and a Director appointed by an LTA Member.

- 17.2 The Directors may terminate the appointment of the Chair or Vice-Chair of the Company at any time provided they appoint a replacement.
- 17.3 The Chair (or the Vice-Chair if the Chair is not participating in the relevant meeting) shall chair Director's meetings provided that if neither the Chair nor the Vice-Chair is participating in a Directors' meeting within ten minutes of the time at which it was due to start, the participating Directors shall appoint one of themselves to chair it.
- 17.4 The chair of a Directors' meeting shall not have a casting vote in the event of an equality of votes cast for and against a proposal at the meeting.

18 Directors' Conflicts Of Interest

- 18.1 A Director, notwithstanding his office, may be an elected member of, a director or other officer of, employed by, or otherwise interested in, the Member who appointed him or her as a Director of the Company and no authorisation under this article 18 shall be necessary in respect of any such interest. Any Director shall be entitled from time to time to disclose to the Member who appointed him or her such information concerning the business and affairs of the Company as he or she shall at his or her discretion see fit.
- 18.2 The Directors may, in accordance with the requirements set out in this article, authorise any Conflict proposed to them by any Director which would, if not authorised, involve a Director (an Interested Director) breaching his duty under section 175 of the Act to avoid conflicts of interest.
- 18.3 Any authorisation under this article 18 shall be effective only if:
- (a) to the extent permitted by the Act, the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles;
 - (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director;
 - (c) the matter was agreed to without the Interested Director (or the Substitute Director for that Interested Director) voting or would have been agreed to if their vote had not been counted; and
 - (d) in the case of a Conflict arising as a result of a personal financial interest of the relevant Director or a connected person, the Company by ordinary resolution also authorises that Conflict.
- 18.4 In article 18.3(d) "connected person" means:
- (a) a child, parent, grandchild, grandparent, brother or sister of the relevant Director;
 - (b) the spouse or civil partner of the relevant Director or of any person falling within paragraph (a) above;
 - (c) a person carrying on business in partnership with the relevant Director or with any person falling within paragraph (a) or (b) above;
 - (d) an institution which is controlled:
 - (i) by the relevant Director or any connected person falling within paragraph (a), (b) or (c) above; or

- (ii) by two or more persons falling within subparagraph (i), when taken together; or
 - (e) a body corporate in which:
 - (i) the relevant Director or any connected person falling within paragraphs (a), (b) or (c) above has a substantial interest; or
 - (i) two or more persons falling within subparagraph (i) who, when taken together, have a substantial interest.
- 18.5 Any authorisation of a Conflict under this article 18 may (whether at the time of giving the authorisation or subsequently):
- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
 - (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the Directors or otherwise) related to the Conflict;
 - (c) provide that the Interested Director shall or shall not be an Eligible Director in respect of any future decision of the Directors in relation to any resolution related to the Conflict;
 - (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the Directors think fit; and
 - (e) permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the Directors and be excused from reviewing papers prepared by, or for, the Directors to the extent they relate to such matters.
- 18.6 Where the Directors authorise a Conflict, the Interested Director shall be obliged to conduct himself in accordance with any terms and conditions imposed by the Directors in relation to the Conflict.
- 18.7 The Directors may revoke or vary such authorisation at any time, but this shall not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation.
- 18.8 A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors in accordance with these Articles or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.
- 18.9 Subject to sections 177(5), 177(6), 182(5) and 182(6) of the Act and to any voting restrictions or other terms imposed by the Directors pursuant to article 18.5 when authorising the relevant Conflict under article 18.2, and provided he or she has declared the nature and extent of his or her interest in accordance with the requirements of the Act, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:
- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

- (b) shall be an Eligible Director for the purposes of any proposed decision of the Directors (or committee of Directors) in respect of such existing or proposed transaction or arrangement in which he or she is interested;
 - (c) shall be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he or she is interested;
 - (d) may be a Director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
 - (e) shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.
- 18.10 Subject to article 18.11, if a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chair of the meeting whose ruling in relation to any Director other than the chair of the meeting is to be final and conclusive.
- 18.11 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chair of the meeting, the question is to be decided by a decision of the Directors at that meeting, for which purpose the chair of the meeting is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.
- 18.12 Where a Conflict has been authorised by the Directors in accordance with article 18.2 or is permitted by article 18.1 then where the Director concerned obtains or has obtained (through his involvement in the Conflict and otherwise than through his or her position as a Director) information that is confidential to a third party (including any Member) the Director shall not be obliged to disclose that information to the Company or to use it in relation to the Company's affairs where to do so would amount to a breach of a duty or obligation of confidence owed by the Director to the relevant third party.

19 Records Of Decisions To Be Kept

- 19.1 In addition to ensuring that the Company retains a copy of the minutes of each Directors' meeting for ten years from the date of the meeting in accordance with section 248 of the Act, the Directors shall ensure that the Company keeps a record, in writing, for at least ten years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.
- 19.2 Where decisions of the Directors are taken by electronic means, such decisions shall be recorded by the Directors in permanent form, so that they may be read with the naked eye.

20 Directors' Discretion To Make Further Rules

- 20.1 Subject to the Articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

PART 3 - APPOINTMENT OF DIRECTORS AND COMPANY SECRETARY

21 Number Of Directors

- 21.1 Unless otherwise determined by special resolution, the number of Directors (other than Substitute Directors) shall be subject to a maximum equal to one less than the number of Members of the Company for the time being and shall not be less than three.

22 Appointment And Removal Of Directors And Substitute Directors

- 22.1 Each Member (other than the ITA) and each Associate Member shall be entitled to appoint one person to be a Director of the Company (Principal Director) and a further person as a substitute for that Director (Substitute Director), subject to them being willing to act as Directors and permitted by law to do so.
- 22.2 Any Director appointed pursuant to article 22.1 may at any time be removed from office by the Member who appointed him or her.
- 22.3 Any appointment or removal of a Director pursuant to this article 22 shall be in writing and signed by or on behalf of the relevant Member and served on the Company at its registered office, marked for the attention of the company secretary or the Directors or delivered to a duly constituted Directors' meeting as well as (in the case of removal of a Director) on the relevant Director. Any such appointment or removal shall take effect when received by the Company or at such later time as shall be specified in such notice.
- 22.4 If any Director shall die or be removed from or vacate office for any cause, the Member who appointed him or her shall be entitled to appoint another person in his place pursuant to article 22.1.
- 22.5 No Director shall be appointed or removed otherwise than pursuant to these Articles, save as provided by law.

23 Termination Of Directors' Appointments

- 23.1 A person ceases to be a Director with immediate effect where:
- (a) the Member who appointed that person pursuant to article 22.1 has ceased to be a Member of the Company;
 - (b) the Director was an elected member of the Member who appointed him or her (including by being an elected mayor) and has ceased to be such an elected member;
 - (c) (in the case of a Director appointed by an Associate Member) article 30.4 applies;
 - (d) that person dies or is removed from office pursuant to article 22.2;
 - (e) that person ceases to be a Director by virtue of any provision of the Act or is prohibited from being a Director by law;

- (f) a bankruptcy order is made against that person;
- (g) a composition is made with that person's creditors generally in satisfaction of that person's debts; or
- (h) notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms.

24 Rights And Responsibilities Of Substitute Directors

24.1 The role of a Substitute Director shall generally be, in relation to the taking of decisions by the Directors, to exercise the powers of the Principal Director for whom they have been appointed as a substitute and to carry out his or her responsibilities in the event of his or her absence or non-participation.

24.2 Except as the Articles otherwise provide, Substitute Directors:

- (a) are deemed for all purposes to be Directors;
- (b) are liable for their own acts and omissions;
- (c) are subject to the same restrictions as the Principal Directors for whom they act as substitutes; and
- (d) are not deemed to be agents of or for the Principal Directors for whom they act as substitutes;

and, in particular (without limitation), each Substitute Director shall be entitled to receive notice of all Directors' meetings and of all meetings of committees of Directors of which the Principal Director for whom he or she acts as substitute is a member.

24.3 A Substitute Director:

- (a) unless otherwise agreed by the relevant Directors' meeting, may only participate in a Directors' meeting or a committee of Directors if the Principal Director for whom he or she acts as substitute is not participating in the meeting;
- (b) may only vote on a resolution taken by a Directors' meeting or a committee of Directors if the Principal Director for whom he or she acts as substitute is not participating in the meeting;
- (c) may only be counted as participating for the purposes of determining whether a quorum is present if the Principal Director for whom he or she acts as substitute is not participating in the relevant Directors' or committee of Directors' meeting;]
- (d) may only participate in adopting a Directors' written resolution pursuant to article 13.2 where permitted by article 13.3; and
- (e) may only participate in a unanimous decision of the Directors pursuant to article 13.5 if:
 - (i) the Principal Director for whom he or she acts as substitute is an Eligible Director in relation to that decision and does not indicate in writing either agreement or disagreement to the decision; or

- (ii) that Principal Director has ceased to be a Director and no replacement has yet been appointed pursuant to article 22.4.

24.4 A Substitute Director may be paid expenses and may be indemnified by the Company to the same extent as any Principal Director but shall not be entitled to receive any remuneration from the Company for serving as a Substitute Director except such part (if any) of the remuneration otherwise payable to the Principal Director for whom he or she acts as substitute as that Principal Director may by notice in writing to the Company from time to time direct.

25 Directors' Remuneration

25.1 Directors may undertake any services for the Company that the Directors decide.

25.2 Subject to article 25.3, Directors are entitled to such reasonable and proper remuneration as the Directors determine:

- (a) for their services to the Company as Directors, and
- (b) for any other service which they undertake for the Company.

25.3 A Director who is for the time being an employee or an elected member of a Member (including by being an elected mayor) may not receive any remuneration pursuant to article 25.2 for his or her services to the Company as a Director.

25.4 Subject to the Articles, a Director's remuneration may:

- (a) take any form, and
- (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that Director.

25.5 Unless the Directors decide otherwise, Directors' remuneration accrues from day to day.

25.6 Unless the Directors decide otherwise, Directors are not accountable to the Company for any remuneration which they receive as Directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

26 Directors' Expenses

26.1 Subject to article 26.2 the Company may pay any reasonable expenses which the Directors and the company secretary (where applicable) properly incur in connection with their attendance at:

- (a) meetings of Directors or committees of Directors,
- (b) general meetings, or
- (c) separate meetings of the holders of debentures of the Company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

26.2 In the case of a Director who is for the time being an elected member of a Member (including by being an elected mayor) any expenses paid pursuant to article 26.1 in respect of travelling or subsistence shall not exceed the maximum amount of

travelling or subsistence allowances which would for the time being be payable to that Director by the relevant Member if the duties in respect of which such expenses are paid were approved duties for the purposes of section 174 of the Local Government Act 1972.

27 Secretary

- 27.1 The Directors may appoint any person who is willing to act as the company secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the Directors so decide, appoint a replacement, in each case by a decision of the Directors.

PART 4 – MEMBERSHIP

28 Membership Categories And Admission Of Members

- 28.1 There are two categories of membership having the differing rights set out in these Articles as follows:

- (a) LTA Members, being members of the Company who are local transport authorities; and
- (b) Associate Members, being members of the Company who are not local transport authorities.

29 Admission of Members

- 29.1 Except with the prior approval of the Members by special resolution only the following shall be entitled to be admitted as members of the Company:

- (a) the ITA (as an LTA Member);
- (b) Herefordshire Council (as an LTA Member);
- (c) Northamptonshire County Council (as an LTA Member);
- (d) Shropshire Council (as an LTA Member);
- (e) Staffordshire County Council (as an LTA Member);
- (f) Borough of Telford & Wrekin (as an LTA Member);
- (g) Warwickshire County Council (as an LTA Member);
- (h) Worcestershire County Council (as an LTA Member);
- (i) Birmingham City Council (as an Associate Member);
- (j) Coventry City Council (as an Associate Member);
- (k) Dudley Metropolitan Borough Council (as an Associate Member);
- (l) Sandwell Metropolitan Borough Council (as an Associate Member);
- (m) Solihull Metropolitan Borough Council (as an Associate Member);

- (n) Walsall Metropolitan Borough Council (as an Associate Member); and
- (o) Wolverhampton City Council (as an Associate Member).

29.2 No person shall become a Member unless that person has completed an application for membership in a form approved by the Directors and that application has been approved by the Directors (provided that the applications for membership of the prospective LTA Members and Associate Members listed in article 29.1 shall not require any such approval).

30 Termination Of Membership And Change Of Membership Status

30.1 Members may terminate their membership of the Company by giving 7 days' notice to the Company in writing.

30.2 Members may not transfer their membership and their membership shall terminate automatically on:

- (a) the Member's death or bankruptcy (in the case of a natural person);
- (b) the Member going into receivership, administrative receivership, administration, liquidation or other arrangement for the winding up of a company (in the case of a company); or
- (c) the Member ceasing to exist (in the case of a public authority) save where another authority inherits substantially the whole of their statutory functions and the Member's membership is transferred to that other authority by means of a statutory transfer scheme or otherwise by operation of law (including, for the avoidance of doubt where the statutory functions and membership of the ITA is transferred to a combined authority).

30.3 Where an LTA Member ceases to be a local transport authority (other than where this occurs as a result of legislative change that does not remove from the LTA Member the functions it had by reason of being named as a local transport authority in section 108 of the Transport Act 2000) the relevant LTA Member shall become an Associate Member.

30.4 Where an Associate Member is a constituent council of the ITA (or of such other authority to whom the ITA's membership is transferred as permitted by article 30.2(c)) and ceases to be such a constituent council then the Associate Member shall cease to have the right to appoint and remove Directors pursuant to article 22.1 and any persons appointed as Directors by that Associate Member under article 22.1 shall cease to be Directors.

31 Expulsion Of Members

31.1 Where the Members have by special resolution under article 29.1 authorised the admittance as a Member of a person or body that is not a local authority, the Directors may terminate the membership of that Member without the Member's consent by giving written notice to the Member where, in the reasonable opinion of the Directors:

- (a) the Member is guilty of conduct which has or is likely to have a serious adverse effect on the Company or bring the Company or any or all of the Members and Directors into disrepute; or
- (b) the Member has acted or has threatened to act in a manner which is contrary to the interests of the Company as a whole; or

- (c) the Member has failed to observe the terms of these Articles.
- 31.2 Any notice to a Member given under article 31.1 must give the Member the opportunity to be heard in writing or in person as to why the Member's membership should not be terminated. The Directors must consider any representations made by the Member and inform the Member of their decision following such consideration. There shall be no right to appeal from a decision of the Directors to terminate the membership of a Member.
- 31.3 A Member whose membership is terminated under this Article 31 shall not be entitled to a refund of any subscription or membership fee and shall remain liable to pay to the Company any subscription or other sum owed by the Member.

PART 5 – MEMBER'S MEETINGS

32 Calling Of General Meetings

- 32.1 The Directors may, whenever they think fit, and shall on requisition in accordance with the Act, proceed to convene a general meeting. If there are not sufficient Directors to call a general meeting then any Director or Member may call a general meeting.
- 32.2 A general meeting shall be called by at least fourteen days notice (excluding the day on which the notice is served or deemed to be served and the day on which the meeting is to be held) unless Members who together hold at least 90% of the voting rights at general meetings (disregarding voting rights resulting from the application of article 38.3) agree to the holding of the general meeting on shorter notice provided that where a resolution proposed to be considered at a general meeting requires special notice in accordance with the Act the meeting shall be called by at least twenty eight days notice (excluding the day on which the notice is served or deemed to be served and the day on which the meeting is to be held).
- 32.3 Every notice calling a general meeting shall:
 - (a) specify the place, date and time of the meeting;
 - (b) specify the general nature of the business to be transacted at the meeting;
 - (c) set out the text of all resolutions to be considered by the meeting and indicate in each case whether it is proposed as an ordinary resolution or as a special resolution;
 - (d) include with reasonable prominence a statement that a Member entitled to attend and vote is entitled to a proxy to exercise all or any of their rights to attend, speak and vote and that a proxy need not be a Member; and
 - (e) set out the addresses to which any proxy notice is to be sent in accordance with article 41 (which shall include an e-mail address for delivery of proxy notices in electronic form).
- 32.4 Every Member and Director shall be entitled to receive notices of general meetings, which shall also be given to the auditors for the time being of the Company.
- 32.5 The accidental omission to give notice of any general meeting or the non-receipt of such notice by any person entitled to receive the same shall not invalidate the proceedings of that meeting.

33 Attendance And Speaking At General Meetings

- 33.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 33.2 A person is able to exercise the right to vote at a general meeting when:
- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
 - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 33.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 33.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- 33.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

34 Quorum For General Meetings

- 34.1 The quorum for a general meeting shall be such Members (present in person, by proxy or by authorised representative in accordance with section 323 of the Act) who together hold a majority of the voting rights at the general meeting (disregarding voting rights resulting from the application of article 38.3).
- 34.2 No business other than the appointment of the chair of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

35 Chairing General Meetings

- 35.1 The Chair appointed pursuant to article 17.1 (or if not present and willing to do so, the Vice-Chair appointed pursuant to that article) shall chair general meetings if present and willing to do so.
- 35.2 If neither the Chair nor the Vice-Chair are willing to chair the meeting or are not present within 10 minutes of the time at which a meeting was due to start:
- (a) the Directors present, or
 - (b) (if no Directors are present), the meeting,
- must appoint a Director or Member (or Member representative) to chair the meeting, and the appointment of the chair of the meeting must be the first business of the meeting.

36 Attendance And Speaking By Directors And Non-Members

- 36.1 Directors may attend and speak at general meetings, whether or not they are Members or appointed proxies or representatives of Members.
- 36.2 The chair of the meeting may permit other persons who are not Members or representatives of Members to attend and speak at a general meeting.

37 Adjournment

- 37.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chair of the meeting must adjourn it.
- 37.2 The chair of the meeting may adjourn a general meeting at which a quorum is present if:
- (a) the meeting consents to an adjournment, or
 - (b) it appears to the chair of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- 37.3 The chair of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 37.4 When adjourning a general meeting, the chair of the meeting must:
- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors, and
 - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 37.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 days' notice of it (excluding day on which the notice is given and the day of the adjourned meeting):
- (a) to the same persons to whom notice of the Company's general meetings is required to be given, and
 - (b) containing the same information which such notice is required to contain.
- 37.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

38 Voting At General Meetings

- 38.1 All votes at general meetings shall be taken by way of a poll except where a resolution is passed unanimously by a show of hands of the Members entitled to vote on the resolution and present at the general meeting (either in person, by proxy or by authorised representative) and a poll vote has not been duly demanded in accordance with the Articles.
- 38.2 Subject to article 38.3, on a poll vote:
- (a) the ITA or (where applicable) such Member to whom the ITA's membership is transferred as permitted by article 30.2 shall have seven votes provided that, where the ITA's membership has been so transferred and the number of constituent councils of the transferee Member is not seven, the transferee Member shall have one vote for each constituent council for whose area it is the local transport authority;
 - (b) each LTA Member other than the ITA or Member referred to in paragraph (a) shall have one vote; and
 - (c) Associate Members shall not have a vote.

- 38.3 On a resolution to remove a Director appointed by a Member pursuant to article 22.1, the Member who appointed that Director (including where that Member is an Associate Member) shall have such number of votes as shall be required to enable that Member to prevent the passing of that resolution.
- 38.4 In accordance with the Act, the chair of a general meeting shall not have a casting vote in the event of an equality of votes cast for and against a resolution.
- 38.5 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid. Any such objection must be referred to the chair of the meeting whose decision is final.

39 Poll Votes

- 39.1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.
- 39.2 A poll on a resolution may be demanded:
- (a) in advance of the general meeting where it is to be put to the vote, or
 - (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- 39.3 A demand for a poll may be withdrawn if—
- (a) the poll has not yet been taken, and
 - (b) the chair of the meeting consents to the withdrawal;
- and a demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made.
- 39.4 Polls must be taken immediately and in such manner as the chair of the meeting directs.

40 Authorised Representatives Of Members

- 40.1 Where a Member that is a corporation (whether or not a public authority or a company) by resolution of its directors or other governing body authorises a person to act as its representative and to exercise its voting rights and other powers at a general meeting in accordance with section 323 of the Act then a Director, the company secretary or such other person as the Directors have authorised so to require, may require the representative to produce a certified copy of that resolution.

41 Proxies

- 41.1 Proxies may only validly be appointed by a notice in writing (a **proxy notice**) which:
- (a) states the name and address of the Member appointing the proxy;
 - (b) identifies the person appointed to be that Member's proxy and the general meeting in relation to which that person is appointed;
 - (c) is signed by or on behalf of the Member appointing the proxy, or is authenticated in such manner as the Directors may determine; and

- (d) is delivered to the Company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate;

and a proxy notice which is not delivered in such manner shall be invalid, unless the Directors, in their discretion, accept the notice at any time before the meeting.

- 41.2 The Directors may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- 41.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 41.4 Unless a proxy notice indicates otherwise, it must be treated as:
 - (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.
- 41.5 A Member who is entitled to attend, speak or vote at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that Member.
- 41.6 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the Member by whom or on whose behalf the proxy notice was given.
- 41.7 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

42 Amendments To Resolutions

- 42.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
 - (a) notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chair of the meeting may determine), and
 - (b) the proposed amendment does not, in the reasonable opinion of the chair of the meeting, materially alter the scope of the resolution.
- 42.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
 - (a) the chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 42.3 If the chair of a general meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chair's error does not invalidate the vote on that resolution.

PART 6 – ADMINISTRATIVE ARRANGEMENTS

43 Means Of Communication To Be Used

- 43.1 Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Act provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.
- 43.2 Subject to the Articles, any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or documents for the time being.
- 43.3 A Director may agree with the Company that notices or documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.
- 43.4 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- (a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted;
 - (b) if sent by reputable international overnight courier addressed to the intended recipient (provided that delivery in at least five Business Days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider), five Business Days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom;
 - (c) if properly addressed and delivered by hand, when it was given or left at the appropriate address; and
 - (d) if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied;
 - (e) if sent or supplied by means of a website the later of the time when the material is first made available on the website and the one hour after the recipient receives notice of the fact that the material is available on the website.

For the purposes of this article, no account shall be taken of any part of a day that is not a Business Day.

- 43.5 In proving that any notice, document or other information was properly addressed, it shall suffice to show that the notice, document or other information was addressed to an address permitted for the purpose by the Act.

44 Company Seal

- 44.1 Any common seal may only be used by the authority of the Directors.
- 44.2 The Directors may decide by what means and in what form any common seal is to be used.

44.3 Unless otherwise decided by the Directors, if the Company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.

44.4 For the purposes of this article, an authorised person is:

- (a) any Director;
- (b) the company secretary (if any); or
- (c) any person authorised by the Directors for the purpose of signing documents to which the common seal is applied.

45 Application of the Local Authorities (Companies) Order 1995

45.1 For so long as the Company is a controlled company and/or a regulated company for the purposes of the Local Authorities (Companies) Order 1995 the Company shall comply with any applicable requirements of that Order including where applicable in relation to:

- (a) provision of information to auditors of Members who are local authorities;
- (b) provision of information to elected members of Members;
- (c) obtaining the Audit Commission's consent to appointment of the Company's auditors; and
- (d) making minutes of general meetings available for inspection by members of the public.

Directors' Indemnity And Insurance

46 Indemnity And Insurance

46.1 Subject to article 46.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- (a) each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer in the actual or purported execution and/or discharge of his duties, or in relation to them including any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs; and
- (b) the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in paragraph (a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

46.2 Article 46.1 does not authorise any indemnity to the extent that such indemnity would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law and any such indemnity is limited accordingly.

46.3 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.

46.4 In this article 46:

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
- (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company; and
- (c) a "relevant officer" means any Director or other officer of the Company or an associated company, but excluding any person engaged by the Company (or associated company) as auditor (whether or not he is also a Director or other officer), to the extent he acts in his capacity as auditor).

