

HEREFORDSHIRE COUNCIL

MINUTES of the meeting of Council held at Council Chamber, The Shire Hall, St Peter's Square, Hereford, HR1 2HX on Friday 3 February 2017 at 10.00 am

Present: Councillor DB Wilcox (Chairman)

Councillors: BA Baker, JM Bartlett, WLS Bowen, TL Bowes, H Bramer, CR Butler, ACR Chappell, MJK Cooper, PE Crockett, PGH Cutter, BA Durkin, PJ Edwards, CA Gandy, KS Guthrie, DG Harlow, EPJ Harvey, EL Holton, JA Hyde, TM James, AW Johnson, JF Johnson, JLV Kenyon, JG Lester, MD Lloyd-Hayes, MN Mansell, RI Matthews, RL Mayo, MT McEvelly, SM Michael, PM Morgan, PD Newman OBE, FM Norman, CA North, RJ Phillips, GJ Powell, AJW Powers, PD Price, P Rone, A Seldon, NE Shaw, WC Skelton, J Stone, D Summers, EJ Swinglehurst and SD Williams

COMMEMORATIONS

It was with great sadness that the Chairman informed Council of the passing of three respected colleagues.

Councillor PM McCaull

The Chairman paid tribute to the Council's Vice-Chairman, Cllr Peter McCaull, a councillor for nearly 44 years, who had achieved much for the county in general and the people of Leominster in particular.

Councillor RI Matthews was invited to speak as leader of the independent group of which Councillor McCaull had been a member. He observed that Councillor McCaull had been held in the highest esteem throughout the county, and had been particularly passionate about supporting young people with their education, sport and also in arts and culture.

Councillor FM Norman was invited to speak on behalf of all the Leominster councillors. She remarked on the great affection with which Councillor McCaull had been regarded in the Town.

Former Councillor L Marshall

The chairman also paid tribute to former council chairman, Lance Marshall, as someone who had been warmly respected amongst his peers and a staunch advocate of local democracy

Mick Ligema- Cultural Services Manager

Finally, the Chairman reported the sudden death of Mick Ligema - a long standing and well respected member of staff whose work in the leisure and cultural field had had a very positive effect on the county, reflected in the tremendous amount of feedback from officers, members and the many different groups with whom he had worked.

55. APOLOGIES FOR ABSENCE

Apologies were received from Councillors PA Andrews, DW Greenow, J Hardwick, LC Tawn and A Warmington.

56. DECLARATIONS OF INTEREST

Agenda item 7: 2017/18 Budget and Medium Term Financial Strategy

Councillor A Seldon declared a non-pecuniary interest as a director of Bromyard Community Transport.

Agenda item 8 Pay Policy Statement

Councillor RJ Phillips declared a pecuniary interest as a member of the Local Government Association body dealing with the superannuation arrangements for Chief Officers.

57. MINUTES

In relation to the minutes of the extraordinary meeting it was requested that on page 2 of the minutes (page 32 of the agenda papers) the sentence, "Councillor PJ Edwards seconded the motion" should be expanded as follows: *"Councillor PJ Edwards seconded the motion on behalf of Councillor McCaull and as Mr Kindred's local ward councillor."*

RESOLVED:

- That
- (a) **the minutes of the ordinary meeting of Council held on 16 December 2016 be confirmed as a correct record and signed by the Chairman; and**
 - (b) **the minutes of the extraordinary meeting of Council held on 16 December 2016, as amended, be confirmed as a correct record and signed by the Chairman.**

58. CHAIRMAN'S ANNOUNCEMENTS

Council noted the Chairman's announcements as printed in the agenda papers.

The Chairman also reminded members that the process for nominating people for the community champions awards 2017 was underway and asked councillors to promote nominations of suitable people in their wards for consideration.

59. QUESTIONS FROM MEMBERS OF THE PUBLIC

A copy of the public question and written answer is attached to the Minutes at Appendix 1.

Public Q&A February 2017 (Pages 11 - 12)

60. FORMAL QUESTIONS FROM COUNCILLORS TO THE CABINET MEMBERS AND CHAIRMEN UNDER STANDING ORDERS

No questions were submitted by councillors.

61. 2017/18 BUDGET AND MEDIUM TERM FINANCIAL STRATEGY

Council was asked to approve the 2017/18 budget and medium term financial strategy (MTFS) as recommended by cabinet.

The Chairman referred to the budget council meeting procedure that had been issued to members. He informed the meeting that he intended to permit a debate on the budget as a whole in the spirit of the Constitution allowing all members the opportunity to speak before turning to the amendments that had been submitted. On conclusion of the debate on the amendments the budget recommendations would then be put to the vote without further debate.

The Leader of the Council presented the report. He made the following principal points:

- Herefordshire was a rural county with an older demographic, facing a rising demand for services which made finding savings increasingly difficult.
- 2016/17 had seen further funding reductions from central government setting the requirement for a further £10m savings in addition to those achieved in previous years.
- The need to identify savings would continue in the coming years and beyond with a requirement for £17.5m between now and 2019/20 to offset the impact of reducing central government contributions to council funding. As funding from central government had reduced, the council had become almost totally reliant on council tax and business rates to fund its services.
- He highlighted a number of the council's achievements.
- The Medium Term financial strategy (MTFS) underlined the council's objective to support its new Economic Vision, to develop its business rates income and create job opportunities to ensure the council could continue to meet its statutory duties in the future.
- In setting the budget the council would have to be even more challenging, provide services very differently, work better with partners, and look for efficiencies at every opportunity
- Since 2010, the Council had saved almost £70m while keeping the core council tax rise to below 2% per annum over the past five years, and balancing the budget.
- An additional precept to support the delivery of adult social care had been levied in 2016/17 of 2% as permitted by central government
- While the budget, and next two years of the MTFS were balanced, he outlined a number of underlying pressures on the council's finances including the higher than average older population; the number and cost of looked after children and adults with learning disabilities; the cost of maintaining roads, waste collections and street cleaning; the additional cost of providing services across a dispersed, rural county; and the cost of funding the council's investment programme and repaying loans
- Government expenditure over income continued to rise, leading to uncertainty for the whole of the public sector. The council had agreed a four year settlement with the government, which saw the central grant reduce to almost nothing, but the government had already made changes reducing the agreed New Homes Bonus income, while moving to a grant, guaranteed for one year only, for adult social care.
- The Rural Sparsity Network continued to pressure government on the additional financial costs of being a rural county and the unfairness of government support which favoured urban areas by reflecting deprivation rather than demographic pressures.

- Lobbying by the council had secured resources to continue to support the additional cost of providing services to the county's rural communities.
- The proposed increase of 3.9% in council tax was the minimum considered prudent in order that the council could continue to provide the quality and range of services to the most disadvantaged in the county.
- Cabinet had declined to recommend an increase in the adult social care precept of 3% allowed by government. Having regard to average income in the county, it had deemed the 2% increase sufficient to protect services, manage demand and improve services
- The size of the precept would be considered as part of next year's budget setting process.
- The latest budget monitoring report indicated that the Council would finish within its budget in 2016/17. He thanked all members of the Council and officers for their support in meeting the increasingly challenging budget targets. The track record demonstrated that both the budget setting process and service plans were robust and achievable.
- Dialogue continued with the 2 local MP's to ensure they were aware of the continuing need for savings to be made by the Council and to enlist their support for the Economic Vision including a by-pass for the city and a new University.
- In summary, it was proposed to increase council tax by 3.9% in 2017/18 in order to present a balanced budget. The increase would protect council services, including safeguarding vulnerable children and alleviate the significantly rising costs of adult social care. The proposed increase would mean a rise of around £4 a month for those living in a band D property.

Councillor A JW Powers spoke as leader of the It's Our County Group. He commented on the limitations an opposition group faced in seeking to propose amendments to the budget and that in considering the budget there was no scope for the significant changes his group would like. He noted the budgetary constraints as a result of central government policy and highlighted the actions of Surrey County Council in proposing a referendum on increasing council tax above the cap set by central government. He observed that the administration had ignored the last two budget consultation exercises that had indicated public support for a higher council tax rise than proposed.

He considered that the administration had made poor choices and outlined the areas IOC supported including tourism and culture, economic growth and wellbeing, support for small and medium enterprises, social housing, cost effective investment and creative solutions to transport issues. IOC would not have started from the position the administration had done in setting the budget.

Councillor RI Matthews spoke on behalf of the Independent Group. He expressed the view that the council was not achieving value for money from the sale of its assets. He quoted a number of examples in support of this argument. The capital programme and contracts needed stronger management and monitoring and fewer consultants should be employed. The MTFs showed significant debts and few assets remaining. The administration appeared to be taking a short term view. Plans were needed for the longer term. He questioned the claim that the budget was balanced given the level of debt and that most of the council's assets had been disposed of. He also expressed concern about the financial pressures on the rural community and expressed the hope that the rural services delivery grant would be used to alleviate the situation.

Councillor TM James spoke on behalf of the Liberal Democrat Group. He considered that there were inefficiencies the council could address. However, the principal

challenge was the health and social care budgets and the problems in those areas were a result of central government policy.

Councillor JM Bartlett spoke on behalf of the Green Group. She expressed concern about the additional savings it was proposed to make, the emphasis on city centre projects, the higher than necessary housing targets in the core strategy, and the disarray of the plans for a bypass. She drew attention to the investment Destination Herefordshire was making in walking and cycling stating that investment in sustainable transport measures should precede consideration of road building needs. The risk register did not acknowledge the risk from Brexit to funding to the Local Enterprise Partnership. There was also insufficient recognition of the cumulative impact of proposals that compounded rural isolation and the financial exclusion of those on low incomes. There was not enough focus on the two thirds of the population who lived outside the city. The county needed to celebrate its strengths in food and drink production and culture, not pursue a business model that was alien to it. The budget was balanced through cuts to services which would have a knock on effect. The pattern of investment needed to be changed.

In the course of discussion the following principal points were made;

- In response to a question about the Rural Services Delivery Grant the Leader commented that grant money did remain available in reserves. It was being used to support services that were inevitably more expensive to deliver in the rural areas.
- In relation to a question about the ability of other groups to present an alternative budget the Leader commented that other groups had been offered assistance to do this but no one had taken up the offer.

Councillor Powers commented in response that he had not stated that there had not been an opportunity to work on an alternative budget. The difficulty was that a proper alternative budget would require an entirely new policy basis and this had been made even more difficult to consider as a consequence of council having determined the capital programme in December, separately from the budget process.

- It was important to ensure that the council continued to lobby the county's MPs, and MPs with rural constituencies as a whole to make the case for funding for rural authorities.
- Concern was expressed about the funding pressures on adult social care. It was requested that every effort should be made to link funding on health and social care or no resources would be left for discretionary services. The Leader acknowledged this point. The deputy leader and cabinet member – health and wellbeing commented that the government needed to identify a solution. The council was, however, engaged in a number of joint health and social care initiatives.
- A question was asked about a proposed reduction in funding for Herefordshire Carers Support (HCS) and whether this could be reviewed. The deputy leader and cabinet member – health and wellbeing commented that carers were recognised as an important part of the social care system. Given the budget pressures it was important to ensure that all providers were delivering value for money and that alternative ways of delivering services were explored. No decision had yet been taken on funding for HCS. Decisions to reduce funding were not made lightly and the council would continue to talk to all providers about the impact. The risks needed to be assessed and consideration given to what support HCS would provide in the future.
- Another member commented that HCS was part of a lobbying network as well as a support system and saved the council large sums of money through the work they did. The deputy leader and cabinet member – health and wellbeing emphasised that

the council was committed to supporting carers within the resources available. A new carers' strategy was being drafted. All providers were being challenged to deliver innovative solutions with less money.

- A query was raised as to whether the budget would be revised in the event that the voluntary sector could not provide the social support services the council was seeking. The deputy leader and cabinet member – health and wellbeing responded that she was hopeful that the council would deliver the services planned.
- A concern was expressed about the way in which the council was managing its property services.
- Cuts to community transport risked increased social isolation with implications for the social care budget. The deputy leader and cabinet member – health and wellbeing commented that the issue of social isolation was recognised and the council was seeking to develop support for vulnerable people within their local communities.

In response to questions the interim director of finance commented as follows:

- He confirmed that the separate spending proposals for Highway asset management and major infrastructure investment would be provided in the budget book. The capital programme was as set out at appendix 2 of the MTFS on page 73 of the agenda papers.
- In relation to capital receipt figures he confirmed that the total estimated capital receipt figure was £60m to 2020. This included some £12m on the capital programme, some £35m from disposal of the smallholdings estate and some additional receipts including sums in relation to the Amey contract. He undertook to circulate a detailed analysis.
- In response to a question about the assumptions of inflation rates in the MTFS he commented that the assumptions had been based on the figures used by the Office of Budget Responsibility (OBR). Following the decision to leave the European Union the OBR had revised its figures in November 2016. He considered the MTFS assumptions for 2017/18 to be sound. Cabinet would be asked to review the assumptions for future years. He added that the uncertainty highlighted the merit in holding additional reserves above the minimum levels recommended in the Chartered Institute of Public Finance and Accountancy (CIPFA) guidance.
- The level of the council's reserves, whilst above the minimum levels recommended, was probably lower than many authorities.
- Financing costs as set out at paragraph 7.2 of the MTFS were quite high. There would be an opportunity to review these costs moving forward working with the council's professional treasury management advisers.
- Clarification was requested in relation to the following items listed in the revenue Budget summary on page 45 of the agenda papers, "Centralised corporate costs" (£6.4M), "Other central budgets" (£1M) and "One-off funding" (£2.6M).

The interim director commented that the £6.4m related mainly to the pension deficit; the central budgets cost related to the waste contract and the one off funding item referred to one off funding costs such as the provision of temporary classrooms at Colwall school.

- In his opinion the budget was an incremental budget, and did not consider that a full zero based budget exercise had been undertaken in the recent past. However, the budget had been developed by a thorough process producing a robust and deliverable budget.

Councillor Morgan, deputy leader and cabinet member – health and wellbeing seconded the motion. She considered that although circumstances were difficult the budget was deliverable. The administration was looking to the future, noting the publication of the

economic strategy, and would continue to discuss funding pressures with MPs. She was mindful of the particular concerns about the health and social care system.

Amendment 1 – proposed by Councillor JM Bartlett, seconded by Councillor FM Norman: council tax be increased by 0.09% to create an £80k budget that Parish councils could apply to help to meet project costs incurred by increased responsibilities and taking on additional service responsibilities that Herefordshire Council can no longer afford.

Councillor Bartlett proposed the amendment. She outlined the pressures on local council finances and the benefits the additional provision might offer. She stated that at parish level residents could quickly see the benefit of even small pots of money and that the public response to the consultation on the budget showed support for a higher increase in council tax to fund services.

The Cabinet Member – Transport and Roads commented that whilst he acknowledged the sentiment behind the amendment this represented a very small sum for each parish if shared equally. Account also needed to be taken of the administrative costs involved. If parish councils wished to raise sums they had the power to issue a precept.

In discussion the following principal points were made:

- There was already a community wellbeing innovation fund to which parish councils could apply.
- A member observed that in addition to their precepting powers it should be noted that parish councils held reserves amounting to 17% of turnover. Another member commented in response that it was prudent for larger parish councils to hold reserves given their potential liabilities.
- A concern was expressed about how the scheme would operate in practice.
- A better way forward was further conversations with parishes to determine their real needs.

Councillor Norman seconded the amendment. She remarked that there did not appear to be strong arguments against the proposal, which would offer some scope to those parishes who wished to apply for specific projects.

The Leader, as proposer of the original motion, also acknowledged the sentiment behind the amendment but considered it would be preferable if the needs of parishes were considered with as part of a co-ordinated approach, rather than a number of one-off applications.

A named vote was held. The amendment was lost with 11 votes in favour, 31 against and 4 abstentions.

For (11) Councillors JM Bartlett, WLS Bowen, TL Bowes, EPJ Harvey, MD Lloyd Hayes, MN Mansell, SM Michael, FM Norman, AJW Powers, A Seldon, D Summers.

Against (31) Councillors BA Baker, H Bramer, CR Butler, MJK Cooper, PGH Cutter, BA Durkin, PJ Edwards, CA Gandy, KS Guthrie, DG Harlow, EL Holton, JA Hyde, AW Johnson, JF Johnson, J Kenyon, JG Lester, RL Mayo, MT McEvelly, PM Morgan, PD Newman, CA North, RJ Phillips, GJ Powell, PD Price, P Rone, NE Shaw, WC Skelton, J Stone, EJ Swinglehurst, DB Wilcox, SD Williams.

Abstentions (4) Councillors ACR Chappell, PE Crockett, TM James, RI Matthews.

Amendment 2 – Proposed by Councillor EPJ Harvey, seconded by Councillor A Seldon: £50k be allocated from general reserves to fund a formal review to assess the feasibility of the transfer of assets and income streams to Parishes to support local service delivery.

Councillor Harvey proposed the amendment. She commented that the proposal was intended to create capacity for income sharing and devolution of services as appropriate. She questioned why individual parishes, for example the city and market towns which served as hubs covering a wider area, should raise their precepts to provide services that benefitted many other parishes. This situation needed to be recognised. The original intention had been to submit a more ambitious proposal but the evidence had not been available to permit that to be pursued at this stage, hence the proposal for a modest feasibility study as a starting point.

In discussion the following principal points were made:

- It was suggested that the amendment offered nothing new. Parishes were already holding discussions about asset transfers and the issue should form part of a wider conversation with all parishes, not just the larger parishes on which it seemed to focus.
- Several members questioned whether a feasibility study was required and whether the proposal represented value for money.

Councillor Seldon seconded the amendment. He commented on the length of time it had taken to secure an asset transfer in Bromyard and the need for the process to be improved if communities were to benefit.

The Leader, as proposer of the original motion, commented that asset transfers already took place where they made sense. The speed of asset transfer could be examined if it was too slow. He did not consider that a feasibility study was needed.

A named vote was held. The amendment was lost with 7 votes in favour and 39 against.

For (7) Councillors JM Bartlett, EPJ Harvey, MD Lloyd Hayes, FM Norman, AJW Powers, A Seldon, D Summers.

Against (39) Councillors BA Baker, WLS Bowen, TL Bowes, H Bramer, CR Butler, ACR Chappell, MJK Cooper, PE Crockett, PGH Cutter, BA Durkin, PJ Edwards, CA Gandy, KS Guthrie, DG Harlow, EL Holton, JA Hyde, TM James, AW Johnson, JF Johnson, J Kenyon, JG Lester, MN Mansell, RI Matthews, RL Mayo, MT McEvelly, SM Michael, PM Morgan, PD Newman, CA North, RJ Phillips, GJ Powell, PD Price, P Rone, NE Shaw, WC Skelton, J Stone, EJ Swinglehurst, DB Wilcox, SD Williams.

The leader was invited to close the debate but did not wish to add anything.

A named vote was then held on the original motion proposing the budget. The motion was carried with 37 votes in favour, 1 against and 8 abstentions.

For (37) Councillors BA Baker, WLS Bowen, TL Bowes, H Bramer, CR Butler, MJK Cooper, P Cutter, BA Durkin, CA Gandy, KS Guthrie, DG Harlow, EPJ Harvey, EL Holton, JA Hyde, AW Johnson, JF Johnson, J Kenyon, JG Lester, MN Mansell, RL Mayo, MT McEvelly, PM Morgan, PD Newman, CA North, RJ Phillips, GJ Powell, AJW Powers, PD Price, P Rone, A Seldon, NE Shaw, WC Skelton, J Stone, D Summers, EJ Swinglehurst, DB Wilcox, SD Williams.

Against (1) Councillor MD Lloyd Hayes

Abstentions (8) Councillors JM Bartlett, ACR Chappell, PE Crockett, PJ Edwards, TM James, RI Matthews, SM Michael, FM Norman.

RESOLVED:

That the following be approved:

- (a) the gross council tax base of 67,937.91 band D equivalents;
- (b) an increase in council tax in 2017/18 of 1.9%;
- (c) an additional precept in respect of adult social care costs of 2.0% applied to council tax in 2017/18.

Council notes that the impact of the above recommendations will result in a total council tax increase of 3.9%; increasing the band D charge from £1,324.83 to £1,376.50 for Herefordshire Council in 2017/18; and

- (d) the balanced 2017/18 revenue budget proposal of £145.025m (appendix 1 to this report) subject to any amendments approved at the meeting, and specifically.
 - i. the net spending limits for each directorate as at 3.5
 - ii. the gross revenue budget of £350.438m
 - iii. delegates to the section 151 officer the power to make necessary changes to the budget arising from any variations in central government funding allocations via general reserves; and

That the following be adopted:

- (a) the treasury management policy statement, appendix 3;
- (b) the medium term financial strategy (MTFS) which incorporates:
 - i. the capital programme approved by Council on 16 December 2016;
 - ii. the treasury management strategy (TMS);
 - iii. the reserves policy, as determined by the section 151 officer as a prudent level of reserves.

62. PAY POLICY STATEMENT

Council was invited to approve the 2017 pay policy statement for publication.

The Leader, as Chairman of the Employment Panel, presented the report.

A Member noted that the living wage was not yet being paid although that level was being approached. She welcomed the narrowing of the ratio between the lowest and highest paid staff.

RESOLVED: That the pay policy statement summarising existing council policies (at appendix A to the report) be approved.

63. DATES OF FUTURE MEETINGS

RESOLVED: That the following meeting dates of Council for 2017/18 be approved:

14 July 2017

29 September 2017

15 December 2017

9 February 2018,

9 March 2018

25 May 2018.

The meeting ended at 12:20 pm

CHAIRMAN

Public questions to Council: 3 February 2017

Question from Mrs Wegg-Prosser, Breinton

Question 1

South Wye transport package financial provision.

Reference the South Wye Transport Package with its Southern Link Road (construction “in 2019” according to a recent Newsroom report on the Council’s website), Councillors will be aware of the conditionality of the Local Growth funding of the scheme. This includes Active Travel Measures which are integral to the scheme, and are one of the conditions of the funding. The latest available report (July to September 2016) to the Department for Transport from the Head of Infrastructure Delivery indicates that Start of the Works (a Mandatory Milestone) will be 2 April 2018, with completion 30 September 2019. Could the Cabinet Member responsible for Infrastructure please explain why he considers that sufficient financial provision in the Medium Term Financial Strategy (Appendix 2: Approved Capital Programme, Line Items: Local Transport Plan, and South Wye Transport Package, columns 2018/19 and 2019/20) has been made to cover the full cost of the Southern Link Road, which includes the council-funded additional 580 metres long Clehonger Link, and the start of the Active Travel Measures works which extend in to 20/21?

Answer from Councillor Philip Price, cabinet member infrastructure

I am satisfied that sufficient financial provision has been made within the medium term financial strategy for the South Wye transport package. The current estimated cost of the package is £35m and this is clearly identified within the approved capital programme detailed in appendix 2 of the medium term financial strategy. The estimated costs of the scheme and associated package of measures have been developed using industry standard information and are appropriate for budgetary purposes at this stage of scheme development.

