

Minutes of the meeting of Cabinet held at Council Chamber, The Shire Hall, St Peter's Square, Hereford, HR1 2HX on Thursday 15 February 2018 at 2.00 pm

Present: Councillor AW Johnson (Chairman)
Councillor JG Lester (Vice-Chairman)

Councillors H Bramer, BA Durkin, DG Harlow, P Rone and NE Shaw

Cabinet support members in attendance Councillors RJ Phillips

Group leaders in attendance Councillors JM Bartlett, RI Matthews and AJW Powers

Scrutiny chairmen in attendance Councillors WLS Bowen, CA Gandy and J Stone

Other councillors in attendance: Councillors PE Crockett, J Hardwick and D Summers

Officers in attendance: Geoff Hughes, Martin Samuels, Chris Baird, Claire Ward and Andrew Lovegrove

92. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Price.

93. DECLARATIONS OF INTEREST

None.

94. MINUTES

It was agreed that the words 'active travel measures' be removed from minute 75 of the minutes of 12 January 2018.

Resolved: That with the above amendment, the minutes of the meetings held on 12 January 2018 and 18 January 2018 be approved as a correct record and signed by the Chairman.

95. QUESTIONS FROM MEMBERS OF THE PUBLIC (Pages 7 - 10)

Questions received and responses given are attached as appendix 1 to the minutes.

96. QUESTIONS FROM COUNCILLORS

No questions were received from councillors.

97. RESPONDING TO THE RECOMMENDATIONS OF THE TASK AND FINISH GROUP - DEVOLUTION.

The chairman of the general scrutiny committee introduced the report. He thanked members of the task and finish group, and officers who had provided support. He noted that it had been a thorough investigation but that much had changed since it had been completed including a general election and election of the West Midlands mayor.

The programme director housing and growth summarised the key points of the report. He reminded members that the devolution agenda was continuing to develop nationally. The task and finish group had focused on the West Midlands Combined Authority (WMCA) but had also considered evidence from other areas of the country.

It was reported that the council was in discussion with other members and non-constituent members of the WMCA about the benefits of working towards non-constituent membership for Herefordshire as opposed to the current observer status. The council would not be able to apply for a change in membership until 2021, 4 years after the 2017 Order. Observer status came at a cost of £25k per year. The council was in discussion to establish if that cost could be reduced before making a decision on whether to continue as an observer.

The importance of being able to influence regional policy was noted. Other arrangements for doing this included working through the Local Enterprise Partnership (LEP) and through less formal partnerships with other councils.

It was noted although there was an aim for Herefordshire Council to be self-sustainable, the combined authority would be the conduit for significant future investment in the west midlands and that in order to influence the direction of this investment for the benefit of its residents Herefordshire Council would need to engage with the WMCA.

Group leaders were invited to give the views of their group.

The leader of the green group stated that she agreed with a lot of the comments made but queried whether £100k to be an observer at the WMCA for four years represented value for money. She also highlighted the opportunities for working with welsh authorities.

The leader of the independent group commented that the report was very comprehensive and that his group supported the recommendations. He noted previous benefits of working with Hay-on-Wye in terms of tourism. He expressed concern that much of the investment through the WMCA was focussed on Birmingham and queried how much control the regional authority would have over the council if it joined the combined authority. The group leader also asked if it was possible the council would be pressed to join a combined authority in the future and if it was known how Worcestershire intended to proceed.

The programme director housing and growth explained that the council was exploring whether arrangements with the LEP were adequate to keep Herefordshire at the combined authority table rather than pay for observer status. While there was a political push towards combined authorities, it was proving difficult for the government to get the economies of scale it was looking for and other matters were higher priority at the current time. The future direction of national policy on combined authorities would be monitored.

The chairman of the general scrutiny committee stated that Worcestershire had been invited to give evidence to the task and finish group but had declined to do so.

The leader of the it's our county group stated that his group were broadly supportive of the recommendations but felt that conversations should also take place with other local authorities in a similar position to Herefordshire, not just those who were geographically nearby.

It was also explained that each member of the combined authority, which is the elected mayor as the chair of the combined authority and the leaders of the seven constituent members, had one vote. As a result the mayor and the leaders of the constituent member authorities had to work together to achieve their objectives.

Resolved that:

(a) the proposed responses to the recommendations set out at appendix 2 are approved.

98. VARIATION TO WEST MERCIA ENERGY JOINT AGREEMENT

The cabinet member for finance, housing and corporate services introduced the report. The government opened up the non-domestic water supply market in England in April 2017. The market in Scotland had been deregulated since 2008 and this was felt to have been successful in improving customer satisfaction while delivering savings. The report proposed changes to the joint agreement for West Mercia Energy (WME) to allow it to supply utilities alongside energy.

It was noted that the market was currently quite small and WME had closely considered whether to enter the market. Not providing an offer for water was considered a risk as competitors might offer a whole package, leading existing WME customers to change providers.

It was anticipated that the market would grow as potential suppliers developed their offers and more customers became aware of the deregulation.

The leader of the it's our county group stated that WME should be looking to increase value in its core business rather than moving into the supply of water. He suggested that WME should explore options such as the supply of wood pellets which could be locally sourced and therefore support local businesses.

The cabinet member finance, housing and corporate services responded that expansion into the supply of water did not preclude exploring the options suggested but that WME had recommended expansion into water supply on the basis of approaches from current customers. WME could only supply to public sector bodies but was always looking at business possibilities. Installation of PV arrays on roof spaces was used to a small extent with industrial units. Changes in tariffs meant that this was only viable where the energy could be used close to the location it was generated. No customer demand for wood pellet supply had been registered but this could be explored.

The business risks of the new service were queried and it was explained that the risks referred to in the report related to the supply of water and related specifically to the decision at hand rather than a wider coverage for risk.

Resolved that:

(a) the West Mercia Energy Joint Agreement be varied to include the provision to be able to broker and supply utilities; and

(b) the Director for Economy, Communities and Corporate be authorised, following consultation with the Solicitor to the Council, to finalise and execute the variation.

99. END OF DECEMBER 2017 CORPORATE BUDGET AND PERFORMANCE REPORT

The cabinet member finance, housing and corporate services introduced the report. The following key points were highlighted:

- the majority of projects were delivered to budget and schedule;
- the projected revenue outturn for 2017/18 was a £2m overspend, reduced from the previous quarterly report;
- timeliness of transfers of care from hospital had improved;
- pathway redesign had been successful in helping to clear the backlog of client assessments for care packages;
- reviews of long term care packages were progressing but there were challenges, particularly in relation to packages for learning difficulties;
- additional winter pressures had been experienced;
- there was concern regarding the low numbers of patients receiving continuing healthcare (CHC) funding from the NHS and it was reported there had been a dramatic reduction in CHC patients, causing a parallel increase in nursing care costs, it was hoped numbers of patients receiving CHC funding would increase in coming months;
- validated education results were positive, including for vulnerable groups;
- the number of looked after children remained higher than might be expected for Herefordshire. An action plan was in place to address this and was expected to start showing results soon;
- the new Colwall Primary school was due to open on time;
- the new city link road had opened in December and other transport packages were progressing;
- the regeneration partnership with Keepmoat was progressing;
- the new NMiTE university was expected to open its doors in 2020.

In response to queries it was stated that:

- the council was to receive a rural sparsity grant of £1m, it was intended that this sum be added to general reserves and the S151 officer make changes to the budget as per the delegated authority agreed at council;
- it was too early to say exactly what the rural sparsity grant would be spent on but points made on rural deprivation were noted and would be taken into consideration;
- the issue of the low conversion rate of referrals to assessments in children's safeguarding had been ongoing on for some time and continued to be raised with partners through the safeguarding board, although there was concern that the message did not appear to be resulting in a change of practice;
- although the number of looked after children remained relatively high, for the year to December 15 had been adopted and a further 14 had returned home;
- work was underway to achieve permanent family bases arrangements where appropriate for a number of children who are looked after in Herefordshire. Children would only be moved to other options where it was right for that child;
- schools received a certain amount in their delegated budgets for early intervention, assessment and support of children with less complex special education needs/disabilities, more severe needs would be assessed and supported through an Education Health and Care Plan (EHCP);
- all reserves were held as revenue, no capital reserves were held as such;
- the capital budget pertained to a single financial year, whereas the capital programme covered multiple years;

- the city link road had been delivered within the overall budget for the road element as approved by the Marches LEP in 2015, design work was underway for the active travel measures element and public consultation would take place before implementation;
- Model Farm was listed separately in the capital programme forecast as there was spend in respect of a reapplication of the planning permission and the project had been added to the programme some time ago, before the development partnership had been agreed;
- the S151 officer was seeking to produce separate reports on the capital programme and capital budget in the next financial year to bring greater clarity;
- additional resources had been allocated to the LEADER project since the date of the report and the council was now on track to draw down all of Herefordshire's share of the funds.

Resolved that:

- a) the projected revenue financial outturn and performance for the first nine months of 2017/18 be reviewed and any additional actions required to achieve improvement be determined;**
- b) the projected capital financial outturn and performance for the first nine months of 2017/18 be reviewed and any additional actions required to achieve improvement be determined; and**
- c) the chief finance officer be authorised to use reserves as set out below:**

	Total £000s
Schools Balances: scheme of delegation	(8,089)
Children's planned improvement	(109)
Waste: planned as part of the PFI contract	(204)
Legal – specialist interims	(100)
Broadband and digital planning	(126)
Severe Weather – for the Hereford Transport Package	(384)
Leominster landfill site	(15)
Hereford Relief Road	(308)
ECC	(600)
Total Movements	(9,935)

The meeting ended at 3.37 pm

Chairman

PUBLIC QUESTIONS TO CABINET – 15 February 2018**Question 1**

Mr A Morawiecki, Breinton

The Hereford Transport Package in appendix B shows a cost of just £510,000 when the previous report to Cabinet showed that the spend on this project in 2017/18 was over £2.1million. If the council is seeking to capitalise interest on capital projects, why is it that money taken from revenue budgets and spent on capital projects is not capitalised and reflected in the total cost of the capital scheme?

Response from Cabinet Member Finance, Housing and Corporate Services

The requirements for council accounting allow for the costs in relation to schemes that have progressed to detailed options stage to be capitalised. The costs of developing options prior to this stage, including the costs of initial design and feasibility work, must be funded from revenue budgets – some of these costs may subsequently be recharged to capital in accordance with the accounting rules.

Supplementary Question

With over £5m planned to be spent on consultants for the bypass, how is this best use of tax payers' money compared to investment in sustainable transport measures?

Response from Cabinet Member Finance, Housing and Corporate Services

In any investment of this size and scale we would expect to spend at that level on consultants, taking it through to the best costed scheme.

Question 2

Ms K Poulter, Hereford

Many local residents directly affected by the Council's proposed Hereford Bypass were completely unaware of the Cabinet meeting in January 2018 as they never received any letters from the Council until a week prior to the consultation starting. How could the council or its consultants not know the addresses of all those directly affected by the proposed Bypass Routes?

Response from Cabinet Member Infrastructure

Notification of the intention to discuss route options within the approved core strategy corridor at the January meeting of Cabinet had been in the public domain for some months. However to ensure that those residents and businesses potentially affected were fully informed our contractor had been instructed to write to all landowners within the core strategy corridor at that time to advise them of the Cabinet meeting. Regrettably there was an administrative error in their mailing process. I am very sorry that this has happened and for any stress or upset this has caused. The matter has been investigated

and we have received the following apology and assurance from Balfour Beatty Living Places Managing Director Steve Helliwell:

“On behalf of BBLP I would like to offer my deepest apologies. A mistake was made during the mailing process which meant that a large proportion of the letters due to be mailed out were not. This was down to human error and I’d like to assure you that our processes have been reviewed and we have taken steps to ensure this does not happen again. It was a matter of importance to Herefordshire Council and councillors that you were informed before the information was in the public domain and if this was not the case, I’d like to sincerely apologise.”

Question 3

Mrs V Wegg-Prosser, Breinton

The corporate budget report authorises the movement of £384,000 from the Severe Weather Reserve to the [City] Link Road which is to date exceeding its original £27m budget by £7m. One month ago, the Cabinet report stated that £383,582 of this reserve was being allocated to the Hereford Transport Package. Why is the £1.3 million Severe Weather Reserve being used to fund capital projects?

Response from Cabinet Member Finance, Housing and Corporate Services

You will note from the supplement to the agenda published on 13 February that reference to the city link road should have read the Hereford Transport Package.

The city link road is not exceeding its approved budget.

External funding sources are being pursued to support the costs of developing the Hereford Transport Package; the use of earmarked reserves such as the severe weather reserve pending the outcome of those reduced calls on the in-year revenue budget. Once the project reaches a particular point in development council accounting rules allow costs to be capitalised and the revenue budgets may be reimbursed accordingly.

Question 4

Dr M Whalley, Hereford

The council’s vision for SEND schools (internally debated since June 2016) URGENTLY needs to be publicly disseminated.

Options 3 /5 propose the relocation of Barrs Court (with its inadequate and overcrowded site) onto the same campus as the new Free School SEN provision. Blackmarston could extend its early intervention and assessment provision for the most vulnerable and challenged children. When will the council consult with families on these critical issues?

Response from Cabinet Member Young People and Children’s Wellbeing

The council’s adopted Schools Capital Investment Strategy sets out our strategic approach and the principles that will underpin and guide our decision-making. This applies to special schools as well as maintained schools. Using these principles, the

council has been successful in drawing in funding to support the special school sector, with the 16-19 SEN free school.

We have been working with SEND schools and education settings to identify and prioritise need using the principles in the Schools Capital Investment Strategy. As these discussions progress and we bring forward individual priority projects we will consult with families to ensure the projects are developed with the benefit of their views. I will ensure that officers contact head teachers and chairs of governors of the special schools to make clear the next steps.

Supplementary Question

How will Herefordshire council ensure that families have an input and that views are taken into account?

Response from cabinet member young people and children's wellbeing

We understand, and when I say about the input process to the capital strategy it does mean all of those inputs. It is a discussion that needs to be between all stakeholders - governors, schools, families etc. I will be asking officers to make sure all involved are fully aware of what the next steps are.

