

Agenda

Cabinet

Date: **Thursday 15 February 2018**

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.

For any further information please contact:

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Agenda for the meeting of Cabinet

Membership

Chairman	Councillor AW Johnson
Vice-Chairman	Councillor JG Lester
	Councillor H Bramer
	Councillor BA Durkin
	Councillor DG Harlow
	Councillor PD Price
	Councillor P Rone
	Councillor NE Shaw

Agenda

		Pages
1.	<p>APOLOGIES FOR ABSENCE</p> <p>To receive any apologies for absence.</p>	
2.	<p>DECLARATIONS OF INTEREST</p> <p>To receive any declarations of interest by Members in respect of items on the Agenda.</p>	
3.	<p>MINUTES</p> <p>To approve and sign the minutes of the meetings held on 12 January 2018 and 18 January 2018.</p>	11 - 32
4.	<p>QUESTIONS FROM MEMBERS OF THE PUBLIC</p> <p>To receive questions from members of the public. <i>Deadline for receipt of questions is 5:00pm on Monday 12 February 2018. Accepted questions will be published as a supplement prior to the meeting. Please see https://www.herefordshire.gov.uk/getinvolved for information on how to submit a question.</i></p>	
5.	<p>QUESTIONS FROM COUNCILLORS</p> <p>To receive questions from councillors. <i>Deadline for receipt of questions is 5:00pm on Monday 12 February 2018. Accepted questions will be published as a supplement prior to the meeting.</i></p>	
6.	<p>RESPONDING TO THE RECOMMENDATIONS OF THE TASK AND FINISH GROUP - DEVOLUTION.</p> <p>To consider the recommendations of the General Scrutiny Committee on engagement with the West Midlands Combined Authority (WMCA) and other partnership options to deliver growth and jobs in Herefordshire.</p>	33 - 58
7.	<p>VARIATION TO WEST MERCIA ENERGY JOINT AGREEMENT</p> <p>This report proposes to vary the Joint Agreement for West Mercia Energy (WME) held by the constituent authorities to enable WME to supply utilities, alongside the supply of energy.</p>	59 - 70
8.	<p>END OF DECEMBER 2017 CORPORATE BUDGET AND PERFORMANCE REPORT</p> <p>To provide assurance that progress is being made towards achievement of the agreed revenue and service delivery targets, and that the reasons for major variances or potential under-performance are understood and are being addressed to the cabinet's satisfaction.</p>	71 - 100

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- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
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Guide to Cabinet

The Executive or Cabinet of the Herefordshire Council consists of a Leader and Deputy Leader and six other Cabinet Members each with their own individual programme area responsibilities. The current Cabinet membership is:

Councillor AW Johnson (Leader) (Conservative)	Corporate Strategy and Budget
Councillor JG Lester (Deputy Leader) (Conservative)	Young People and Children's Wellbeing
Councillor H Bramer (Conservative)	Contracts and Assets
Councillor BA Durkin (Conservative)	Transport and Regulatory Services
Councillor DG Harlow (Conservative)	Economy and Communications
Councillor NE Shaw (Conservative)	Finance, Housing and Corporate Services
Councillor P Rone (Conservative)	Health and Wellbeing
Councillor PD Price (Conservative)	Infrastructure

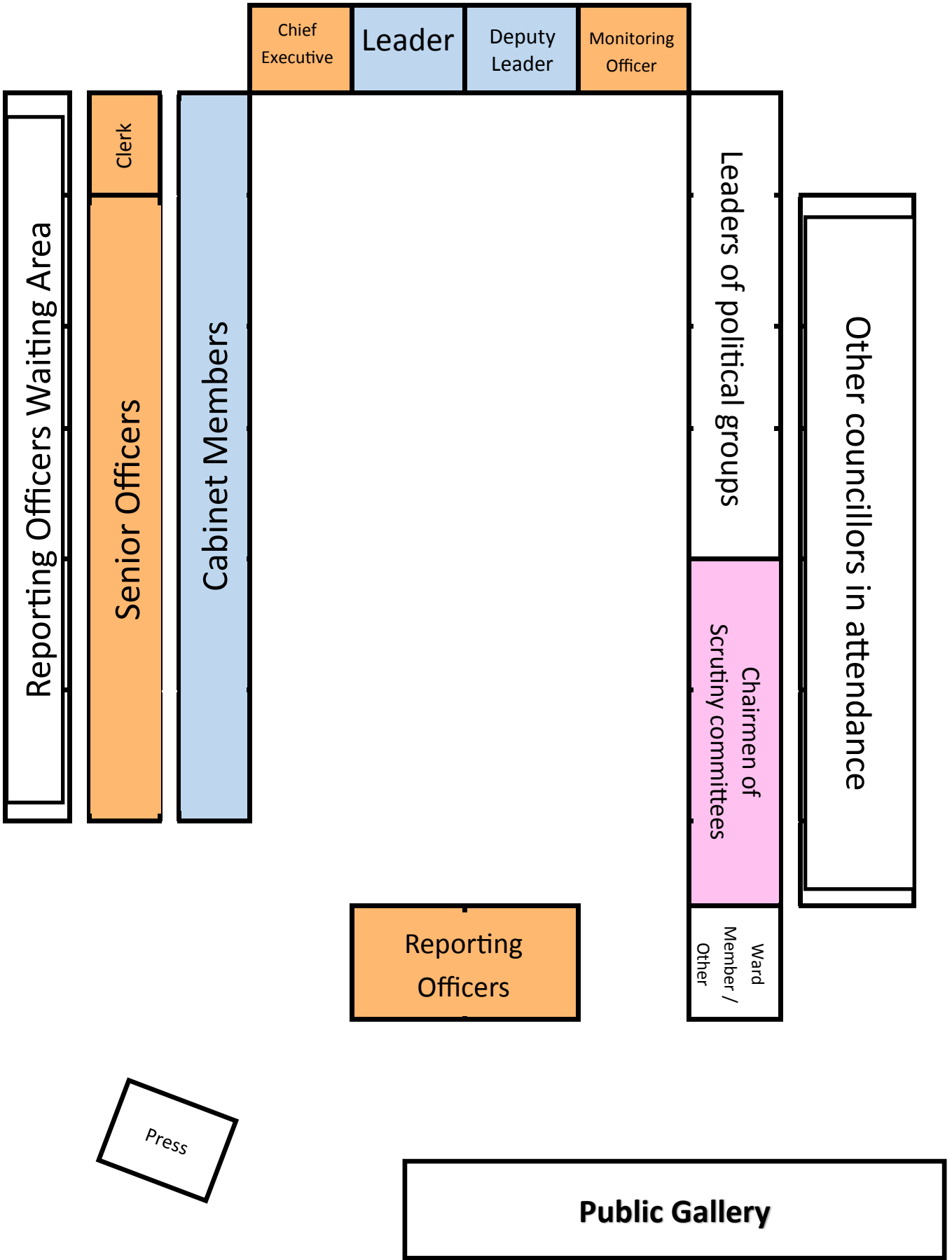
The Cabinet's roles are:

- To consider the overall management and direction of the Council. Directed by the Leader of the Council, it will work with senior managers to ensure the policies of Herefordshire are clear and carried through effectively;
- To propose to Council a strategic policy framework and individual strategic policies;
- To identify priorities and recommend them to Council;
- To propose to Council the Council's budget and levels of Council Tax;
- To give guidance in relation to: policy co-ordination; implementation of policy; management of the Council; senior employees in relation to day to day implementation issues;
- To receive reports from Cabinet Members on significant matters requiring consideration and proposals for new or amended policies and initiatives;
- To consider and determine policy issues within the policy framework covering more than one programme area and issues relating to the implementation of the outcomes of monitoring reviews.

Who attends cabinet meetings?

On the next page you will find a layout plan of the room showing who is sitting where. Coloured nameplates are used which correspond to the colours on the plan as follows:

Pale blue	Members of the cabinet, including the leader of the council and deputy leader – these are the decision makers, only members of the cabinet can vote on recommendations put to the meeting.
Orange	Officers of the council – attend to present reports and give technical advice to cabinet members
Pink	Chairmen of scrutiny committees – attend to present the views of their committee if it has considered the item under discussion
White	Political group leaders – attend to present the views of their political group on the item under discussion
	Other councillors may also attend as observers but are not entitled to take part in the discussion.



Herefordshire Council

Minutes of the meeting of Cabinet held at The Council Chamber - The Shire Hall, St. Peter's Square, Hereford, HR1 2HX on Friday 12 January 2018 at 10.00 am

Present: Councillor AW Johnson (Chairman)
 Councillor JG Lester (Vice-Chairman)
 Councillors H Bramer, BA Durkin, DG Harlow, PD Price, P Rone and NE Shaw

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

Scrutiny chairmen in attendance Councillors PA Andrews, WLS Bowen, J Stone and EJ Swinglehurst

Other councillors in attendance: Councillors E Chowns, PE Crockett, J Hardwick, D Summers and CR Butler, J Stone and EJ Swinglehurst

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

73. APOLOGIES FOR ABSENCE

There were no apologies from members of the cabinet.

74. DECLARATIONS OF INTEREST

None.

75. MINUTES

Following a query from the leader for It's Our County, the cabinet member for infrastructure confirmed that the South Wye transport package – active travel measures is a standalone package.

RESOLVED: That the Minutes of the meeting held on 14 December 2017 be approved as a correct record and signed by the Chairman.

76. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions were received from members of the public.

77. QUESTIONS FROM COUNCILLORS

No questions were received from councillors.

78. 2018/19 CAPITAL BIDS AND APPROVAL

The cabinet member for finance, housing and corporate services presented the report and highlighted:

- Appendix 1 shows the proposed capital programme
- Appendix 2 shows the current approved capital programme
- Appendix 3 provided an indication of the total programme, if approved.

- Each programme would need its own business case and appropriate approval before proceeding,

Following a request from the cabinet member for finance, housing and corporate services, the S151 officer agreed to amend appendix 3 to provide more clarity over the funding of schemes, bring forward of spend, any budget slippage and budget totals. This was proposed as an additional recommendation as set out in (b) below.

Following questions from the leader of It's Our County, it was confirmed:

Political support scores

The political point scores on page 27 represented an indicative score based on previous reports that have already received approval through the governance arrangements. For example if the proposal follows a previous report on service delivery changes approved by Cabinet then it scores a higher political support score than if there are no previous report approvals already in place.

Development partnership activities

The detail behind the benefits and returns to the council from the £20m request for 'Development Partnership activities' in 2018/19 on page 29 will be provided as the individual decision approval to incur spend is secured. The £40m total investment mentioned on page 33 is funded through £10m capital receipts, £10m corporately funded prudential borrowing and the previously approved £20m prudential borrowing where the borrowing cost is funded from anticipated returns on the investment. Any additional returns over and above this would therefore be available to fund other costs. With regard to whether this would represent poor value for a £40m, it was noted that the council would be looking for returns commensurate with good treasury management and there would also be some investments which will provide social value and long term economic value which would be difficult to measure at this stage.

Fastershire

The £7.248m on Fastershire broadband programme was in line with the Fastershire Broadband Strategy adopted by Cabinet in December 2015.

The total scheme budget of £32,603,000 represented the total current public contribution between 2013/14 and 2019/20 towards the delivery of the Fastershire Broadband Strategy. This figure includes just over £13m of Herefordshire Council funding.

The £7,248,000 budgeted for 2018/19 represented the contributions from both Herefordshire Council and external funding that will be spent on delivering 3 contracts; Lot 2/3c which covers south Herefordshire delivered by Gigaclear, Lot 4 the north of Herefordshire (also Gigaclear) and Lot 3b in the city delivered by BT.

The premises which will be enabled with this funding is available via Fastershire.com.

The cabinet member for economy and communications stated that the contract with Gigaclear would provide coverage for 94% of the county. The areas outside of this coverage were mainly rural.

Following a statement from the group leader for the Herefordshire Independents, the cabinet member for economy and communications stated that the contracts had been well managed given the geography of the county. BT had found it very difficult due to the rural nature of Herefordshire and that the move to Gigaclear would provide faster broadband as they would be putting in new technology but this would take time to install.

Capital receipts for 2018/19 showing as £12.495m and why receipts from the farm smallholdings sales are not shown in full anywhere in report or in the medium terms financial strategy

Appendix 3 shows the capital receipt funding to be used to fund capital spend, within the previous budget setting papers, the 2017/18 treasury management strategy included £33.6m of anticipated capital receipt funding to reduce our borrowing requirement, which is capital receipt funding earmarked for debt reduction.

Following a question from the group leader for the Green party, it was confirmed each scheme would have detailed risk management information included within the detailed business cases.

That:

- (a) the proposed capital programme for 2018/19 attached at appendix 3 be recommended to Council for approval; and**
- (b) authority be delegated to the chief finance officer, in consultation with the cabinet member finance and the leader to make technical amendments (grammatical, formatting, and consistency) as necessary to finalise the appendix 3 for publication for council.**

79. SETTING THE 2018/19 BUDGET AND UPDATING THE MEDIUM TERM FINANCIAL STRATEGY

The cabinet member for finance, housing and corporate services presented the report and highlighted:

- The report seeks to put forward a balanced budget for recommendation for full council on 26 January 2018.
- There had been a provisional settlement announced in the middle of December 2017 which has provided certain options to be considered, in particular the government had changed the basis on which a referendum was required by increasing council tax from 2% to 3% due to the effect of inflation and other clarifications in the settlement.
- The 20% increase in planning fees had been approved.

Due to the provisional settlement announcement, the cabinet member for finance, housing and corporate services was now proposing an amendment to the recommendation ii and iii so that the core council tax was increased to 2.9% (instead of the 1.9% stated in recommendation ii of the report) and the adult social care costs be reduced to 2% (instead of 3% as stated in recommendation iii of the report). This would provide the council the same amount of revenue but would allow greater flexibility in how the money could be spent. The adult social care precept was one off funding which may not be available the following financial year and the increase in the core council tax would be added to the base budget and therefore available the following year.

It was proposed that an additional recommendation as set out in vii below was required to make technical, grammatical and typographical amendments to appendices 1 and 5. Following a query from the group leader for the Green party, it was confirmed that these amendments were not material and would not need to go back to General Scrutiny Committee. The S151 officer agreed to circulate to scrutiny committee members' details of the changes which would be made to the documentation.

Following a query from the cabinet member for infrastructure, the S151 officer confirmed a base budget review had taken place and where necessary adjustments to base budgets had taken place. Details of the changes in the directorate base budgets were contained within the table at paragraph 17 of the report.

The S151 officer confirmed that there would be no impact on the budget if the changes proposed were agreed as there would still be a 4.9% increase in council tax.

It was noted that Local Government Association had reported that the majority of other local authorities were adding increases to the core council tax rather than the precept for adult social care due to the uncertainty over whether the adult social care funding would still be available the next year.

The group leader for It's Our County indicated that it would be a good idea to raise the base budget provided it did not impact on the adult social care budget. The cabinet member for health and wellbeing confirmed that it would have no impact on his portfolio area.

Following a question from the group leader for It's Our County, it was confirmed that the option to increase council tax by 5.9% (and therefore increase the base budget by 2%) had been discussed. The reasons for not increasing further had been due to the average wage for Herefordshire which was £20k and the national average was £27k which would make it financially more difficult for residents.

The group leader for It's Our County noted that if it was explained to residents that the level of council tax needed to be raised by 5.9% they would understand, especially if the additional 1% was ring fenced to services which residents valued. This was an opportunity to maximise the opportunity to increase the base budget.

The group leader for Herefordshire Independents strongly objected to the council tax being raised by 4.9%. Due to the level of poverty in the county, there needed to be careful consideration of residents, especially those in rural areas

The scrutiny chairman for adult and wellbeing noted that due to the demographic of Herefordshire, there would be more and more older residents who living on their own, which would lead to increasing demand on adult social care support.

Following a query from the group leader for Herefordshire Independent, the S151 officer explained the financial impact to the council if Hoople were to close. The pension liability currently showing in the Hoople accounts would transfer to the council. The pension deficit was in relation to those council staff who had transferred (TUPE) to Hoople and had been agreed when the company had been set up. The valuation method to be used by the actuary of the pension scheme was set out in statute and was influenced by the fact that Hoople was not a precepting authority. Worcestershire who administer the pension scheme were reporting that the whole fund was in surplus and at the next valuation in 2019 there was an expectation that the fund as a whole would not be in deficit. It was noted that Hoople had made a significant amount of savings over the last few years and had agreed to do the same for the next financial year. It was reported that the council were expecting a £100k dividend from Hoople.

The leader of the Green party commented that taking the opportunity to increase the base budget is sensible. However, the re-jigging adult social care precept was a lost opportunity as the council needed to replace central government funding. It was acknowledged that it was not an easy situation to manage but the opportunity should have been taken to put more money in the budget.

The leader for the Liberal Democrats commented that regardless of the increase, members of the public will be angry and that it would be difficult for the public to sustain a 4.9% increase.

The cabinet member for finance, housing and corporate services confirmed that he would provide written answers to the questions which the leader of It's Our County had submitted prior to the meeting. However, it was confirmed:

- That the £7m savings in 2017/18 mentioned on page 42, paragraph 14 was achievable and there was sufficient funding in reserves.
- That the identified savings were continually RAG rated to ensure that they remained achievable.
- The “business rate smoothing” earmarked reserve is maintained to fund the potential cost of successful business rate appeals. This is used for lodged appeals and an estimate of un-lodged appeals to provided this estimate.
- That a review of all earmarked reserves had been requested to ensure that they were all necessary and prudent.
- The council received £20k for each completed NDP which goes towards the cost of a referendum and that the last opportunity for funding was in April 2018 which meant that reserves would be required to fund future referendums.
- That the £500k savings identified in connection with the looked after children budget was a realistic figure and was based on:
 - £162k full year savings in independent fostering agency (IFA) arrangements
 - £132k full year savings on in house placements
 - £90k full year savings in “step downs” in special guardianship orders (SGO).
 - £116k part year savings in “step down” in SGO.

That:

the following be recommended to Full Council:

- i. the council tax base of 68,177.57 Band D equivalents;**
- ii. an increase in core council tax in 2018/19 of 2.9%;**
- iii. an additional precept in respect of adult social care costs of 2% applied to council tax in 2018/19 resulting in a total council tax increase of 4.9%; increasing the band D charge from £1,376.50 to £1,443.95 for Herefordshire Council in 2018/19;**
- iv. the balanced 2018/19 revenue budget proposal of £144.1m subject to any amendments approved at the meeting specifically.**
 - a. The net spending limits for each directorate as at Appendix 3**
 - b. The gross revenue budget of £241.2m**
 - c. 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;**
- v. the treasury management strategy at appendix 5 be approved;**
- vi. the medium term financial strategy (MTFS) at appendix 1 be approved;**
- vii. authority be delegated to the chief finance officer, in consultation with the cabinet member finance and the leader to make technical amendments (grammatical, formatting, and consistency) as necessary to finalise the appendix 1 and 3 for publication for council.**

80. COUNCIL TAX REDUCTION SCHEME 2018/19

The cabinet member for finance, housing and corporate services presented the report and highlighted:

- The scheme was reviewed on an annual basis;
- The scheme had been agreed at full council in December 2015; and
- the recommendation was for the scheme to continue with no changes.

Following a query from the leader of the liberal democrats, it was confirmed that the scheme would be kept under review in case amendments were needed in future years.

That:

- (a) it be recommended to Council that the existing council tax reduction scheme, attached at appendix 2, be retained for 2018/19.**

The meeting ended at 11.58 am

Chairman

Minutes of the meeting of Cabinet held at Council Chamber, The Shire Hall, St Peter's Square, Hereford, HR1 2HX on Thursday 18 January 2018 at 2.00 pm

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

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

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

Scrutiny chairmen in attendance Councillors PA Andrews, WLS Bowen and CA Gandy

Other councillors in attendance: Councillors J Stone, EJ Swinglehurst, CR Butler, PE Crockett and J Hardwick

Officers in attendance: Geoff Hughes, Chris Baird, Claire Ward, Andrew Lovegrove and Stephen Vickers

81. APOLOGIES FOR ABSENCE

There were no apologies from members of the cabinet.

82. DECLARATIONS OF INTEREST

None.

83. MINUTES

As the minutes of the meeting of 12 January 2018 had not yet been published it was noted that these would be approved at the next available meeting.

84. QUESTIONS FROM MEMBERS OF THE PUBLIC (Pages 7 - 14)

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

85. QUESTIONS FROM COUNCILLORS (Pages 15 - 16)

Questions received and responses given are attached as appendix 2 to the minutes.

86. HEREFORD TRANSPORT PACKAGE (HTP) OPTIONS CONSULTATION & PHASE 2

The cabinet member for infrastructure introduced the report. The key drivers for the Hereford Transport Package (HTP) were the appetite locally and nationally to improve connectivity, facilitate housing growth and create better walking and cycling routes. The single crossing of the River Wye in the city impacted on journey times and restricted business growth. The proposed improvements would benefit major projects such as the

university and the enterprise zone. Moving traffic out of the city centre would create space for green infrastructure and active travel measures. The HTP was a priority for the Marches Local Enterprise Partnership (LEP) and the Midlands Connect regional strategy. The council was working closely with Highways England and other national bodies. Extensive work had taken place to refine the route of the proposed bypass to the west of Hereford. All options had been scored, compared and subjected to national planning policies. Routes which would not be technically viable had been removed. A shortlist of seven routes was now proposed for further consultation.

In response to a questions from cabinet members it was confirmed that there was an appetite to see what complementary transport measures could be delivered alongside the construction of the bypass. Proposals in respect of active travel measures would be presented during the phase 2 consultation.

In response to questions from the leader of the Its Our County group it was stated that:

- data and mapping from the adopted neighbourhood development plan would be incorporated into the forthcoming consultation, along with other sources;
- detailed ecological surveys had been carried out, would continue through the seasons and would inform the planning application environment statement;
- all responses to the consultation had been considered, regardless of whether they were defined as individual responses or petitions;
- further detailed responses would be provided following the meeting.

In response to questions from the leader of the Green group it was stated that:

- current and projected journey times would be included in future consultation information;
- the decision whether to designate the bypass as a trunk road and de-trunk the current A49 through the city would be made by the secretary of state, discussions were taking place regarding this process and Highways England were positive about the likelihood of the bypass becoming the new trunk road.

The leader of the independent group gave the views of his group, stating that:

- council officers had frequently said that the bulk of traffic would still go through the city centre;
- the bypass would be exposed to high westerly winds;
- local growth had stagnated and the council had failed to listen to feedback;
- the independent group had always supported a bypass to the east of Hereford and did not believe that an eastern route was undeliverable;
- there was a strong possibility of the Three Elms housing site not getting permission due to the impact on boreholes in the area and the subsequent difficulties this would cause on certain large employers in the city.

The cabinet member infrastructure responded that the eastern route for a bypass was not a viable alternative and that the enterprise zone was booming. The cabinet member economy and communications stated that unemployment in Herefordshire was at an historic low and that the enterprise zone had been highly successful. The leader of the council acknowledged that many businesses did not have a particular preference on an eastern or western route but did want a bypass delivered. The professional evidence had been considered and a western route had been selected on the basis of that evidence.

That:

- (a) having regard to the feedback to the HTP Phase 1 consultation report and the Hereford Bypass corridor assessment framework report the shortlist of route corridors shown in paragraph 25 below be approved;**
- (b) Phase 2 consultation on the approved shortlist of bypass route options and possible active travel measures be undertaken to gather feedback to inform**

the selection of a preferred route for the bypass and to enable the preferred package of measures to be further developed and

- (c) the assistant director environment and place be authorised to take all operational decisions necessary to inform a decision to determine a preferred route for the bypass and a package of active travel measures within a maximum budget of £1m.**

87. SUSTAINABLE MODES TO SCHOOL STRATEGY

The cabinet member transport and regulatory services introduced the item.

The key points noted were:

- the proposed strategy replaced the one adopted in 2009 and comprised the strategy document and action plan;
- the comments of the general scrutiny committee had been reflected in the documents and responses to the recommendations of the committee were set out in appendix 3;
- the strategy reflected other council policies such as the health and wellbeing strategy;
- there was no longer specific funding for SMOTS projects;
- the action plan set out current activities and those planned for the future, the action plan would be monitored and reviewed during the life of the strategy.

In response to queries from the cabinet member infrastructure it was confirmed that officers would work with various colleagues and bodies to seek grants and expert advice. It was noted that better working with schools was a key aim of the strategy.

In response to a question from the leader of the Independent group it was stated that there were a number of reasons why existing sustainable travel options were not being fully utilised including the impact of weather, safety concerns and a need to join up routes. It was expected that the Hereford Transport Package would offer opportunities to improve connections.

The leader of the It's Our County group welcomed the update and commented on the notable difference in congestion between term time and school holiday periods. In response to queries it was confirmed that the South Wye Transport Package would provide funding for active travel measures and that a school travel plan would be considered up to date if it had been completed within the past three years. The target was to get 80% of school travel plans to this standard.

The chairman of the general scrutiny committee was pleased that the recommendations from the committee had been taken up. He asked that a report go back to the scrutiny committee in due course to report on progress.

The cabinet member finance, housing and corporate services noted that only 16 schools had 20mph limits in their immediate vicinity. He queried if this should be encouraged for all schools and whether this should be a specific action in the action plan? It was agreed that the recommendations in the report be altered to include delegated authority for the director for economy, communities and corporate to make amendments to the action plan to include specific reference to 20mph zones outside schools.

The cabinet member transport and regulatory services commented that ward members were an important part of the strategy due to their local knowledge and contacts. It was hoped they could help and encourage schools to have up to date travel plans.

That:

- (a) The Sustainable Modes of Travel to School Strategy at appendix 1 be adopted;**
- (b) the response to the recommendations of general scrutiny committee at appendix 3 be approved; and**
- (c) the director for economy, communities and corporate, following consultation with the director for children's wellbeing, the cabinet member for young people and children's wellbeing and the cabinet member for transport and regulatory services, be authorised to amend the Action Plan at section 6 of the strategy to include specific reference to 20mph zones outside schools.**

88. 16-19 LOCAL AUTHORITY COMMISSIONED SEN SCHOOL: AGREEMENT TO LEASE FORMER BROADLANDS PRIMARY SCHOOL SITE

The cabinet member young people and children's wellbeing introduced the report. It was noted that it was a priority for the council to develop education and learning opportunities for young people aged 16 plus with learning difficulties.

In response to a question from the leader of the Green group it was confirmed that officers were engaged in discussions with the ESFA about the specification of the new building and had been pleasantly surprised at the standard of accommodation proposed. The council would have its usual powers as the local planning authority to impose conditions on the design and construction of the building.

The leader of the Its Our County group read out comments from the ward member, who was unable to attend the meeting. The ward member had not received any comments from parents objecting to the proposal and supported the objectives. She was aware of the good provision at the nursery currently on the site and had had several discussions with the director regarding the proposals.

The cabinet member young people and children's wellbeing reminded councillors that corporate parenting responsibilities related to children in care, some of whom may benefit from this new provision and not all children who may attend this new school.

That:

- (a) the director for children's wellbeing be authorised to agree heads of terms between the council and the Education and Skills Agency (ESFA) (on behalf of the Secretary of State) for the construction of a building to accommodate the new 16-19 Local Authority Commissioned SEN School**
- (b) subject to the approval of the Secretary of State for Education to the appointment of a provider to:**
 - a. agree that part of the land identified at appendix 1 be approved for use by the appointed provider for a period of up to 125 years,**
 - b. the director for children's wellbeing, following consultation with the solicitor to the council and chief finance officer, be authorised to take all operational decisions necessary to make the site available, including the agreement of a lease of up to 125 years for part of the former Broadlands site (as shown on the plan at appendix 1) of an area sufficient for a special school of 50 pupils to the successful promoter, the area being no less than 1 hectare as recommended in DfE Building**

Bulletin 104 – “Area Guidelines for SEND and Alternative Provision”, the remaining land to remain in the ownership of the council

- (c) the ESFA be requested to deliver the building project at its own risk with funding provided by the Secretary of State.**

89. MARLBROOK PRIMARY EXTENSION, FEASIBILITY AND INTERIM WORKS

The cabinet member young people and children’s wellbeing introduced the report. It was noted that the schools capital investment strategy sought to invest in high performing, well supported schools and that Marlbrook Primary met this definition.

The cabinet member health and wellbeing, who was also the ward member for the school, stated that the school offered exceptional quality. It was confirmed that a separate report would be brought forward to address the accommodation needs of the school in the longer term to take the school fully to three forms of entry. This would also seek to address associated highways and traffic issues.

The cabinet member infrastructure asked that all future reports reference and integrate with the south wye transport package and active travel measures.

That:

- (a) funding of up to £300k be approved from the capital budget allocated to Marlbrook school to fund the works necessary to create an additional classroom for use by the school in September 2018;**
- (b) Greencroft ceases to be used as a Multi-Agency Office (MAO) area from 1 March 2018, and**
- (c) the director for children’s wellbeing be authorised to take all operational decisions necessary to implement the above works, including the appointment of a contractor.**

90. PRE-PAID CARDS TENDER

The cabinet member health and wellbeing introduced the report. The key points noted were the advantages of using new technology, the opportunities for wider use of pre-paid cards across directorates and the benefits of a live and auditable system to track usage and control spending.

That:

- a) a financial pre-paid card service available to adults’ and children’s social care clients, and certain Clinical Commissioning Group clients if required, is awarded through an open procurement and a contract to be issued for a period of up to five years effective from 1 July 2018;**
- b) the Director for Adults and Wellbeing is authorised, following consultation with the Director for Children’s Wellbeing, to take all operational decisions necessary to implement the above recommendation, including award of contract at a total cost of not more than £132k.**

91. SINGLE ENFORCEMENT & PROSECUTION POLICY

The cabinet member transport and regulatory services introduced the report. It was noted that:

- the overarching policy would cover all regulatory activities;
- the policy replaced the one adopted in 2012, taking account of changes in regulations and good practice;
- partner organisations such as Balfour Beatty Living Places would also use this policy;
- the appendices to the policy set out the detailed guidance for each subject area, the policies on parking and environmental enforcement were new and the others were updated versions of existing policies.

In response to a query from the cabinet member infrastructure it was confirmed that all conditions applied needed to be enforceable and that there was a dispensations policy which allowed for exemptions, for example where a tradesman needed to park close to a property to work on it. Enforcement officers had to issue penalty notices if they observed a contravention but there was an appeal process which would consider individual circumstances.

The leader of the Independents asked how many blue badges had been issued. It was clarified that these badges were not issued by the parking team but that the figure would be sought and supplied after the meeting.

The leader of the Its Our County group welcomed the update. He asked that the adopted policies be clearly visible and accessible on the council website. In response to a query it was confirmed that the neighbour noise evening hotline which had run in the summer had been well received. The hotline had been financed by the police and crime commissioner and the council was looking to put in a bid for funding again this year. The bid included a request for additional funds so that the service could be expanded. It was also confirmed that officers were confident the statutory requirements could be delivered, with staff redeployed as necessary to enforce policies.

In response to a query from the cabinet member finance, housing and corporate services it was confirmed that the policy was written in such a way that external changes could be incorporated and that the main focus was on overarching principles, with detail in the appended documents.

The cabinet member contracts and assets left the meeting at 4:18.

That:

- (a) the single overarching enforcement and prosecution policy (attached at appendix 1) and the following policies forming appendices to that policy (attached at appendices A to F) be approved and implemented with immediate effect:**
- Parking Supplementary Enforcement & Appeals Policy,**
 - Building Control Supplementary Enforcement Policy,**
 - Planning Supplementary Enforcement Policy,**
 - Environmental Health (Housing) Supplementary Enforcement Policy,**
 - Code of Conduct for Issuing Penalty Notices for Child Absenteeism, and**
 - Environmental Enforcement – Fixed Penalty Notice Operational Policy.**

The meeting ended at 4.20 pm

Chairman

PUBLIC QUESTIONS TO CABINET – 18 January 2018**Question 1**

Mr E Morfett, Breinton

To: cabinet member – infrastructure

The majority of the public supporters are expecting a solution to city congestion. Where can I find the Consultant's report on the Hereford bypass, with detailed real-time traffic analysis that shows how much the traffic flows in the City are expected to improve, based on the current modelling to 2032? (I found one which suggests travel time across the city will increase by 8%).

Response

Surveys were carried out in 2016 and 2017; this data will be published shortly. The council's consultants will then progress the modelling of the transport movements in and around Hereford to assess the transport effects and benefits of the proposed scheme. When completed, this work will form part of the business case for the project and further consultation at preferred route stage, which is currently programmed for Autumn 2018.

Supplemental question

How can the public trust this council with respect to the environment and the population's best interests when the very same council has for years ignored the threat to human health and wildlife from the toxic waste that was dumped in its own back yard? I'm referring to the toxic waste that leaks from Sutton Walls waste dump which according to the Environment Agency contains toxic materials and carcinogens this liquid was not contained by any recognised impermeable barriers but left to leach through the gravels and into the ground water of the Lugg valley and down into the river wye from 1971 until the present day. No clean-up was attempted and no reports were issued to warn the public despite the collapse in the salmon migrations that followed and in fact not one mention of it was made in the technical reports discussing the environmental impact of the road building on the eastern corridor. How can we trust a council that failed to address this very real threat to wildlife and our population's health?

Response

Leader: This supplementary question was not strictly related to the original question but I will see if the cabinet member wishes to make a response.

Cabinet member for health and wellbeing: Bearing in mind 1971 I believe it was probably another council rather than Herefordshire. This is the first I know about it. This is news to me and as the leader has just inclined I will make a written response.

Question 2

Mr N Thompson, Hereford

To: cabinet member – infrastructure

Has the council carried out a comprehensive costing exercise, at current prices, for each of the prospective routes for the bypass, without which it will not be possible to make a valid comparison between the routes?

Response

Cost estimates for all of the route corridors are set out in appendix 2 of today's cabinet report. These will be further developed as work progresses.

Question 3

Mr J Shepherd, Hereford

To: cabinet member – contracts and assets

As the Council has stated that the new SEN will only require half of the old Broadlands site and they have also stated that the remaining site could be used for further educational facilities, will the Council not offer some of this space to the outstanding nursery already on site on favourable terms to allow them to remain in the area?

Response

We are working with Bright Sparks to identify and to enable them to continue to provide their valuable service to pre-school children and their families in the area.

Any decision on the future use of the remaining old Broadlands site will have regard both to the council's need to be accountable for how it uses the resources under its stewardship, and to our corporate property strategy which sets out how we will use our property assets to deliver our priorities.

Question 4

Mr J Trimble, Hereford

To: cabinet member – infrastructure

5 of the shortlisted 7 possible bypass routes (Eastern Wye Viaduct Crossing) will cross directly through the site of Hereford Community Farm – the resulting closure of this facility would affect 64 weekly attendees with disabilities and their families, and loss of 20 employees. What guarantee does this cabinet give under its Equality Duty that impact on people will be measured and included as part of the 'detailed consultation process'?

Response

This process of determining a preferred route for the bypass from the shortlist presented in today's report will include further assessment of impacts of each of the shortlisted routes and consultation feedback. I would encourage you to provide a detailed response to the upcoming consultation and I can assure you this will be considered as further assessment work progresses to select a preferred route for the bypass. The decision to select a preferred route will be informed by an equality impact assessment.

Supplemental question

The report on the recs for the proposed shortlist of possible bypass routes (section 5.1.8) states that the future work will identify the merits and challenges of each route corridor in more detail, seeking ways to maximise the benefits and mitigate any adverse impact. Who will be carrying out this future work, who will they be accountable to and is this cabinet prepared to guarantee that it will be a fully inclusive and transparent process in its entirety i.e. that it will include the 64 people, their families, staff and schools who attend Hereford Community Farm and not clearly weighted in its interpretation in favour of delivering the cabinet's preferred outcome?

Response

We will certainly take note of the consultation responses that are put in and I urge you to please put in your full reasons for what you are asking here so that we can take on board exactly what you are saying. I would like you personally if you can to come and have a conversation with me about it so we understand better what it is you are asking of us. We will absolutely be transparent in what we do and the cabinet and the council will take responsibility for making the decision but our consultants and the council officers will together, including us, come to a conclusion as a result of all of the input from the consultation. It is most important to you and your concerns about the Hereford Community Farm that you ensure that we are aware of the impact that will happen to you and your facility if we were to choose one route as against another. Please be aware that we do intend choosing a route and it is up to you at the consultation to make sure that we are aware of your concerns. So please come and have a conversation with us and I will make sure that that is held with officers present so they understand your concern.

Question 5

Ms J Milsom, Hereford

To: cabinet member – infrastructure

5 shortlisted possible bypass routes (Eastern Wye Viaduct Crossing) bisect Hereford Community Farm site, Warham, leading to loss of this crucial facility supporting disabled people. NPPF Core Planning Principles (17) states plan-making and decision-taking should 'take account of and support local strategies to improve health, social and cultural wellbeing for all'. How will the cabinet guard against the loss of this valued service?

Response

I refer you to the response to the question above and hopefully that in that consultation we will deal with your concerns.

Supplemental question

Hereford Community Farm currently provides the equivalent of 6,885 days per year of social care placements for children, young people and adults living with disability, long term health conditions and mental health issues crucially filling the gap left by closure of other services due to funding cuts and provided at no operational cost to the local authority. In its assessment of mitigating any adverse impact and especially in light of the proposed 4.9% increase in council tax already announced to meet the rising cost of adult social care, will this cabinet guarantee that the social and financial cost of loss of this service will be fully measured and documented in its consultation report?

Response

The answer is yes, it follows on to the previous question and supplementary question from Mr Trimble. First of all we would try to mitigate any loss of the service and we need to have more detail and I open it to you as well if you are involved in this project to be part of that feedback with the Assistant Director, officers and myself so that we can understand exactly what you are trying to do and how we can mitigate any impact as a result of a route being chosen. Hopefully we can all get together on this and deal with this in a proper transparent fashion.

Question 6

Ms D Toynbee, Hereford

To: cabinet member – infrastructure

The HTP consultation report suggests greater public support for Park & Ride and improving bus services than for a bypass (Fig 5.5, page 46). Will the next stage of consultation explore this in more depth, and provide estimates of the cost and timing of Park & Ride vs costs of the bypass, so that taxpayers can compare the relative value for money?

Response

It's not a case of either/or. Extensive analysis and studies undertaken identify that a bypass together with other improvements in the city centre are required to meet the objectives of the project. Park & Ride in place of a bypass would not. The upcoming consultation will enable us to gather views on the emerging proposals and will shape the kind of measures that could be delivered with the bypass which could include park & ride, if appropriate.

Question 7

Dr N Geeson, Hereford

To: cabinet member – infrastructure

Is Herefordshire Council aware that all the chosen bypass routes would destroy the iconic landscape of the River Wye at Warham depicted by the internationally-renowned artist Brian Hatton? At particular risk are the London Plane and a Turkey Oak in a painting titled "The Lawns" from 1908, but there are also paintings of a number of adjacent meadow and river scenes that have not changed in over 100 years.

Response

Appendix 2 of today's cabinet report contains a detailed report - corridor assessment framework. This sets out how a long list of routes has been assessed across a range of criteria to develop a short list of routes. This includes impact on the River Wye and Warham amongst others. The results of this will form part of this consultation. Consultation feedback and further detailed assessment work will be undertaken following the consultation to determine a preferred route for the bypass.

Supplemental question

In Breinton's neighbourhood plan, policy B9, green bank meadow at Warham which is the site of the Hatton trees referred to earlier was designated as local green space. This meadow is the Queen Elizabeth II field managed by the Herefordshire Wildlife Trust. Drovers Wood and Green Lane in the path of the black and grey routes are also designated local green space. Does Herefordshire Council believe that its choice of bypass routes should trump policies in neighbourhood plans?

Response

You have to put this in the context that the wider acceptance of a bypass for Hereford, if there was no other way of getting that bypass route selected through an area of landscape I would suspect that many people would say so we must be able to progress for the projects that we are having to deliver. If the neighbourhood plan for Breinton has a very good policy that says we must look at the options available to us we will certainly look at those options. I am not familiar exactly with policy B9 in the neighbourhood plan for Breinton but we will look at it and

I will ask the officers in due course to make sure that that is part of the consultation going ahead as to whether or not it has a major impact on route choice. Thank you for bringing this to our attention and we will make sure that we look at neighbourhood plan B9 for Breinton to see whether or not we can mitigate route choice from that.

Question 8

Mrs L Moss, Hereford

To: cabinet member – contracts and assets

Could you explain what is the risk to the council in respect of Bright Sparks tenancy? Please note that we are an educational establishment and have been on site for over 40 years, and are happy to provide training for all ages, and care and education for children of employees of the proposed new school.

Response

The risk referred to relates to delivery of the special school project rather than a risk to the council itself; until the future accommodation of Bright Sparks nursery is resolved that risk remains. I'm sorry that the description of the risk is unclear.

Question 9

Mrs C Palgrave, How Caple

To: cabinet member – infrastructure

The Bypass consultation report gives cost estimates of £129m to £146m, presumably for a single carriageway road. How much more for a dual carriageway, and how will Council fund the highly likely overruns on these estimates? Norfolk Council for example is paying £28m more for the Norwich Distributor Road on an agreed budget of £179m, with lead councillor Martin Wilby commenting, "on a project this big, unexpected costs are inevitable".

Response

The cost estimates for the shortlist of routes are set out in the Corridor Assessment report in appendix 2 of today's cabinet report in order to provide a basis for comparison. These will be further developed as work progresses and the standard of the carriageway throughout the various route options is specified. I cannot comment on the Norfolk scheme the questioner refers to but would emphasise that in any large project cost estimates will invariably change as the project design develops to inform a decision on a deliverable and costed option.

Question 10

Mr P Hands, Lower Breinton

To: cabinet member – infrastructure

Cabinet Member for Infrastructure is with his colleagues seeking to build a large number of new homes which invariably will increase the number of cars journeys & pollution in the city. When was the last series of air pollution tests carried out on all major roads entering the city

centre and what has been done with traffic light flows to lessen pollution from stationary Vehicles?

Response

Monitoring of air pollution is undertaken monthly at about 15 locations across Hereford and hourly at a continuous monitoring station on Victoria Street. We publish on our website an air quality status report which considers all this monitoring data and assesses this against the national air quality objectives. This report also considers any major changes in the county that may have an impact on air quality and reviews the progress of measures to improve our air quality. An air quality management area is designated along the A49 corridor through the city, from the Belmont Road/Asda roundabout to the Holmer Road/Newtown Road roundabout. Relevant monitoring data is published on our website annually.

Traffic lights within the city centre are controlled by a computerised management system which seeks to smooth traffic flows to minimise congestion. The city centre is at times a severely congested network and the Hereford Transport Package, including a bypass, is a key part of the council's strategy to improve traffic flows and air quality.

Supplemental question

Councillor Price at the last cabinet meeting you stated you would fight for the western bypass relief road, and I would add link road, whilst you still have breath in your body. Did you watch the recent programme on BBC2 'fighting for air' where it was stated 40,000 premature deaths are caused by air pollution, increases to heart attacks and asthma attacks due to air pollution and more importantly the effect on children's arteries and lung function? With the impact on people's health, in particular children Councillor Price, you appear to put your ego, impartiality and desire for the western relief link road above the health of Hereford residents and in particularly more importantly the children and grandchildren of people living in Hereford. Is your conscience clear? As the buck stops with you as you are the cabinet member for the current infrastructure portfolio that children and even their children will not be impacted by your decision and stubbornness to pursue this relief link bypass.

Response

No I did not watch the BBC2 programme that you refer to. However I am fully aware of my stubbornness when I get into something and I appreciate your concerns but we are trying to progress this bypass to alleviate the air quality in central Hereford to address the issues that you are addressing. Furthermore, do you really believe that in 25 years' time there will be anything but electric driven vehicles or some other modes of transport that will not include diesel engines, petrol engines that are spewing out all of the various P10s or whatever you want to call them in the future? My conscience is absolutely clear. The businesses of Hereford are demanding that we do something about another bridge across the river and that we deal with getting the heavy traffic out of the city centre. Every meeting that I have on infrastructure projects, including the Hereford Area Plan, reference time and time and time again from all quarters that if we do not have a bypass we cannot implement any of the traffic measures that we need for sustainable active and public transport in the city to alleviate exactly what we are trying to do. My conscience is absolutely clear and I will stand until I fall over that I believe that this bypass is designed to aid air quality and congestion and traffic flows whether it increases, decreases, whether it's electric or diesel or petrol or any other form. I am not moving on this, I am absolutely committed to this and I am sorry I am so stubborn about it.

Question 11

Mr T Geeson, Hereford

To: cabinet member – infrastructure

Reference today's Hereford Transport Package report. Only one of the seven consultation questions included even mentions a bypass and this question deals solely with factors important when choosing a route. 612 people responded to this question - less than 42% of the total 1467 questionnaires completed. Yet the report says 'there was broad support for the principle of a bypass' How does it justify this statement?

Response

The aim of the Phase 1 consultation was to increase awareness of the Hereford Transport Package proposals, planning and design process. Feedback received demonstrates that overall there is broad agreement (93%) amongst respondents that traffic conditions in Hereford need to be improved, demonstrating the importance of transport infrastructure improvements. Studies have established that the appropriate transport improvements to deliver our objectives are a bypass with a package of walking, cycling, public transport and public space improvements. Further consultation will allow people to provide feedback to confirm if this is supported

Supplemental question

Paragraph 34 of the Hereford Transport Package report in front of you refers to funding. The number of serious road accidents in Herefordshire has risen in the last two years. Already this January an accident at Bridge Sollars resulted in one seriously injured person being helicoptered to Birmingham and another at Dinmore Hill resulted in a death. How can the Cabinet justify using the severe weather reserve to fund further consultations and consultants in the light of local accidents.

Response

I will give you a written answer on that.

Question 12

Mrs Wegg-Prosser, Breinton

To: cabinet member – infrastructure

Why were the relevant HAP Consultation responses reported on by WSP in August 2017 on travel plans (Q19), leisure use of the River Wye (Q33 and Q39), pollution (Q40) and climate change (Q41) excluded from the Appendix 1 Consultation Report and not taken into account in Appendix 2 which details in a partial and highly selective manner the preferred seven route options?

Response

The consultation report included in Appendix 1 of today's cabinet report summarises the responses to the Hereford Transport Package questions of the phase 1 consultation questionnaire. Responses to the Hereford Area Plan questions are available on the council's website, and will inform the further development of the Hereford Area Plan. The assessment which has informed a shortlist of routes set out in the report in appendix 2 has been done in accordance with government guidance. Further consultation will allow people to provide feedback to this shortlist which will inform further assessment to determine a preferred route for the bypass.

Question 13

Mr B Wallace, Breinton

To: cabinet member – contracts and assets

What financial and/or contractual impact will the liquidation of Carillion have on Herefordshire Council as one of its contractors Balfour Beatty who will have an exposure of £45M as a result of being in joint ventures with Carillion?

Response

I do not anticipate any implications for this contract and the council has received assurances to that effect.

Herefordshire's contract for public realm services is with Balfour Beatty Living Places. The Balfour Beatty group has stated that exposure is limited to joint ventures with Carillion on three projects: these are the Aberdeen Western Peripheral Route, the A14 in Cambridgeshire and the M60 Junction 8 to M62 Junction 20 schemes. Whilst there may be some sub-contractors in the supply chain working to Balfour Beatty Living Places which may also have supplied Carillion, the risk associated with this indirect impact is considered to be low we continue to monitor the situation. It is reassuring to note that share prices for Balfour Beatty remain stable, a usually good indicator of the market confidence in them.

Assurance can be given that, should this circumstance change, the payment requirements set by our contract, that subcontractors be paid within 20 days of them having presented a valid invoice, should limit our supply chain's exposure to such financial risks in so far as they relate to our contract.

Supplemental question

As a result of the mismanagement of contracts by government and local authorities, is Herefordshire going to take the lead by appointing a council officer of the right calibre and experience to manage and control the western relief road, or in future if there is another option, to protect the residents of Herefordshire against a Carillion type disaster?

Response

I will provide a written response.

COUNCILLORS QUESTIONS TO CABINET – 18 January 2018

Question 1

From: Councillor Matthews, Credenhill Ward

To: cabinet member – infrastructure

The government announced recently that it is fully committed to ensuring greater protection of the environment, in particular areas of outstanding natural beauty close or adjoining residential areas. The beauty and tranquillity of the Breinton area fully meets that criteria.

Do you agree that it is extremely unlikely that ministers will look favourably on the proposals before us today bearing in mind the above and cheaper options available subject to the other points raised here today?

Response

No I don't. Herefordshire is a beautiful county. We are committed to supporting improvements in the quality of our natural environment while bringing forward quality developments that enable sustainable growth to meet the needs of the county. The council's adopted core strategy recognises this route as the best option available and there is no cheaper deliverable option which would secure the same outcomes. Any decision on a preferred route will be informed by a wide variety of factors including environmental impacts. I am confident that by following the appropriate guidance and using our evidence base our proposals will progress.

Question 2

From: Councillor Crockett, Queenswood Ward

To: cabinet member – infrastructure

I must remind you that the Wye Valley is a Special Area of Conservation, Europe's highest level of environmental significance and importance and protection. The river running through Breinton has the same environmental importance as the Lugg Meadows, which for some reason you appear to have difficulty in accepting.

Why aren't you considering the cheaper option for the bypass, which would fully serve the same purpose? I have raised this question as I was emailed by several of my constituents regarding this.

Response

I fully acknowledge the environmental importance of the river running through Breinton. The facts are that, as demonstrated through the core strategy process, the route corridor identified is the best option available. There is no cheaper, deliverable option that would secure the same the same outcomes.

Supplementary question

Do you think you are taking significant notice of our local businessmen and listening to their concerns?

Response

Absolutely, and I have to say that the majority of businessmen that I speak to or contact me or general conversations over a number of years is that I do not speak to many that do not want us to progress a bypass as quickly and as efficiently as possible and to get on and build it. There is a pent up demand by businesses in this county to get and deal with this issue, it has been ongoing for many, many years. We now have a perfect opportunity to get on and deal with it and if we don't take this opportunity now I don't know where Hereford businesses will be. Every place I go to in meetings businesses are telling us we must have a bypass to resolve the issues that they are having as regards investment, growing their businesses and the day to day running of their businesses. So yes I do take notice of businesses and overwhelmingly they are telling me we must progress.



Meeting:	Cabinet
Meeting date:	Thursday 15 February 2018
Title of report:	Responding to the recommendations of the Task and Finish Group - Devolution
Report by:	Cabinet member corporate strategy and budget

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose and summary

To consider the recommendations of the General Scrutiny Committee on engagement with the West Midlands Combined Authority (WMCA) and other partnership options to deliver growth and jobs in Herefordshire.

The then General Overview and Scrutiny Committee established a task and finish group on devolution to conduct a review on a) key issues relating to the government's devolution agenda, b) the pros and cons of engagement with WMCA, and c) other options on partnership working to deliver growth and jobs in Herefordshire. This would encompass Herefordshire Council's corporate plans, strategic economic strategy and economic master plan.

To ensure that the council is in the best possible position to continue to secure government funding to support the growth aspirations of the county whilst maintaining the flexibility needed to fully explore the implications of greater engagement in a combined authority engagement.

Cabinet is invited to approve the response to the committee's recommendations.

Recommendation(s)

That:

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

Alternative options

1. There are no alternative options to responding; it is statutory requirement that the executive respond to recommendations of the scrutiny committee.
2. It is open to cabinet to agree alternative responses to the recommendations, but in doing so regard must be had to implications, including financial, legal of implementing any such alternative actions.

Key considerations

3. At its meeting on 27 September 2016, GOSC committee commissioned a Task and Finish Group to inform the executive and cabinet on the options/recommended actions open to the council in response to the national devolution agenda including the relative merits of applying to become a WMCA full constituent member.
4. Between October 2016 to January 2017, the task and finish group interviewed a number of people to explore their experience of the WMCA and combined authorities in general and also interviewed the leader of one council from another region that had declined to join a combined authority.
5. The report and recommendations of the task and finish group were agreed by the general scrutiny committee at its meeting on 13 November 2017; the agreed report is attached at appendix 1, and the proposed responses are contained in appendix 2.

Community impact

6. In accordance with the adopted code of corporate governance Herefordshire Council recognises that it achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Determining the right mix of these is an important strategic choice to make to ensure intended outcomes are achieved. The council is committed to promoting a positive working culture that accepts, and encourages constructive challenge, and recognises that a culture and structure for scrutiny are key elements for accountable decision making, policy development, and review.
7. If the recommendations are approved, continued engagement with the WMCA supports the council to achieve its corporate plan priority to support the growth of our economy by ensuring the council's interests are effectively represented in regional and national discussions affecting economic growth.

Equality duty

8. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
9. 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 change.
10. If Cabinet agrees with the findings of the Task and Finish Group and the recommendations of the GOSC, due regard will be given to public sector equality duty.

Resource implications

11. On 28 July 2016 Cabinet approved an application by the council to become a WMCA non-constituent member at an annual cost of £25k. Herefordshire Council's application as non-constituent member is on hold pending WMCA application for a new establishment order which is not expected within the next four years. In the meantime the council remains a non-voting observer although WMCA have requested that to maintain even this status an annual fee of £25k is maintained.

Legal implications

12. There are no legal implications in the response to this task and finish work. The cabinet has already agreed as detailed above, to become a non-constituent member of WMCA

Risk management

13. There are no risk associated with this report.

Consultees

14. None.

Appendices

Appendix 1 - Task and Finish Group report.

Appendix 2 - Proposed responses to scrutiny recommendations

Background papers

None identified.

Appendix 1

Task and Finish Group Report Devolution

**Draft for consideration by the General Overview and
Scrutiny Committee on 9 May 2017**

1. **Chairman's Foreword**

- 1.1 General Overview and Scrutiny Committee (GOSC) were asked to conduct a review on a) key issues relating to the Government's devolution agenda, b) the pros and cons of engagement with the West Midlands Combined Authority (WMCA), and c) other options on partnership working to deliver growth and jobs in Herefordshire. This would encompass Herefordshire Council's corporate plan, strategic economic strategy and economic master plan.
- 1.2. Herefordshire Council applied to be a non-constituent member of the WMCA in August 2016. A decision on the application by the WMCA will follow the WMCA mayoral election on 4 May 2017.
- 1.3. WMCA is a statutory body that facilitates the collaboration and joint working between local authorities in order to drive economic prosperity. It was formally created on 1st June 2016. WMCA devolution deal¹ 1 which includes a £1 billion of government investment was agreed by the then Chancellor of the Exchequer George Osborne on November 2015. This first deal devolved responsibility for a consolidated transport budget with a multi-year settlement, responsibility for franchised bus services and full devolution of the 19+ adult skills budget from 2018 /19. Chancellor Philip Hammond promised large-scale infrastructure investment which was part of devolution deal 2 in the 2016 autumn statement. Infrastructure projects include High Speed Two (HS2), Midlands Rail Hub.
- 1.4. WMCA has two types of membership - constituent and non-constituent. Both categories of members have to sign-up to, and be named within, the WMCA scheme submitted to government. The Government only gives voting rights to constituent members. However, the WMCA Board decided to give limited voting rights to non-constituent members, for example, allowing them to vote on matters to do with economic development. Constituent members may only be signed up to one combined authority, whilst non-constituent members can be signed up to one or more combined authorities.
- 1.5. The WMCA is not looking to expand its constituent membership at least in the next two years. However, the WMCA chief executive and Birmingham City Council both recognise that the shires play a key role in delivering the growth agenda in the West Midlands.
- 1.6. The report makes a number of recommendations that will inform Herefordshire Council's decision making processes as it strives to deliver its corporate plan, strategic economic strategy and the economic master plan.

¹ WMCA devolution deal 1

<https://westmidlandscombinedauthority.org.uk/media/1023/westmidlandsdealsummary.pdf>

- 1.7. I would like to thank all witnesses who gave useful accounts and advice. I would also like to thank the officers who have supported the group for their professionalism, dedication, hard work, and good humour, in particular: Richard Gabb, Geoff Hughes, Tim Brown and especially Vinia Abesamis. I must also thank my fellow group members, Cllr. Terry James, Cllr. Roger Phillips, and Cllr. Graham Powell for their enthusiasm, intelligent questioning and general input.

Councillor Sebastian Bowen,
Chairman of the Task and Finish Group
February 2017

2. **Executive Summary**

- 2.1. The task and finish group interviewed three local authority leaders, one portfolio holder, a civil servant, WMCA chief executive, the chair and chief executive of the Marches LEP and read WMCA reports and Board meeting papers. Based on these, this report summarises and focuses on those matters identified in the scoping document.
- 2.2. There is a consensus within the T&F group that Herefordshire Council should pursue three recommendations 1) pursue its application for a non-constituent membership of the WMCA, 2) maintain current and develop new partnerships/networks with local authorities, LEPs and combined authorities in order to deliver the Herefordshire growth and jobs agenda, and 3) adopt a watching brief on the WMCA to determine whether to apply for constituent membership.

3. **Composition of the Task and Finish Group**

- 3.1. Members of the Task and Finish Group were:
Councillor Sebastian Bowen (Chairman)
Councillor Terry James
Councillor Roger Phillips
Councillor Graham Powell
- 3.2. Lead Officer: Vinia Abesamis (Senior Policy and Funding Officer – Regeneration Programmes)
- 3.3. Secretarial support: Tim Brown (Democratic Services Officer)

4. **Context**

Why did we set up the group?

1. Cabinet approved Herefordshire Council's application to become a non-constituent member of the WMCA at an annual cost of £25,000 on 28 July 2016. WMCA will formally determine that application following their mayoral election on 4 May 2017. Currently, the leader of Herefordshire Council or his nominated substitute attends the WMCA board meetings as an observer.
2. The GOSC was invited to identify and assess the devolution deal options open to Herefordshire Council and make recommendations to the executive on the preferred option which will deliver the best economic growth outcomes for Herefordshire.

Key Themes

Throughout the task and finish group review there was a focus on the need to:

1. understand government's position and direction on the Midlands Engine for Growth, devolution, combined authorities, and the Local Enterprise Partnerships;
2. understand the pros and cons for Herefordshire of a being a constituent member or non-constituent member of the WMCA;
3. understand other partnership routes to deliver Herefordshire's Economic Development Strategy, Economic Master Plan, and Corporate Plan.

In progressing the review through the above themes, the task and finish group sought to achieve the following outcomes, aligned with the review terms of reference:

1. Establish what options are open to Herefordshire Council
2. Review the potential for those options to accelerate growth outcomes
3. Identify risks and opportunities associated with each option
4. Make recommendations to Cabinet

What were we looking at?

The GOSC was asked to review the partnership options and prepare recommendations to Cabinet that will maximise government funding and deliver economic growth in Herefordshire.

Who did we speak to?

Between October 2016 and January 2017, the group held interviews to gather as much information and seek as many views as were required to make recommendations. In doing so, the group spoke to the following people (in chronological order):

1. Tony Bray, area director of the Department for Business, Energy and Industrial Strategy
2. Councillor Nigel Ashton, leader, North Somerset Council
3. Graham Wynn, OBE, chair, Marches Local Enterprise Partnership
4. Gill Hamer, director, Marches Local Enterprise Partnership
5. Councillor Cecilia Motley, cabinet member, Rural Services and Local Government, Shropshire Council
6. Martin Reeves, chief executive, WMCA and Coventry City Council
7. Councillor Shaun Davies, leader, Telford and Wrekin Council
8. Councillor Chris Saint, leader, Stratford upon Avon District Council

Witnesses from the Marches LEP and the leaders of Telford and Wrekin Council, Stratford upon Avon District Council, and cabinet members of Shropshire Council were the key drivers in putting forward their application as non-constituent members to the WMCA. They have been attending the WMCA board meetings either as member or observer. The leader of North Somerset Council was a member of the West of England Combined Authority (WECA). Tony Bray is the government's representative in the Midlands to deliver the devolution agenda. Martin Reeves is the chief executive of WMCA and Coventry City Council.

What did we read?

1. WMCA Super Plan "Making our Mark"²
2. WMCA Constitution³
3. WMCA Devolution Deal 1
4. WMCA Board meeting papers
5. West Midlands authorities' statutory governance review undertaken in accordance with section 108 of the Local Democracy, Economic

² WMCA Super Plan "Making our Mark" <https://westmidlandscombinedauthority.org.uk/about/strategic-economic-plan/>

³ WMCA Constitution <https://westmidlandscombinedauthority.org.uk/media/1716/constitution-of-the-west-midlands-combined-authority.pdf>

Development and Construction Act 2009 and section 82 of the Local Transport Act 2008⁴

6. North Somerset Council Report June 2016⁵
7. Briefing paper on the WMCA and Devolution by Richard Gabb and Vinia Abesamis
8. Tony Bray's notes on the WMCA October 2016
9. Centre for Public Scrutiny: Governance and devolution: charting the way⁶
10. Herefordshire Council Corporate Plan⁷
11. Herefordshire Economic Development Strategy⁸
12. Invest Herefordshire (Herefordshire Economic Masterplan)⁹

5. Key Findings

The key findings from the review are summarised below:

5.1. The government's position and direction on the Midlands Engine for Growth, devolution, combined authorities, and Local Enterprise Partnerships (Clearly, this is all subject to review following the announcement of a general election on 8th June)

Midlands Engine for Growth

1. The "Midlands Engine for Growth" is the key focus for Government policy development, economic growth and inward investment as directed and

⁴ West Midlands authorities' statutory governance review Undertaken in accordance with section 108 of the Local Democracy, Economic Development and Construction Act 2009 and section 82 of the Local Transport Act 2008 <https://westmidlandscombinedauthority.org.uk/media/1107/west-midlands-governance-review-without-appendices.pdf>

⁵North Somerset Council Report June 2016
<http://apps.n-somerset.gov.uk/cairo/docs/doc27405.pdf>

⁶ Centre for Public Scrutiny: Governance and devolution: charting the way
<http://www.cfps.org.uk/wp-content/uploads/CfPS-Charting-The-Way-v4-WEB.pdf>

⁷ Herefordshire Council Corporate Plan 2013-2020
<http://councillors.herefordshire.gov.uk/documents/s50031075/Corporate%20Plan-JAN2015.pdp>

⁸ <http://www.herefordshirebusinessboard.co.uk/wp-content/uploads/2012/04/Herefordshire-Economic-Development-Strategy.pdf>

⁹ <http://councillors.herefordshire.gov.uk/documents/s50040614/Appendix%201%20-%20fin%20-%20ECONOMIC%20MASTER%20PLAN%20HFD1690%20V3.pdf>

supported by the UK Trade and Investment policy. It is a strong brand with high visibility nationally and internationally. The Midlands Engine has five themes which are Midlands Connect, prosperity, skills, innovation and finance to business. WMCA supports all five themes, particularly Midlands Connect. Midlands Connect in collaboration with central government brings together local authorities and Local Enterprise Partnerships from across the Midlands. The Midlands Connect Partnership and the Department for Transport are developing a transport strategy that identifies the major infrastructure projects needed to improve the connectivity of various regions' key locations to drive economic growth and power the Midlands Engine. Herefordshire colleagues, particularly the transport team, have met with Midlands Connect to discuss regional transport schemes.

2. Prime Minister Theresa May and Chancellor of the Exchequer Philip Hammond supported the Midlands Engine Strategy which includes significant investment in skills, connectivity and local growth, while it sets out how the government plans to drive the region's huge potential and promote it to the world. The government will invest £392 million in the Midlands for the Local Growth Fund, £20 million in a flagship Midlands Skills Challenge, and committed an additional £4 million to support the operation of the Midlands Engine Partnership.
3. The government has also confirmed £17 million of funding to develop its proposals, which include the potential for up to ten additional trains per hour into central Birmingham.

Devolution

1. Our witnesses gave important and ambitious reasons for pursuing devolution, the prime reason being economic growth.
2. A witness stated that ministers under the current administration have reaffirmed their commitment to devolution as a significant step in improving decision-making and direct accountability to the electorate.
3. At the moment the government's focus is to make devolution deals work, but it is unclear what the government's thinking is. There is currently no appetite to increase pressure on local authorities to form combined authorities.
4. There is no separate government funding for devolution deals. Government looks at these on a case-by-case basis by considering the benefits.
5. According to a witness, there is a lower limit of one million in terms of the size of population that could form a devolution deal. Herefordshire can therefore not seek a devolution deal on its own.
6. One of the witnesses advised that Herefordshire needs to consider how it will contribute towards the WMCA SEP, which sets out the vision,

objectives, strategy and actions to improve the quality of life of everyone who lives and works in the West Midlands. What is it that each is seeking to achieve? Where does working together make sense? Where does a wider geography and powers bring benefits that could not otherwise be secured?

7. According to the Herefordshire Economic Master Plan, “There is commercial potential to capitalise on the county’s links to the Midlands, the South West and Wales alongside local specialisms in defence and security, manufacturing, food, drink and tourism. This economic vision identifies key projects and investment opportunities across the county and starts the conversation between local partners and the investment and development community”.

Combined Authorities

1. The combined authority is a jointly formed statutory body that will exercise strategic functions with the agreement of and on behalf of the constituent members (at present the seven metropolitan unitary authorities covering the former West Midlands Metropolitan County)¹⁰ and the Secretary of State, who has the powers to devolve functions and powers to the combined authority on the basis of an agreement to move to a mayoral model.
2. Combined Authorities are seen to be the route to greater spending powers and greater control over local decision making. However, the powers being devolved to combined authorities so far tend to be increased abilities to spend budgets allocated by central government rather than powers to raise taxes or borrow.
3. The Conservative prospective candidate for WMCA mayor has stated the WMCA will focus on the region’s core conurbation stretching from Wolverhampton to Coventry and Birmingham.
4. Some matters may require a unanimous vote of the constituent members to be carried. This is still a matter that is being discussed.
5. WMCA adopted the mayoral combined authority model. The mayor, when elected, will be the chair of the combined authority, with a cabinet drawn from the leaders of the constituent members and beyond, if agreed. The Leader of Warwickshire County Council is currently a portfolio holder in

¹⁰ The WMCA comprises the seven metropolitan boroughs of the West Midlands which are Birmingham City Council, City of Wolverhampton Council, Coventry City Council, Dudley Metropolitan Borough Council, Sandwell Metropolitan Borough Council, Solihull Metropolitan Borough Council, and Walsall Council, the three Local Enterprise Partnerships (LEPs) covering the geographical area, and a current total of five non constituent members which are Telford and Wrekin Council, Cannock Chase District Council, Nuneaton and Bedworth Borough Council, Redditch Borough Council and Tamworth Borough Council.

the WMCA cabinet. The leaders of the metropolitan areas can veto the mayor.

6. Ministers were willing to look at other forms of governance and negotiate deals with Local Authorities – as with Cornwall, who opted to have their own governance structures rather than an elected mayor.
7. Witnesses stated that while a mayoral model might make sense in cities such as London and Manchester, it is probably less fitting for large rural areas.
8. Clearly, what will make this mayoral combined authority work is the relationship between the mayor and the cabinet.
9. A witness stated that the majority of local authorities in England are not members of a combined authority and government's plans for these authorities are, currently, not clear.
10. The combined authority has professional staff currently drawn from secondees from councils. For instance, Martin Reeves, the chief executive of Coventry City Council, is the WMCA CEO.
11. Centro, the West Midlands Integrated Transport Authority, will provide programme and project management capability as well as strategic transport and public transport services.
12. WMCA is set to implement devolution deals 1 and 2. It is unclear if the government will fund further deals in this parliament. If this is the case, there is no strong case for Herefordshire to apply as constituent member, as it will not access funding to finance its economic development projects and programmes.
13. As fresh funding for new deals are not guaranteed for this parliament, it is unclear if government has an appetite to expand the membership of the current combined authorities.
14. Before the end of this parliament, once the majority of the deals have been sealed and signed and elected mayors have established their position, the government intends to undertake a review of the progress of devolution in England.

Local Enterprise Partnerships

1. Herefordshire has been a recipient of the local growth deals, which provide funds to local enterprise partnerships or LEPs (partnerships between local authorities and businesses) for projects that benefit the local area and economy. Example of a project funded from growth deals is the £ 8m to create a new teaching university in Hereford to address the shortage of skilled graduate engineers.
2. Witnesses projected that some LEPs may merge. However, it is envisaged that the Marches LEP will stay as it is, and that LEPs will be better options than combined authorities for raising grant funding.

3. LEPs are at the forefront of promoting the growth of the economy and in securing government funding.
4. A witness noted that growth deals and economic development bids would continue to be progressed via the LEPs.
5. It is important that Herefordshire Council and the Marches LEP partners work in a coordinated way in the future and consult each other before making decisions in relation to WMCA.
6. Herefordshire and the Marches LEP need to articulate to the WMCA their potential contributions to the West Midlands functioning economy and the WMCA.
7. It is unclear if government will allocate new funding for future growth deals for this current parliament.

5.2. Understanding the pros and cons for Herefordshire of a being either a constituent or a non-constituent member of the WMCA;

1. It is important to be very clear that there are two distinct, but intertwined strands to the combined authority agenda. The first is the formal creation of the combined authority (and it is clear that this will only involve the seven metropolitan areas (Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall, and Wolverhampton), and the second is the Devolution Deal that can be negotiated with Government, with certain aspects of it on a potentially wider geographic footprint.
2. Non-constituent or associate membership is available to those bodies such as councils outside the geographical area covered by the seven current constituent members of WMCA. Non-Constituent Membership could provide the opportunity for such bodies to build on their relationship with the Constituent members and the WMCA as a whole.

A. Non-Constituent Members

Pros for Herefordshire:

1. Non-Constituent members are at the table and taking part in the discussion;
2. They help shape and identify how growth of the urban core could play a role in driving growth in other areas e.g. non-Metropolitan areas like Herefordshire;
3. They have a sense of greater support in discussions with government;
4. They help shape strategy;
5. They help identify core priorities;

6. Non-Constituent members are being given certain voting rights, so that their voice carries weight, but they cannot out-vote the constituent members. Again, the attempt here is to give non-constituent members a real voice;
7. Devolved power and funding do not extend to non-constituent areas. The WMCA can, though, invest outside the area of the constituent members where there is a clear benefit to the 'core' area of the WMCA; and
8. Non-Constituent members can join other combined authorities. One witness stated that their functional economy goes beyond the West Midlands regions. Hence, being a non-constituent member will give them the freedom to form other partnerships and trading relations.
9. They pay a £25,000 annual membership fee.

Cons for Herefordshire:

1. They are not part of the devolution deal and may not have access to funding;
2. There will be a significant resource implication in terms of attendance at group and sub group meetings.

Opportunity for Herefordshire

1. There is an opportunity for non-constituent members to work collaboratively. The chief executives and leaders of non-constituent members and applicants attend non-constituent members meetings which are being organised by the joint chief executive of Redditch Borough Council and Bromsgrove District Council. There is a need to define the terms of reference of this group, and define how it will work with constituent members.
2. The Marches LEP needs to explore its "Ask" which may include skills, transport and possibly tourism, as a separate document from the WMCA devolution deals.

B. Constituent Members

Pros:

1. The WMCA is one of six pilot areas nationally to test out the new schemes whereby the members will no longer receive any Revenue Support Grant from Government, but will keep all

business rates generated (instead of only half at the moment). Other payments to/from Government will be adjusted to achieve a neutral net position. However, the region will be able to benefit from all of the growth in business rates. Some of this growth will be used by the WMCA to help fund its investment programme. Because this is a pilot, the Government has guaranteed that the WMCA region will not be any worse off than it would have been under the existing financing arrangements. This scheme is seen as a real incentive to work with others to generate growth in the region.

2. Constituent members are part of the devolution deals and are able to attract funding for their economic development projects.

Cons:

1. One of the witnesses thinks that the £9 million West of England devolution deal for four local authorities over a 30-year period is not a good deal. He maintained that a better option is to allocate the funding to the LEPs and spend it on infrastructure projects.
2. One witness was sceptical about how much funding would be available for non-metropolitan areas. He maintained that devolution deals are urban centric. He explained that the needs of more rural area authorities are very different to the major urban authorities.
3. If government will not allocate funding for future deals in this parliament, then those applying as constituent members will not have any access to fresh funding.
4. There is a £500,000 annual fee to pay as a constituent member.

6.3. Understanding other partnership routes to deliver Herefordshire's Strategic Economic Development Strategy, Economic Master Plan, and Corporate Plan.

1. Herefordshire needs to strengthen current partnerships and relationships. Herefordshire is a member of the Marches LEP which is home to the highly successful Skylon Park Enterprise Zone. The achievements of the Zone to date mean that there is now capacity to take on additional sites and the current sector offering can be amended to make sure the commercial propositions are clearly differentiated, appeal to businesses and deliver for the Marches and wider economy. (Enterprise Zone application, page 11). The Marches LEP is a vital gateway between the Midlands, the west of England, Wales and the Irish export market. It provides an outstanding

business environment with a strong, loyal and proactive private sector and an excellent track record of delivering new housing, jobs and businesses.

2. Herefordshire needs to form new partnerships to deliver its strategic economic plan, economic master plan and corporate plan. One option is partnership with geographic neighbours e.g. Gloucestershire. It would be desirable to work with Wales (Powys) on matters of tourism and transport. However, the Welsh Assembly Government is preoccupied with more pressing issues than cross border work.
3. These partnerships can be built from past and current partnerships e.g. the Herefordshire and Gloucestershire partnership in delivering rural broadband. The Marches LEP should be nurtured as it may continue to be our major source of funding.
4. The Council should be cognisant of options for partnership working with Wales and these should be explored. There was a recognition that the Marches LEP was involved in cross border work with Wales. In the past the West Midlands and Central Wales signed a Memorandum of Understanding aimed to achieve effective cross border collaboration on all aspects of policy development and service delivery which impacted on social, economic and environmental well-being and sustainability in Central Wales and the rural West Midlands. It is suggested that this possible partnership should be revisited.
- 5.

7. Options

Option 1: To become a non-constituent member.

1. If Herefordshire is accepted as a non-constituent member, it will take part in joint lobbying efforts for resources for rail, road, skills and education, etc., and this may lead to a better overall view and shared long term strategic planning for the transport network in the Marches and the West Midlands.
2. According to witnesses there is a resource implication to being a non-constituent member as the leaders currently spend four days a month on WMCA affairs. Likewise, they have one or two officers who spend four days per month attending meetings, networking, etc. This is not seen as wasted time as the officers and leaders are able to build relationships with partners in the WMCA. These relationships results in joint working, exchange of best practice, collaboration and sharing of resources. For instance, local authorities with housing stock are facing Housing Revenue Account (HRA) borrowing restrictions. WMCA is seeking greater flexibility on the HRA borrowing caps alongside a delivery agreement on new housing of different tenures to enable councils to act more commercially to secure new homes.

3. Being a non-constituent member could allow Herefordshire to establish partnership arrangements with other combined authorities, local enterprise partnerships and local authorities. Constituent members are not allowed to join other combined authorities.
4. It would help to prevent Herefordshire becoming isolated.
5. This option is recommended.

Option 2: Apply to become a constituent member

1. Most of the witnesses acknowledged that there are merits in being a constituent member as they will be part of future devolution deals and other funding opportunities. However, it is not clear if the government will allocate funding to future deals.
2. There is a risk that funding from the current parliament may cease, removing the opportunity for Herefordshire to access funding for economic development projects.
3. On the other hand, if parliament decides to re-channel resources to growth and jobs, Herefordshire Council will be able to attract funding via the WMCA's future devolution deals. Ministers are prioritising combined authorities in terms of funding allocation for growth and jobs. Hence, it is important that Herefordshire Council maintains a watching briefing on the WMCA.
4. The mayoral WMCA is not looking to expand the constituent membership in the next 2-3 years.
5. Birmingham City Council is seen as the major player in the WMCA. However, there are concerns about its capacity to help deliver the devolution deals as it is run by an intervention board.
6. The option can be revisited to assess if there are merits in becoming a constituent member. Likewise, the council needs to assess the implications for democratic accountability and council resources as well as the risk and opportunities that come with being a constituent member. A number of authorities have expressed concerns about the role of elected mayors.
7. Herefordshire Council would need to allocate resources (£500,000 annual membership fee and staff resources) to ensure that resources were coming to Herefordshire.
8. Herefordshire should adopt a watching brief on the progress of devolution and decide if it wants to formally join the WMCA as a constituent member.
9. This option is not recommended.

Option 3: Form partnerships based on common aims and ambitions

1. The WMCA recognised that there is a need to define the relationship between the constituent and non-constituent members. Pending a decision on its application as a non-constituent member, Herefordshire attends the WMCA

Board as an observer. Likewise, it attends the meeting of non-constituent members.

2. Herefordshire Council and the Marches LEP need to articulate their potential contributions to the economic growth of the West Midlands and could use this as a bargaining tool for future devolution deals. For instance, Herefordshire and the Marches LEP need to demonstrate that they are open for business and that their economic plans are aligned with the WMCA Strategic Economic Plans and the Midlands Engine. This will open opportunities for Herefordshire to be part of the succeeding devolution deals, which will fund its economic development projects and programmes e.g. skills development, transport and digital infrastructure, etc.
3. Herefordshire Council must be very alert to focus on its ability to create partnerships and the ability of the LEP to act as a facilitator. Herefordshire Council needs to be closely aligned to the Marches LEP.
4. This option is recommended.

Option 4: Seek a devolution deal on our own and/or with our geographic neighbours

1. This does not seem a viable option at the moment because colleagues in the Marches LEP are looking at different functioning economic geographies. For instance, Shropshire has links with Cheshire and Crewe. The HS2 station at Crewe could provide benefits for the Whitchurch/Wem area. Shropshire and the WMCA share similar economic interests in the M54 corridor.
2. Telford and Wrekin finds the geography of the Marches difficult as its employment flows link to the WMCA rather than Shropshire and Herefordshire. It has potential links with Staffordshire. Metropolitan areas in the West Midlands refer companies to Telford and Wrekin when they themselves cannot accommodate them.
3. As for Warwickshire, its functioning economic geography is linked to Solihull, Coventry, Birmingham and South East England and East Midlands.
4. The Task and Finish Group invited the Worcestershire Country Council leader as one of the witnesses. He declined the invitation and Worcestershire County Council decided not to join the WMCA.
5. The government's intention for deals with non-metropolitan areas remains unclear.
6. This option is not recommended.

8. Recommendations

Recommendation 1

The recommendation is that HC should continue to seek non-constituency membership of the WMCA

- a. The decision to apply as a non-constituent member of the WMCA was the correct one, in accord with the evidence that the Task and Finish Group received.
- b. It is important that Herefordshire Council and the Marches LEP partners work in a coordinated way in the future and consult each other before making decisions in relation to WMCA.
- c. Herefordshire and the Marches LEP need to articulate to the WMCA their potential contributions to the West Midlands functioning economy and the WMCA.
- d. Herefordshire and the Marches LEP need to explore their “Ask” which may include skills, transport and possibly tourism in a document separate from the WMCA devolution deals.
- e. It is also recommended that Herefordshire Council engages with the non-constituent members in defining their role in the WMCA and how they can demonstrate to the WMCA their economic geographies can contribute to the delivery of the WMCA SEP, devolution deals and the Midlands Engine for Growth.

Recommendation 2

Herefordshire should seek to form partnerships and relations with other local authorities and their LEPs

- a. Herefordshire should, strive to avoid being isolated.
- b. It is strongly recommended that Herefordshire forms partnerships and relationships with local authorities and their LEPs. These partnerships can be built from past and current partnerships e.g. the Herefordshire and Gloucestershire partnership in delivering rural broadband. The Marches LEP should be nurtured as it may continue to be our major source of funding.
- c. The Council should be cognisant of options for partnership working with Wales and these should be explored. There was a recognition that the Marches LEP was involved in cross border work with Wales. In the past the West Midlands and Central Wales signed a Memorandum of Understanding aimed to achieve effective cross border collaboration on all aspects of policy development and service delivery which impacted on social, economic and environmental well-being and sustainability in Central Wales and the rural West Midlands. It is suggested that this possible partnership should be revisited.

Recommendation 3

Keep a watching brief on WMCA

- a. It is early days for Herefordshire to contemplate applying as constituent member to the WMCA as this will require the WMCA to re-consult on the combined authority scheme and make a case to the Secretary of State in relation to the evidence for being a functional economic geography and setting out the benefits of an enlarged partnership, but a watching brief should be kept on the developing WMCA and no option should be excluded.

8. Appendix

Appendix A Scoping document

Recommendation No. 1	The recommendation is that HC should continue to seek non-constituency membership of the WMCA.			
Executive Response	<p>ACCEPTED</p> <ul style="list-style-type: none"> It is now the understanding that the new Parliamentary Order, which would be required if Herefordshire Council were to be admitted as a non-constituent member was not expected to be submitted by WMCA in the next four years. Meantime, Herefordshire Council (HC) sits at the WMCA Board as an observer and is expected to pay an annual membership of £25,000 (or £21,000 if HC pays at the start of the financial year); The change in national approach which meant that the council's application to become a non-constituent member would not be considered for a further four years, meant that the requirement for the council to pay non-constituent membership fees for that period should be renegotiated. 			
Action	Owner	By When	Target/Success Criteria	Progress
Following consultation with the LEP partner authorities, and having regard to the contribution the council can make to the regional economy and clarification of any potential benefits accruing to the county from the regional strategic approach whilst an observer rather than a non-constituent member, conclude negotiations with WMCA re fees to be paid by councils with only observer status	D of ECC	end March 2018	Reduced observer fee and/or clarification that benefits accruing to observers are analogous to that accruing to non-constituent members	
Recommendation No. 1b	It is important that Herefordshire Council and the Marches LEP partners work in a coordinated way in the future and consult each other before making decisions in relation to WMCA			
Executive Response	ACCEPTED – Maintain good working relationship and consult with the Marches LEP, Shropshire Council and Telford and Wrekin on decisions in relation to WMCA.			
Action	Owner	By When	Target/Success Criteria	Progress
Commence discussion with LEP partners and set and agree working arrangements with WMCA.	D of ECC	March 2018	Marches LEP and its partners agree on how they will work with WMCA.	
Recommendation No. 1c	Herefordshire and the Marches LEP need to articulate to the WMCA their potential contributions to the West Midlands functioning economy and the WMCA.			
Executive Response	ACCEPTED – HC together with SC, TWC, and Marches LEP to submit a list of their potential contributions to the WM functioning economy and the WMCA.			

Action	Owner	By When	Target/Success Criteria	Progress
Herefordshire, Telford and Shropshire Councils and Marches LEP to develop and submit a list of “killer projects” to WMCA as their contributions to the WM functioning economy.	D of ECC	End of March 2018	“Killer list” submitted. WMCA made aware of LEP’s contributions to the WMCA functioning economy.	Discussion in progress with Marches LEP, Shropshire and Telford Councils.
Recommendation No. 1d	Herefordshire Council and the Marches LEP need to explore their “Ask” which may include skills, transport and possibly tourism in a document separate from the WMCA devolution deals			
Executive Response	ACCEPTED – HC and the Marches LEP to submit its “Asks” to WMCA.			
Action	Owner	By When	Target/Success Criteria	Progress
Marches LEP together with Herefordshire, Shropshire, Telford to prepare its Local Industrial Strategy, which may be used as a lobbying paper to WMCA, Midlands Engine and Midlands Connect.	D of ECC	December 2018	Some of the Marches projects considered in the future devolution deals.	
Recommendation No. 1e	Herefordshire Council engages with the non-constituent members in defining their role in the WMCA and how they can demonstrate to the WMCA their economic geographies can contribute to the delivery of the WMCA SEP, devolution deals and the Midlands Engine for Growth			
Executive Response	ACCEPTED – HC is part of the WMCA non-constituent group which holds regular dialogue on how non-constituent members and observers will contribute to the delivery of the WMCA SEP, devolution deals and Midlands Engine for Growth.			
Action	Owner	By When	Target/Success Criteria	Progress
Agree and implement strategy for inputting into WMCA, SEP and Growth and devolution deals.	D of ECC	Ongoing	Engagement with WMCA will result to inclusion of Herefordshire’s priorities in future deals.	
Recommendation No. 2	Herefordshire should seek to form partnerships and relations with other local authorities and their LEPs			

Executive Response	ACCEPTED - HC will continue to explore and form partnerships and relations with other local authorities and their Local Enterprise Partnerships to ensure that the council is in the best possible position to continue to secure government funding to support the growth aspirations of the county whilst maintaining the flexibility needed to fully explore the implications of greater engagement in a combined authority. These partnerships can be built from past and current partnerships in the West Midlands, Gloucestershire and Wales. Likewise, it will explore establishing partnerships with non-contiguous LEPs and local authorities.			
Action	Owner	By When	Target/Success Criteria	Progress
Instigate joint working with other LEPs, local authorities, including non-contiguous LEPs and local authorities in delivering funding programmes, e.g. broadband programme.	D of ECC	June 2018	HC together with other LEPs and local authorities to deliver programmes e.g. broadband programme, etc.	
Recommendation No. 2a	Herefordshire should strive to avoid being isolated.			
Executive Response	ACCEPTED - HC engages with partners and networks in the West Midlands to get the best possible deal for Herefordshire in terms of funding.			
Action	Owner	By When	Target/Success Criteria	Progress
To attend meetings with WMCA, Midlands Engine, Midlands Connect, Marche LEP to establish and strengthen relationships and gain access to government funding to deliver local priorities.	D of ECC	Commence June 2018	Additional government funding secured to deliver its Strategic Economic Plan.	
Recommendation No. 2b	It is strongly recommended that Herefordshire Council explores and forms partnerships and relationships with local authorities and their LEPs. These partnerships can be built from past and current partnerships e.g. the Herefordshire and Gloucestershire partnership in delivering rural broadband. The Marches LEP should be nurtured as it may continue to be our major source of funding			
Executive Response	ACCEPTED – HC to maintain current partnerships with public, private and voluntary sectors in order to access resources to deliver its strategic economic plan. It will also explore other forms of partnerships and network with non-contiguous areas with shared values and interests to attract funding to the county.			
Action	Owner	By When	Target/Success Criteria	Progress
Continue actively engaging with the Marches LEP, Shropshire and Telford Councils as well as other LEPs and local authorities.	D of ECC	Ongoing	Partnership with Gloucestershire generates funding to deliver broadband priorities in the county.	

Recommendation No. 2c	The council should be cognisant of options for partnership working with Wales and these should be explored. There was a recognition that the Marches LEP was involved in cross border work with Wales. In the past the West Midlands and central Wales signed a memorandum of understanding aimed to achieve effective cross border collaboration on all aspects of policy development and service delivery which impacted on social, economic and environmental well-being and sustainability in central Wales and the rural West Midlands. It is suggested that this possible partnership should be revisited				
Executive Response	ACCEPTED – HC will explore partnerships with Wales.				
Action	Owner	By When	Target/Success Criteria	Progress	
Initiate meetings with Welsh partners to explore partnerships to agree and deliver cross border priorities.	D of ECC	June 2018	Cross border working and collaboration established with Welsh partners.		
Recommendation No. 3	Keep a watching brief on WMCA.				
Executive Response	ACCEPTED – HC will continue to engage with WMCA.				
Action	Owner	By When	Target/Success Criteria	Progress	
Continue engaging with WMCA to deliver its SEP and ensure that HC priorities are adopted by WMCA.	D of ECC	September 2018	HC priorities are included in future devolution deals.		



Meeting:	Cabinet
Meeting date:	Thursday 15 February 2018
Title of report:	Variation to West Mercia Energy Joint Agreement
Report by:	Cabinet member infrastructure

Classification

Open

Decision type

Key

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 concerned. A threshold of £500,000 is regarded as significant.

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

(All Wards);

Purpose and summary

From April 2017 the government opened up the non-domestic water supply market to enable businesses, charities and public sector bodies to be able to choose their supplier rather than rely on a supplier within their region

This report proposes to vary the Joint Agreement for West Mercia Energy (WME) held by the constituent authorities to enable WME to supply utilities, alongside the supply of energy.

This variation does not impact on the council's Constitution.

Recommendation(s)

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.

Alternative options

Do nothing – not to enter the water services market.

1. Research conducted by WME has indicated that not providing an offering for water is considered a business risk as some of WME's key large customers will be looking in the future to procure a joint gas, electricity and water contract from one provider and not being in this market space could lead to loss of business.
2. As a consequence the recommendation is to take the necessary steps to develop a customer offering for all utilities.

Key considerations

3. In 2012 Cabinet granted approval for Herefordshire Council to enter into a joint agreement with Shropshire, Telford & Wrekin and Worcestershire Councils trading as West Mercia Energy (WME). WME now supplies energy on behalf of its partners to public sector organisations across the country.
4. From April 2017 the government opened up the non-domestic water supply market to enable businesses, charities and public sector bodies, to be able to choose their supplier rather than rely on a supplier within their region. This option has been available in Scotland since they deregulated their water in 2008. Government hope to replicate the successful impact deregulation has made in Scotland which has seen¹ a 26% increase in customer satisfaction, £35m of water efficiency savings and £30m of customer savings. It should be noted that only 6% of the retail market is available for competition so significant savings or dividends are not expected.
5. WME has been working in collaboration with other public sector organisations, namely CCS, NEPO, YPO, ESPO, TEC and the MOD to establish a national framework agreement for the provision of water, waste water and ancillary services. Each member of the group view the provision of a water contract to its members/customers as a provision of service and not something where great savings in retail margins can be achieved, certainly not initially.
6. The WME Annual Business Plan for 2017/18 included the recommendation that the Joint Committee: support in principle the addition of a water supply service to the range of services offered by WME. To enable WME to be part of any framework there is a need to vary the joint agreement to add in the ability to supply utilities alongside the supply of energy.

¹ Scottish Water Business Stream Ltd

7. Whether to provide an offering for water to WME customers has been closely considered over recent months. Progressing with water services comes with business risks associated with the development of a new service (systems, management time focused on an initial low margin product rather than the core WME offering). Not providing an offering for water is considered a greater business risk.
8. Although the non-domestic water supply market has been opened in England, it remains closed in Wales. As such organisations currently supplied by Welsh Water, which is the predominant supplier in Herefordshire, are currently unable to switch supplier.
9. Shropshire, Telford & Wrekin and Worcestershire Councils have already approved the proposed change to the joint agreement.

Community impact

10. The council, schools, colleges and other public sector organisations currently purchase energy from WME and secure good value for money.
11. Although organisations supplied by Welsh Water are currently unaffected by the changes to the non-domestic water supply market, any organisations supplied by alternative water suppliers would be eligible to utilise WME to provide a similar service.
12. Enabling WME to broker and supply water will support Herefordshire Council to deliver the corporate plan objective to 'Secure better services, quality of life and value for money.'

Equality duty

13. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
14. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. West Mercia Energy will be made aware of their contractual requirements in regards to equality legislation.

Resource implications

15. The Joint Agreement includes the provision that accumulated surpluses identified for distribution are allocated to Member Authorities each year partly based on the level of trading activity by each Member Authority and partly based on non-member trading activity. There are no proposals to change this methodology.

16. This income is included within the Medium Term Financial Strategy (MTFS) and whilst extending the agreement to include the provision of water services is not expected to have a significant impact on dividends or savings it will enhance the offer to customers and should help sustain current income levels for the council.

Legal implications

17. From the 1 April 2017 new open water market de-regulation allows companies to become licensed suppliers of water and wastewater retail services to other businesses.
18. The facilitating statute is the Water Act 2014 which will allow public sector customers to switch retail water supplier, hence pursuing opportunities for achieving better economies of scale in their purchasing activities.
19. The council does not have a duty to enter into these arrangements but it has the power to do so under Section 1 of the Localism Act 2011 which confers upon the council a power to do anything that individuals generally may do (the general power of competence); any pre-commencement restrictions or post-commencement limitations which would apply to the exercise of this power have been identified.
20. The current joint agreement dated 20th June 2013 refers to arrangements for the purposes of arranging for the purchase and supply of energy to the Member Authorities and to other public bodies. The proposed variation seek to include utilities in the description of what can be purchased and supplied by WME.

Risk management

21. Any decisions about the future development of the WME business are determined by a Joint Committee upon which Herefordshire Council is represented by the Cabinet Member for Infrastructure, acting upon information from an advisory group comprising of senior officers.
22. There are business risks associated with the development of a new service however it is considered that the benefit of enhancing the WME offer, particularly to key customers, outweighs this.
23. It should also be noted that the dividend the council receives from WME is based on their performance and there is therefore a risk that this could reduce in the future dependent on their trading position and financial outturn.
24. Further, as a Member Authority the council would be jointly liable for any costs and liabilities associated with WME if the Joint Committee was unable to meet its obligations, although it should be noted that there are comprehensive risk management arrangements in place to mitigate this.

Consultees

25. This proposal has been consulted at the WME Joint Committee and has been developed in partnership with WME's Flexible Energy Advisory Panel (FEAP). This panel comprises finance, procurement and energy management officers from across Herefordshire, Shropshire, Telford & Wrekin and Worcestershire Councils.
26. This report has been circulated to group leaders, however no comments were received.

Appendices

- Appendix A – Draft Deed of Variation.

Background papers

- None.

Appendix A – Draft Deed of Variation

DATED

DEED OF VARIATION OF CONTRACT

between

SHROPSHIRE COUNCIL

and

THE COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL

and

WORCESTERSHIRE COUNTY COUNCIL

and

THE BOROUGH OF TELFORD & WREKIN

CONTENTS

CLAUSE

1.	Terms defined in the Agreement	1
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4.	Governing law	2
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THIS DEED is dated

PARTIES

- (1) SHROPSHIRE COUNCIL of Shirehall, Abbey Foregate, Shrewsbury, Shropshire SY5 6SG
- (2) THE COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL of Shirehall, St Peters Square, Hereford HR1 2HX
- (3) WORCESTERSHIRE COUNTY COUNCIL of County Hall, Spetchley Road, Worcester WR5 2NP
- (4) THE BOROUGH OF TELFORD & WREKIN of Addenbrooke House, Ironmasters Way, Telford, TF3 4NT

(hereinafter referred to as “the Member Authorities or “the Member Authority” as the context determines)

BACKGROUND

- (A) The Member Authorities are party to an agreement in respect of a Joint Committee arrangements for the purposes of arranging for the purchase and supply of energy to the Member Authorities and to other public bodies dated 20th June 2013 as amended by the Deeds of Variation dated 13th February 2015, 24th July 2015 and 3rd January 2017 (**Agreement**).
- (B) The Member Authorities wish to amend the terms of the Agreement as set out in this deed.

AGREED TERMS

1. TERMS DEFINED IN THE AGREEMENT

In this deed, expressions defined in the Agreement and used in this deed have the meaning set out in the Agreement. The rules of interpretation set out in the Agreement apply to this deed.

2. VARIATION

With effect from the 1st July 2017 (**the Variation Date**) the Parties agree to make the following amendments to the Agreement:

a)	Clause 4.1 (Objectives) amended:	This clause is amended to by the insertion of the words: “..and utilities..” after the words “supply of energy” in the second line.
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2.1 Except as set out in Clause 2.1, the Agreement shall continue in full force and effect.

3. COUNTERPARTS

3.1 This deed may be executed in one or more counterparts and any party may enter into this deed by executing a counterpart. Any single counterpart or a set of counterparts executed and delivered in either case by all the parties shall constitute one and the same agreement, and a full original of the deed for all purposes.

3.2 No counterpart shall be effective until each party has executed and delivered at least one counterpart.

4. GOVERNING LAW

This deed and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

5. JURISDICTION

5.1 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this deed or its subject matter or formation (including non-contractual disputes or claims).

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Executed as a deed by affixing the
COMMON SEAL of **SHROPSHIRE**
COUNCIL in the presence of:

)

.....
Signature

.....
Print name

Executed as a deed by affixing the
COMMON SEAL of **THE COUNTY OF**

**HEREFORDSHIRE DISTRICT
COUNCIL** in the presence of:

)

.....
Signature

.....
Print name

Executed as a deed by affixing the
COMMON SEAL of
**WORCESTERSHIRE COUNTY
COUNCIL** in the presence of:

)

.....
Signature

.....
Print name

Executed as a deed by affixing the
COMMON SEAL of **THE BOROUGH
OF TELFORD & WREKIN** in the
presence of:

.....
Signature

.....
Print name



Meeting:	Cabinet
Meeting date:	Thursday 15 February 2018
Title of report:	End of December 2017 corporate budget and performance report
Report by:	Cabinet member finance, housing and corporate services

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose and summary

This report is designed to provide assurance that progress is being made towards achievement of the agreed revenue and service delivery targets, and that the reasons for major variances or potential under-performance are understood and are being addressed to the cabinet's satisfaction. Cabinet is asked to review projected revenue and capital outturn for 2017/18, consider performance for the first nine months of the year and authorise the use of reserves.

Recommendation(s)

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;

Further information on the subject of this report is available from
 Richard Ball, assistant director environment and place, Tel: 01432 261923, email:
Richard.Ball@herefordshire.gov.uk and Andrew Lovegrove, chief finance officer, Tel: 01432 383519,
 email: Andrew.Lovegrove@herefordshire.gov.uk

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 Link Road	(384)
Leominster landfill site	(15)
Hereford Relief Road	(308)
ECC	(600)
Total Movements	(9,935)

Alternative options

1. Cabinet may: choose to review financial and operational performance more or less frequently; or determine alternative actions to address any identified areas of under-performance, including referral to the relevant scrutiny committee.
2. Alternative option is not to agree to the use of reserves; this will lead to a corresponding revenue budget pressure.

Key considerations

Revenue outturn

3. As at the end of December 2017 the revenue outturn for 2017/18 is projected to be a £2.001m overspend.
4. The following table sets out the projected directorate position as at the end of December. Further service detail is available in Appendix A.

Projected revenue outturn 2017/18 (as at the end of December)

Directorate net budget	Gross budget	Net budget	Projected full year outturn	Projected full year variance over / (under)spend
	£000	£000	£000	£000
Adults and wellbeing	84,027	52,033	52,913	880
Children's wellbeing	141,672	21,564	23,583	2,019
Economy, communities & corporate	68,254	47,036	46,885	(151)
Directorate total	293,953	120,633	123,381	2,748
Other budgets and reserves	80,247	24,393	23,646	(747)
TOTAL	374,200	145,026	147,027	2,001

Capital outturn

5. Appendix B provides the projected 2017/18 capital budgets outturn. Where appropriate, the overall scheme variance is forecast alongside the in-year variances.
6. The December position is a forecast slippage of £29.669m for 2017/18 – i.e. budget to be carried forward into 2018/19. Since November all capital programmes have been reviewed and forecasts refreshed. A detailed capital monitoring report has been developed and will be fully implemented in 2018/19, to report on the quarterly positions as well as the overall programme and the sources of funding.

Other budgets and reserves

7. Appendix C provides detail of the Treasury Management (i.e. investment and borrowing activity) outturn which is forecasting an underspend by £4.6m in required capital financing profiling. The main reason for this underspend is due to the approved change to the Minimum Revenue Provision Policy which is expected to generate an in-year saving of £3.8m. This saving will be added to the council's general reserves.

Corporate performance

8. The council's corporate plan priorities are to:
 - 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
 - secure better services, quality of life and value for money.

Further information on the subject of this report is available from Richard Ball, assistant director environment and place, Tel: 01432 261923, email: Richard.Ball@herefordshire.gov.uk and Andrew Lovegrove, chief finance officer, Tel: 01432 383519, email: Andrew.Lovegrove@herefordshire.gov.uk

9. In February 2017 Council approved the 2017/18 budget and, having regard to that budget, the supporting corporate delivery plan was agreed by cabinet in April 2017.
10. Progress is measured through a number of agreed 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.
11. Appendix D provides an overview of performance during the first nine months of 2017/18. The proportion of performance measures showing an improvement in performance compared to the same period last year has risen to 49% (39% at the end of September). There are 49% (55% at the end of September) that are currently performing worse than the same period last year.
12. Plans have been put in place following the previous report to ensure that reduced performance in key areas of service is addressed by year-end and would appear to have made an impact during Q3. Given the continued need for savings, maintaining performance with less funding is in itself an improved performance in terms of efficiency. A summary of performance and the challenges faced within each directorate is included below in paragraphs 13-51.

Adults and wellbeing (AWB)

13. The forecast outturn for 2017/18 is a projected overspend of £880k at year end – an increase of £239k from September. This forecast, as at the end of December 2017, assumes the allocation of £2.5m of funding from the Better Care Fund (BCF) going towards meeting adult social care needs. This also assumes a drawdown of £48k from grant payments within AWB to fund the Local Welfare provision service that is provided. There have also been drawdowns from Public Health reserves during 2017/18 that have gone to both match fund the Sport England funding received as well as contributing to the Public Health Nursing service.
14. The forecast overspend specifically within adult social care client groups is £1.506m. This is mainly due to the full year impact of increases in the number of client placements with nursing and physical support needs. There have also been increases in the number of physical support domiciliary care packages, in part due to the operational teams clearing the backlog of client assessments as part of the pathway redesign work. There have also been increases in the cost of learning disability (LD) residential placements, along with cost pressures in both LD domiciliary care and day care placements. Within LD residential there are also unmet savings of £350k that are contributing to the current AWB financial position.
15. There has been a reduction of £169k in the client budget overspend since the November forecast and this is mainly due to the successful outcome of an ordinary resident case. However, comparing to the September financial position there has been an increase in the client budget overspend position of £263k. This is due to both the number and cost of packages within physical support domiciliary care.
16. A focussed approach to filling vacant block beds and shared lives placements is continuing to operate to ensure that the council gets best value and quality outcomes for

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 email: Andrew.Lovegrove@herefordshire.gov.uk

service users from the block contracts that it commissions. There has been continued improvement in this area over the past few months.

What is going well?

17. The council's expanded in-house Home First was formally implemented from 22 November 2017, with the focus on supporting people in their own homes especially following discharge from hospital. Initial recruitment issues in this area have now been resolved. The new service is going through a phase of development and embedding, which is being monitored to ensure delivery and performance against better care fund targets.
18. The directorate held a series of panels during the last quarter to assess a number of proposals put forward by the Herefordshire health, social care and voluntary sectors for projects to support the grant conditions in the iBCF. Several schemes have been approved and we are now in a period of mobilisation with the successful agencies. These schemes are focussed on supporting transfers of social care and helping to build capacity and sustainability in the provider market.
19. During the quarter there have been 5,456 hits to the WISH website. This slightly down on the previous quarter due to a drop in website hits during December, but is to be expected during this month. October however saw the highest number of hits in the year to date. There have been 914 visitors to the WISH hub at the city centre library which is a slight increase compared to previous quarters and there were 639 telephone calls to the WISH team. The upgrade of the WISH website has now been implemented (January 2018), with further work planned to develop the interactive capability.
20. Adaptations have been completed to 9 of the 14 identified properties as part of a project installing assistive technology in homes supporting people with learning disabilities; works are underway for one more and works on 4 properties are scheduled for the final quarter of the project. Phase 3 of the project was not quite completed to schedule in Q3 due to lead time on provision of a specialist bath and additional works identified for that property. As well as supporting the development of independent living skills for existing tenants the project has enabled three people to move into supported independent living from leaving college. The project board is giving consideration to adding one, possibly two, more properties to the project. Technologies to the value of approximately £60k are still to be acquired following wider exploration of products and services to meet identified service user needs.
21. In order to support reduced numbers of admissions to care homes and reductions in the requirement for formal care, we continue to progress housing adaptations and Disabled Facilities Grants (DFGs). The number of approvals in applications for DFGs continues to rise: from 41 approved in Q1, to 51 approved in Q2, to 58 approved in Q3. The number of completion in Q3 is 45; taking the total number of completions this year to 131. The target for 2017/18 is 200.
22. The number of people waiting for an OT assessment has decreased very significantly, from 332 in April 2017 to 74 at the end of December 2017 – this is a positive outcome for the waiting service users and enables us to increase the number of people referred for DFGs and adaptations. The longest waiting time is now approximately nine weeks. The service remains committed to a target of 28 days waiting time to be achieved by end March 2018.

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Challenges

23. The home and communities (HACS) framework, contract that supports the provision of care in people's homes, will end on 31 March 2018. The new framework will be split into two areas; care @ home (personal care) and supported living. These have been developed as two open frameworks which will ensure the council has a list of approved providers to offer choice and quality to individuals who need care. The care @ home framework closed just before Christmas and has received its first round of applications to join and the supported living framework opened to tenders on 8 January 2018. All new placements from 1 April 2018 will be to providers on the appropriate approved frameworks.
24. Although Herefordshire has one of the highest proportions in the country of care providers achieving ratings by the independent Care Quality Commission of 'good' or 'outstanding', there remain quality concerns with a small number of providers. This is coupled with ongoing difficulties in recruiting and retaining care staff, especially registered managers and nurses. The directorate continues to be very actively engaged with all providers where there are concerns, with several showing consequent improvement.

Children's wellbeing (CWB)

25. The outturn position for 2017/18 is a net overspend of £2.02m. This is a decrease of £312k compared to the position reported in September. This has resulted from a £166k draw down from reserves, a reduction in forecast for short breaks and direct payments to reflect activity to date and ongoing vacancies. There is little change in the overall number of care placements but average costs have reduced. Children in independent fostering agency placements has increased by 3 to 63 but the average cost of each placement has reduced to £34k per year (down from £42k). The number of children in supported accommodation has increased from 8 to 12 but the average cost per year has reduced from £60k to £44k per year. The number in residential care placements is unchanged at 10 but the average cost per placement has increased to an equivalent of £175k per year (from £162k per year). This is due to significant costs for one placement. For the year to December, 15 children have been adopted and 14 have returned home. This is in addition to those who have left care due to their age.
26. The national Financial Framework for the Troubled Families Programme has been updated from 1 January 2018. This means Herefordshire's Family Outcome Plan has also been reviewed to encompass these minor changes which still focus on the core aims of the programme to reduce children not attending school, parents engaging in criminal behaviour and encouraging engagement in work. The overall approach of holistically working with the whole family and achieving sustainable change against all the identified criteria for each family has not changed.

What is going well?

27. The majority of new social work assessments continue to be completed within the statutory timescale and the appointment of permanent managers in our assessments teams should consolidate this development. This improvement has been sustained during 2017 with some monthly variance.
28. The Threshold of Care Panel has been in operation for a year and continues to oversee a sustained reduction in new admissions to the looked after system. Our rate of new

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admissions remains below the regional average and we can have confidence that a sustainable culture of appropriate decision making is now embedded.

29. We continue to provide stable placements for our looked after children, those young people that are in the care of the local authority to protect them from harm, and perform well against regional and national comparators. 85% of looked after children under the age of 18 have been in the same placement for more than 2.5 years.
30. Although there are concerns about the rise in the number of children subject to child protection plans, which are put in place when there are concerns that a child is at risk of severe harm while living at home, decision making within the child protection conference arena continues to be effective, with only 2 children remaining on a child protection plan for more than two years at the end of December.
31. Applications to the local family justice court continue to conclude within the statutory timescale of 26 weeks. This is a notable achievement and our court is still the highest performing in the region and one of the best nationally. As a consequence children are not left in limbo awaiting a decision on their future, whether that be a return to family, adoption or a long term care placement.
32. Colwall primary school has opened its new school buildings on time and to budget and is being well received by pupils and staff. A formal opening of the school is taking place in February 2018.
33. The development of a 16-19 SEN Free School in Herefordshire is progressing well and the council is currently evaluating interest in running the new provision, should it be approved by the secretary of state.
34. Attainment and progress data for Herefordshire for 2016-17 indicated significant strengths for pupils overall. The publication of additional pupil characteristics in January 2018 will give us a clearer understanding of how vulnerable groups (including SEND, FSM) fared at the end of their secondary education. Closing gaps in attainment for FSM pupils and their non FSM peers will remain a priority for the county. Data published thus far indicate some real improvements for FSM pupils in the EYFS, phonics and KS2 overall where success rates are higher than that of FSM pupils nationally. We will work with school leaders to support the closing of the attainment gaps, particularly where these continue to be a challenge in Herefordshire.
35. Significant progress has been made in delivering the national expectation to convert 600+ Statements of SEN into Education, Health and Care Plans by the expected date (end of March 2018). Many local areas are still struggling to meet this deadline.
36. Good progress has been made towards reaching the target of 12 carers offering short breaks through the sleepover scheme. Currently we have 7 sets of carers approved, 2 more being assessed and anticipate reaching the target by April 2018.

Challenges

37. At the end of Q3, the number of children subject to a child protection plan was 216. This increase is reflected in a rise in the number of child protection strategy meetings and investigations. During Q3 there has been a notable rise in children subject to child protection plans and, in the absence of any demographic change, this has prompted

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email: Andrew.Lovegrove@herefordshire.gov.uk

concern. Analysis is underway to understand how this has happened and to propose actions to return our activity to that sustained between the summer of 2016 and 2017.

38. During the last quarter work within the directorate identified 80 young people who could have their care needs met through other arrangements including special guardianship or a return to family. An action plan was agreed and progress on this work is now a priority. Bimonthly reports are provided for senior members and officers, the first of which is due at the end of January 2018.
39. As noted in the previous quarters' reports the percentage of referrals accepted for assessment continues to be a concern because it is too low. This was raised as a priority for the local safeguarding children board at its meeting in October and each partner agency is tasked with going back to their own staff, reviewing the application of the Herefordshire Safeguarding Children's Board Threshold of Need and addressing professional practice and understanding.
40. Progress with our application to join the Adoption Central England (ACE) regional adoption agency has been slow. A detailed application was submitted in the spring and there has been extensive discussion with the DfE and ACE over recent weeks. A decision is likely to be made in May 2018 however we are in correspondence to confirm this and explore possible interim arrangements.
41. A workforce action plan has now been devised by our HR Business Partner to address the challenge we face in recruiting experienced social workers.
42. In line with national trends, we are experiencing high levels of demand for children and young people with special educational needs and disabilities. This is placing considerable demands on the high needs budgets and work is continuing to try to address this issue.

Economy, communities and corporate (ECC)

43. The ECC directorate is currently projecting a £151k underspend at year-end. This is an improvement on the last quarter when a balanced budget was being projected. This has been achieved through careful review of budgets, delivery of MTFs savings proposals and better than forecast income in a number of areas. Given the corporate pressures, ECC will continue to seek to improve on this position over the final quarter.

What is going well?

44. The new Hereford City link road opened successfully in December on time and within budget. The road marks a significant milestone in the regeneration of Hereford City. As part of further improvements, the road unlocks previously unseen and under-utilised inner city land for development, and plans can now be taken forward for the site to build new homes, a transport hub at the Hereford Railway Station, new public services buildings and university accommodation.
45. Cabinet agreed to proceed with the Development Regeneration Partnership following the appointment of Keepmoat as preferred bidder. It is planned for the contract to be finalised and signed by the end of February 2018, following which a number of potential schemes of development will be considered for approval by Cabinet.
46. Cabinet have confirmed the making of Compulsory Purchase Orders (CPO's) and Side Road Orders (SRO's) for the South Wye Transport Package – Southern Link Road (SLR)

Further information on the subject of this report is available from
Richard Ball, assistant director environment and place, Tel: 01432 261923, email:
Richard.Ball@herefordshire.gov.uk and Andrew Lovegrove, chief finance officer, Tel: 01432 383519,
email: Andrew.Lovegrove@herefordshire.gov.uk

in Hereford; and also considered Active Travel Measure feedback and approved the next step to develop a preferred package of active travel measures to be delivered with the SLR. Procurement of a contractor for the SLR will commence in early 2018. Works on site are programmed to commence in spring 2019. In tandem with the CPO process direct negotiations with landowners are taking place. Securing the land and procurement processes to appoint a contractor are being progressed as quickly as possible to begin delivery of this next stage of the Hereford Bypass.

47. Cabinet have agreed that the council will act as the accountable body for public funding allocated to the new Hereford university, NMiTE (new model in technology & engineering), during its establishment phase. The NMiTE University aims to open its doors to the first 300 students at a purpose-built city centre campus in Hereford in September 2020. It aims to have 5,000 students by 2032.
48. Balfour Beatty Living Places (BBLP) carry out a range of public realm (highways and related services) for Herefordshire Council. Work is progressing well to prepare the Annual Plan for 2018/19; this will seek to prioritise investment in highway maintenance building upon additional funding sources identified in the Council's capital programme.

Challenges

49. The commitment of grant funding awarded through the LEADER programme is running at well below profile and against the performance comparator Authorities. Significant temporary additional resources have been applied to the Herefordshire LEADER programme, working with the Local Area Group (LAG) to improve the situation, including staff from economic development to convert live applications to approvals.
50. There continues to be a backlog in the time taken to carry out background checks to ensure that the correct housing benefit claim value is being paid. The target to process claims is 19 days, and whilst there was a reduction during December, the outturn at the end of Q3 was 25 days (a reduction from the 27 days reported in Q2). Although, the improvement and training plan that was put in place for staff during Q2 is beginning to show results, it is unlikely that the target of 19 will be met in 2017/18. The time taken to deal with changes of circumstances in a claim has also seen a rise in the reporting period. Customers continue to be directed to self-serve online wherever possible.
51. Considerable work has been undertaken to develop a shortlist of bypass route options as part of the Hereford Transport Package (HTP). Cabinet has recently approved a further round of consultation (Phase 2) and this consultation commenced on 6 February for a period of six weeks. Work on the HTP remains a priority and we will be targeting resources to enable the selection of a preferred route and the requisite technical work required.

Community impact

52. In accordance with the council's adopted code of corporate governance Herefordshire Council must ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services. Effective financial management, risk management and internal control are important components of this performance management system. Herefordshire Council is committed to promoting a positive working culture that accepts, and encourages constructive challenge. To support effective accountability the council is committed to reporting on actions completed and

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outcomes achieved, and ensuring stakeholders are able to understand and respond as the council plans and carries out its activities in a transparent manner.

53. Regularly reviewing performance with a view to identifying actions which will deliver further improvement in outcomes or efficiencies helps ensure the council achieves its corporate plan priorities.

Equality duty

54. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
55. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a factual report on performance achieved we do not believe that it will have an impact on our equality duty. 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.

Resource implications

56. Earmarked reserves have been identified that may be drawn down if alternative funding is not found to meet in-year pressures, as outlined in the following table. Recommendation c) seeks approval from Cabinet to enable this drawdown. If alternative funding sources or external contributions are secured this would reduce the call up on reserves.

Earmarked reserves planned and completed movements 2017/18

	Completed £000s	Proposed £000s	Total £000s
Opening Balance 1 April 2017			39,685
Schools Balances: scheme of delegation	(8,089)		(8,089)
Children's planned improvement	(109)		(109)
Waste: planned as part of the PFI contract		(204)	(204)
Legal – specialist interims		(100)	(100)
Broadband and digital planning	(126)		(126)
Severe Weather – for the Link Road		(384)	(384)
Leominster landfill site		(15)	(15)
Hereford Relief Road	1	(309)	(308)
ECC		(600)	(600)
Total Movements	(8,323)	(1,612)	(9,935)
Proposed Closing Balance 31 March 2018			29,750

Legal implications

57. None.

Risk management

58. The risks associated with any delivery plan objectives and projects are 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 are included within appendix D.
59. The council is required to close the accounts by 30 June 2018 which includes the approval of statutory statements by the chief finance officer. Failure to meet statutory deadlines carries a reputational risk for the council in relation to its corporate governance role.

Consultees

60. 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.

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Appendices

Appendix A	Revenue forecast
Appendix B	Capital forecast
Appendix C	Treasury management forecast
Appendix D	Scorecards
	Adults and Wellbeing
	Children's Wellbeing
	Economy, Communities and Corporate
	Organisation wide

Background papers

[AWB databook](#)

[CWB databook](#)

[ECC databook](#)

[Corporate risk register](#)

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Revenue Budget Position 2017/18

Directorate Net Budget	Gross Budget £000	Net Budget £000	December Outturn £000	December Variance £000 Over / (Under)spend	September Variance £000 Over / (Under)spend	Movement since September £000 Adv / (Fav)
Adults and Wellbeing	84,027	52,033	52,913	880	641	239
Children's Wellbeing	141,672	21,564	23,583	2,019	2,331	(312)
Economy, Communities & Corporate	68,254	47,036	46,885	(151)	0	(151)
Directorate total	293,953	120,633	123,381	2,748	2,972	(224)
Other budgets and reserves	80,247	24,393	23,646	(747)	(800)	53
TOTAL	374,200	145,026	147,027	2,001	2,172	(171)

Adults Wellbeing: Revenue Budget Position 2017/18

Directorate Net Budget	Gross Budget £000	Net Budget £000	December Outturn £000	December Variance £000 Over / (Under)spend	September Variance £000 Over / (Under)spend	Movement since September £000 Adv / (Fav)
Learning Disabilities	20,158	16,946	18,043	1,097	1,076	21
Memory and Cognition/Mental Health (Inc Safeguarding)	8,201	6,351	5,672	(679)	(469)	(210)
Physical Support	27,883	19,146	20,213	1067	595	472
Sensory Support	450	379	400	21	41	(20)
Client Sub-Total	56,692	42,822	44,328	1,506	1,243	263
Operations	7,762	5,586	5,317	(269)	(300)	31
Commissioning	5,483	3,319	3,478	159	194	(35)
Directorate Management	3,303	(729)	(984)	(255)	(220)	(35)
Public Health	9,527	0	0	0	(113)	113
Transformation	1,260	1,035	774	(261)	(163)	(98)
Non Client Sub-Total	27,335	9,211	8,585	(626)	(602)	(24)
Adult's Wellbeing	84,027	52,033	52,913	880	641	239

Children's Wellbeing: Revenue Budget Position 2017/18

Directorate Net Budget	Gross Budget £000	Net Budget £000	December Outturn £000	December Variance £000 Over / (Under)spend	September Variance £000 Over / (Under)spend	Movement since September £000 Adv / (Fav)
Directorate	262	262	92	(170)	(80)	(90)
Directorate	262	262	92	(170)	(80)	(90)
Additional Needs	3,407	3,364	3,082	(282)	(155)	(127)
Children's Commissioning	532	532	415	(117)	(110)	(7)
Commissioning Management	3,129	354	426	72	58	14
Development and Sufficiency	1,475	1,099	1,133	34	48	(14)
Early Years	703	501	466	(35)	(43)	8
Education Improvement	166	76	55	(21)	(4)	(17)
DSG	116,183			0	0	0
Education and Commissioning	125,595	5,926	5,577	(349)	(207)	(142)
Safeguarding and Review	925	673	673	0	0	0
Children in Need	2,699	2,594	2,410	(184)	(180)	(4)
Looked After Children	10,673	10,591	13,568	2,977	2,995	(18)
Safeguarding Development	359	359	273	(86)	(48)	(38)
Safeguarding & Early Help Management	1,159	1,159	990	(169)	(149)	(20)
Safeguarding & Family Support	15,815	15,376	17,914	2,538	2,618	(80)
Children's Wellbeing	141,672	21,564	23,583	2,019	2,331	(312)

ECC: Revenue Budget Position 2017/18

	Gross Budget £000	Net Budget £000	December Outturn £000	December Variance £000 Over / (Under)spend	September Variance £000 Over / (Under) spend	Movement since September £000 Adv / (Fav)
Directors	919	917	872	(45)	0	(45)
Environment and Place	40,068	25,350	25,254	(96)	0	(96)
Resources	15,176	11,158	11,046	(112)	0	(112)
Growth	2,597	2,038	2,020	(18)	0	(18)
Communities	9,494	7,573	7,693	120	0	120
Total ECC and Chief Executive	68,254	47,036	46,885	(151)	0	(151)

Total capital programme forecast

Scheme Name

Scheme Name	Spend in prior years £000	brought forward slippage / (accelerated spend) £000	2017/18 budget £000	2017/18	2017/18	2018/19 budget £000	2019/20 budget £000	2020/21 budget £000	Total scheme budget £000	Capital receipts £000	Grant & funding contributions £000	Prudential borrowing £000	Total £000	Prior Years £000	Grand Total £000
				Forecast £000	Forecast Slippage £000										
Economy, Communities and Corporate															
Hereford City Centre Transport Package	27,790	1,909	5,682	6,471	(1,120)	4,000	1,270		40,651		9,800	13,276	23,076	17,575	40,651
Local Transport Plan (LTP)			15,131	15,131	0	10,341	10,341		35,813		35,813		35,813		35,813
Fastershire Broadband	15,641	(33)	9,747	8,463	(1,251)	7,248			32,603		10,534	13,066	23,600	9,003	32,603
Hereford Enterprise Zone	6,476	1,745	7,779	9,524	0				16,000	10,929			10,929	5,071	16,000
Leisure Centres	9,225	827		464	(363)				10,052			2,784	2,784	7,268	10,052
Solar Photovoltaic Panels	503	1,631		79	(1,552)				2,134			1,671	1,671	463	2,134
Corporate Accommodation	1,485	(385)	1,771	600	(786)				2,871			2,853	2,853	18	2,871
South Wye Transport Package	3,612	(629)	3,500	1,629	(1,242)	14,000	6,200	8,317	35,000		31,047	970	32,017	2,983	35,000
Marches business improvement grants	833		833	0	(833)	834			2,500		2,500		2,500		2,500
IT Network Upgrade		500		331	(169)				500			500	500		500
Property Estate Enhancement Works	500		500	500	0	1,240	500		2,740			2,240	2,240	500	2,740
LED street lighting	5,161	494		500	6				5,655			905	905	4,750	5,655
Herefordshire Enterprise Zone Shell Store			2,500	2,500	0	3,200	500		6,200		5,000	1,200	6,200		6,200
Development Partnership activities			600	0	(600)	20,000	20,000		40,600	10,000		30,600	40,600		40,600
Highway asset management			14,033	5,690	(8,343)	12,835	7,000		33,868		30,623	3,245	33,868		33,868
Hereford Transport Package			510	510	0	2,450			2,960			2,960	2,960		2,960
Model Farm, Ross on Wye			2,520	0	(2,520)	4,250	300		7,070		3,535	3,535	7,070		7,070
Other schemes less than £500k		1,237	1,033	1,882	(388)	2,009			4,279	370		2,672	3,042	1,237	4,279
Childrens wellbeing															
Colwall Primary School	2,300	2,533	1,667	3,995	(205)				6,500	1,667	4,800		6,467	33	6,500
Schools Capital Maintenance Grant		1,236	1,200	1,928	(508)	1,200			3,636		2,400		2,400	1,236	3,636
Peterchurch Primary School	6	1,000	4,494	0	(5,494)				5,500	306	988	4,200	5,494	6	5,500
Expansion for Marlbrook school			2,000	210	(1,790)	3,811	1,000		6,811		2,409	4,402	6,811		6,811
SEN & DDA school improvements			710	0	(710)				710		710		710		710
Brookfield School Improvements		390	980	10	(1,360)				1,370		113	1,257	1,370		1,370
Other schemes less than £500k		1,486	300	1,475	(311)	2,224			4,010		2,074	450	2,524	1,486	4,010
Adults and wellbeing															
Disabled facilities grant			1,706	1,873	167	1,706			3,412		3,412		3,412		3,412
Private sector housing improvements			800	30	(770)	800	800		2,400	400		2,000	2,400		2,400
Other schemes less than £500k		1,021		1,494	473				1,021				-	1,021	1,021
Total	73,532	14,962	79,996	65,289	(29,669)	92,148	47,911	8,317	316,866	23,672	145,758	94,786	264,216	52,650	316,866

Treasury Management Interim Report Appendix C 31 December 2017

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. The slow progress made with Brexit negotiations continue to have an impact on UK markets:
- Growth in 2017 has been relatively weak (+0.3% for Q1, +0.3% for Q2 and +0.4% for Q3);
 - On 2 November the Bank of England raised the base rate from 0.25% to 0.50% - the first rate rise in over a decade; and
 - Consumer price inflation (CPI) increased by 3.1% in the year to November 2017.

2. The Council's Investments

2.1 At 31 December 2017 the council held the following investments:

Investment	Term	Maturity Date	Interest Rate	Amount £m
<u>Instant Access Bank Accounts:</u>				
NatWest	N/A	N/A	0.01%	1.84
<u>Instant Access Money Market Funds:</u>				
Federated	N/A	N/A	0.39%	5.00
Standard Life	N/A	N/A	0.35%	5.00
Morgan Stanley	N/A	N/A	0.29%	0.04
Invesco	N/A	N/A	0.35%	3.77
<u>95 Day Notice Bank Accounts:</u>				
Santander	N/A	19/02/18	1.00%	5.00
<u>Fixed Term Deposits:</u>				
Telford & Wrekin Council	112 days	05/03/18	0.35%	5.00
Suffolk County Council	107 days	01/03/18	0.35%	5.00
Total			0.44%	30.65

2.2 The council continues to select counterparties suitable for investment based on the credit worthiness service provided by their treasury advisors, Capita Asset Services. The service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies. The modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system to which Capita Asset Services allocate a series of colour coded bands with suggested maximum durations for investments as shown below:

- Yellow 5 years
- Dark pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
- Light pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Treasury Management Interim Report Appendix C
31 December 2017

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	Over (Under) £000
	Actual / Forecast £m	Budget £m	Actual / Forecast %	Budget %			
Apr-17	9.6	15	0.27	0.3	2	4	(2)
May-17	17.8	15	0.23	0.3	3	4	(1)
Jun-17	8.8	15	0.23	0.3	2	4	(2)
Jul-17	14.9	15	0.22	0.3	3	4	(1)
Aug-17	20.5	15	0.20	0.3	3	4	(1)
Sep-17	15.2	15	0.20	0.3	2	4	(2)
Oct-17	13.7	60	0.20	0.3	2	16	(14)
Nov-17	30.5	60	0.38	0.3	9	16	(7)
Dec-17	29.1	60	0.46	0.3	10	16	(6)
Jan-18	40	60	0.3	0.3	10	16	(6)
Feb-18	40	60	0.3	0.3	10	16	(6)
Mar-18	40	60	0.3	0.3	10	16	(6)
Total					66	120	(54)

2.4 Income earned has been lower than expected, due to lower cash balances being maintained for investment and interest earned on investments being lower than budgeted. This is leading to a forecast interest earned shortfall of £54k.

2.5 In addition to investment income, the council earns interest on the provision of loan finance to the waste disposal PFI provider. This is expected to generate loan interest payable to us of £2.3m in 2017/18 and this will be recharged through the waste disposal PFI arrangement.

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 December 2017, short-term borrowing from other local authorities consisted of three loans totalling £15m with an average interest rate of 0.64% (including broker's commission of 0.06%). Loans were arranged for periods ranging from nine months to two years with an average loan period remaining of 109 days.

Treasury Management Interim Report Appendix C

31 December 2017

Long-term borrowing

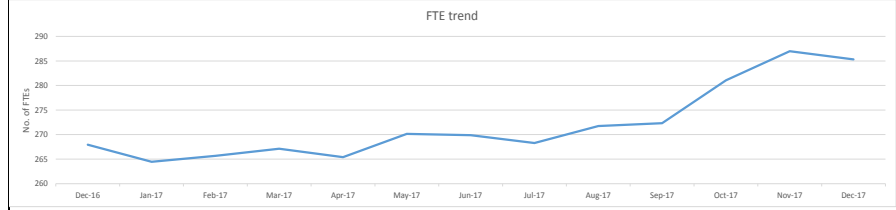
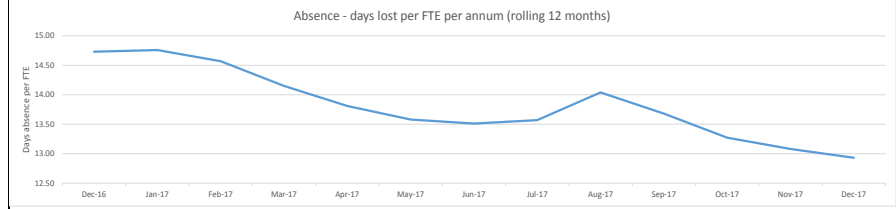
- 3.4 At 31 December 2017 the council held long term borrowing of £145.0m. Rates are monitored and discussed with our treasury advisors to determine the timing of any new loan term borrowing.
- 3.5 The current capital financing budget position is summarised below:

Summary of Borrowing Budget	Budget	Forecast	Over / (under)
	£m	£m	£m
Minimum revenue provision	11.1	7.2	(3.9)
Interest payable on all loans	6.8	6.1	(0.7)
Total	17.9	13.3	(4.6)

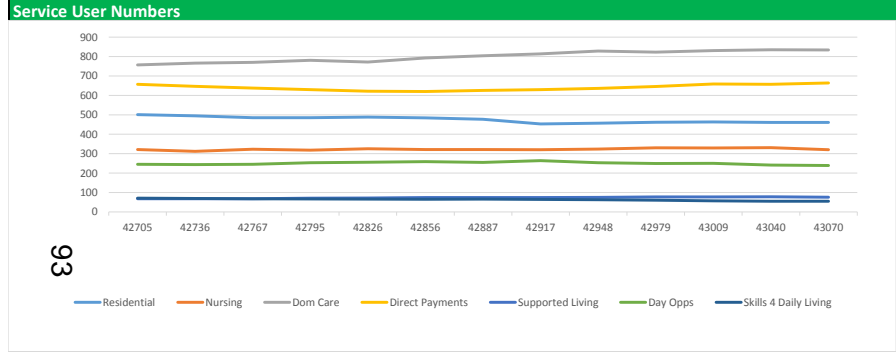
4. Summary of forecast outturn

- 4.1 The current net treasury forecast outturn has increased from £0.8m underspend to £4.6m underspend, this increased underspend reflects the decision to change the Council's Minimum Revenue Provision (MRP) Policy in the year. This decision means that the MRP is now calculated on an annuity basis, resulting in an in year saving of £3.8m, this saving is to be added to the Council's general revenue reserve.

Staffing	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
FTE	267.85	264.45	265.67	267.11	265.39	270.15	269.67	268.28	271.75	272.32	281.05	286.99	285.31
Headcount	297	296	297	298	296	300	300	298	301	301	309	315	314
Permanent Workforce Costs (Ex)	771	743	716	624	771	744	762	757	756	772	819	829	896
Agency FTE	21.18	19.04	20.98	22.27	23.62	19.94	21.95	24.40	18.85	19.25	21.55	18.71	15.70
Agency Costs (Ex)	114	119	22	164	59	96	68	124	85	97	111	130	64
Absence - days lost per FTE per annum (rolling 12 months)	14.73	14.76	14.57	14.15	13.81	13.58	13.51	13.57	14.04	13.68	13.27	13.08	12.93
Monthly turnover (annualised based on FTE)	12.16%	12.25%	10.57%	10.61%	11.57%	11.70%	12.31%	12.02%	11.90%	12.54%	11.15%	9.79%	11.16%



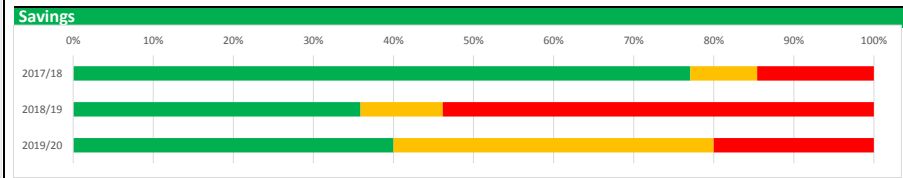
Absence has decreased over the last 6 months, although a slight rise in December. This is still below regional and national levels. Agency cost has decreased this month; this is due to some rapid response employees being made permanent.



Indicators	Measure	Target	Latest	Period	Trend
Key Performance Indicators	Permanent admissions - U65	10.2	11.1	Dec	↗
	Permanent admissions - 65+	550	348.2	Dec	↗
	Social Care Delayed Transfer Days	137	202.0	Nov	↗
	Reablement - 91 days after discharge	85%	79%	Dec	↗
	Safeguarding - outcomes met	80%	49%	Dec	↗
	Direct Payment recipients	45%	39%	Dec	↗
	Timeliness of Service (28 days of referral)	80%	NA		
	Reviews undertaken	80%	57%	Dec	↗
	Affordable housing units delivered	200	155	Dec	↗
	Households in temporary accommodation	45	43	Nov	↗
Health & Safety	NHS Health checks	60%	44%	Nov	↗

Risk Management

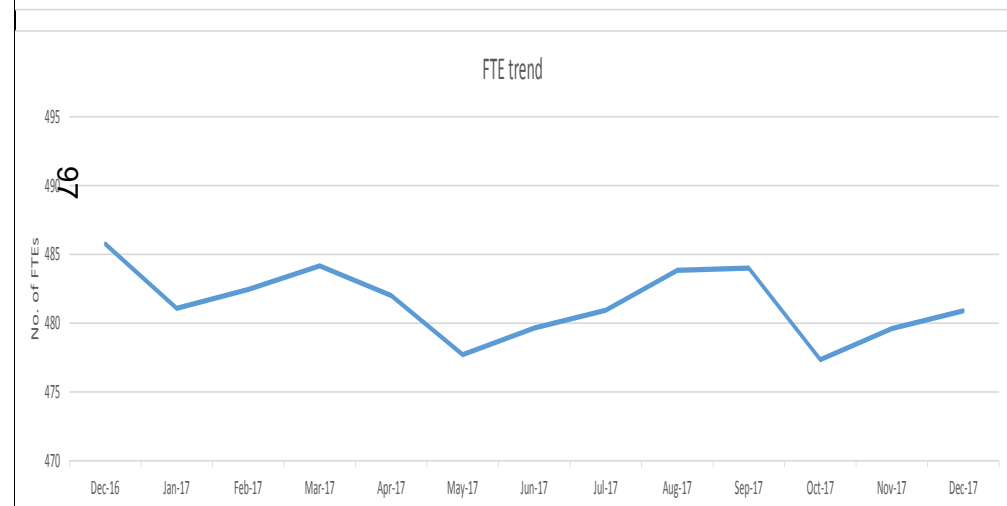
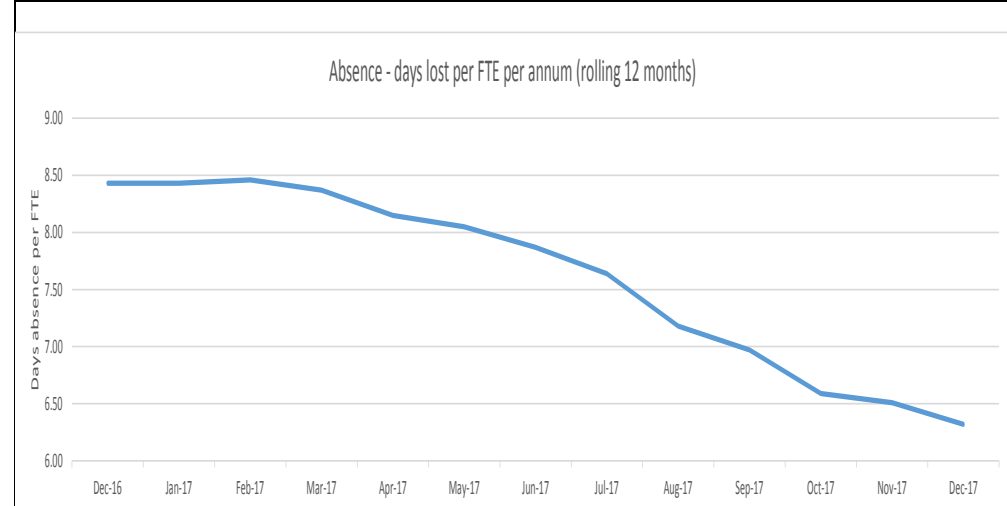
Other than achieving the directorate savings, there are no significant corporate risks still rated Red after controls.



Programme	Status	Project Tags				2017												2018		
		Strategic Lead	Pj.Ass	Pj Lead	Commissioning Lead	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
Prevention Programme																				
Development of the Prevention Approach	G	EA	DE	DM	-	Delivery												Closure		
Connecting Communities - Mapping the county	Comp	SV	CB	DE	AC	Delivery												Closure		
WISH: System Redevelopment (Phase 2 and 3)	A	EA	DE	HS	-	Phase 2 Delivery												Phase 1: Delivery		
Healthy Living Network Herefordshire	A	GE	DE	SH	-	Scoping and Initiation			Phase 1: Scoping & Engaging Level 1 & 2 Services						Phase 1: Delivery			Phase 2: Scoping		
Talk Community - Implementation	A	SV	Audit	JB	-	Scoping			Scoping						Delivery			Closure		
People First - Implementation	Comp	EA	DE	DM	-	Scoping			Delivery						Scoping			Closure		
Carers Strategy	Comp	EA	DE	DM	-	Delivery												Implementation		
Public Health - Diabetes prevention	G	GE	-	-	-	Scoping			Delivery						Implementation					
Integrated Pathway Design																				
Development of the Community Broker service	Comp	SV	Audit	JB	LT	Delivery												Closure		
Redesign of adult social care front door	Comp	SV	Audit	EM	-	Delivery												Closure		
Process redesign including changes to paperwork	G	SV	Audit	JB	-	Delivery												Closure		
Workforce training and development to support pathway (inc Commissioning and Public Health)	Comp	SV	Audit	JB	-	Delivery												Closure		
Pathway design - Home First	G	SV	Audit	AP	-	Delivery												Closure		
Early Years Redesign (CWB/PH)	A	AH/LB	-	PKJ	-	Delivery												Implementation		
Housing and Accommodation																				
Young Persons' Accommodation Strategy	G	EA	-	HC	-	Delivery												Implementation		
Community led housing	G	EA	DE	TW	-	Funding Application			Delivery						Delivery					
Housing system redesign	A	EA	DE	AC	-	Scoping			Engagement						Delivery					
Contract and Market Management																				
Public Health - Substance Misuse service improvement	G	AP	DE	KTD	-	Scoping			Delivery						Closure					
Digital and Technology Implementation																				
Implementation of Project Management tool (VERTO)	A	DE	AC	AC	-	Scoping			Delivery						Closure					
Research and Needs Assessment																				
JSNA Refresh (AN)	S	AM	-	-	-	Scoping			Delivery						Implementation					
Commissioning																				
Care at Home	G	LT	-	IG	-	Delivery												Delivery		
Supported Living Framework	G	LT	DE	AR	-	Delivery												Delivery		
Telecare & Assistive Technology (TECS)	G	AP	DE	EM	-	Scoping (and			Delivery						Delivery					

Directorate Net Budget	Gross Budget £000	Net Budget £000	December Outturn £000	December Variance £000 Over / (Under)spend	September Variance £000 Over / (Under)spend	Movement since September £000 Adv / (Fav)
Learning Disabilities	20,158	16,946	18,043	1,097	1,076	21
Memory and Cognition/Mental Health (Inc Safeguarding)	8,201	6,351	5,672	(679)	(469)	(210)
Physical Support	27,883	19,146	20,213	1067	595	472
Sensory Support	450	379	400	21	41	(20)
Client Sub-Total	56,692	42,822	44,328	1,506	1,243	263
Operations	7,762	5,586	5,317	(269)	(300)	31
Commissioning	5,483	3,319	3,478	159	194	(35)
Directorate Management	3,303	(729)	(984)	(255)	(220)	(35)
Public Health	9,527	0	0	0	(113)	113
Transformation	1,260	1,035	774	(261)	(163)	(98)
Non Client Sub-Total	27,335	9,211	8,585	(626)	(602)	(24)
Adult's Wellbeing	84,027	52,033	52,913	880	641	239

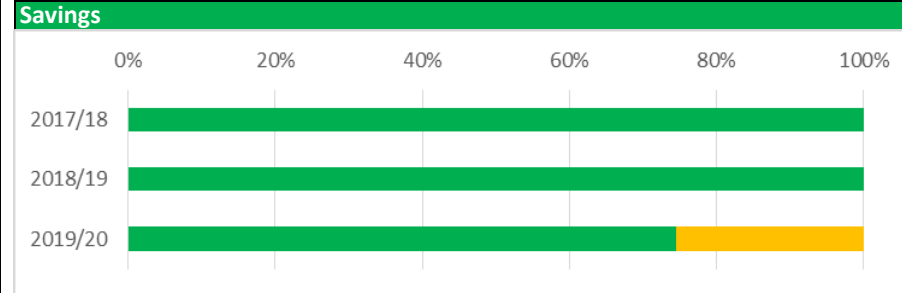
Staffing													
	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
FTE	485.76	481.07	482.44	484.17	482.00	477.70	479.64	480.94	483.84	484.00	477.34	479.61	480.89
Headcount	585	580	582	583	578	570	573	571	575	574	568	569	571
Permanent Workforce Costs (£k)	1,408	1,482	1,375	1,407	1,429	1,424	1,424	1,446	1,462	1,448	1,451	1,445	1,456
Agency FTE	10.85	11.57	12.84	11.17	13.88	12.67	12.02	14.18	6.88	10.37	15.11	11.44	7.87
Agency Costs (£k)	31	48	47	73	30	54	43	57	20	60	38	26	53
Absence - days lost per FTE per annum (rolling 12 months)	8.43	8.43	8.46	8.37	8.15	8.05	7.87	7.64	7.18	6.97	6.59	6.51	6.32
Monthly turnover (annualised based on FTE)	9.62%	10.44%	9.93%	9.14%	10.64%	10.76%	10.27%	9.93%	9.21%	9.74%	10.61%	10.85%	9.78%



Absence has remained low over the last 6 months and is well below regional and national benchmarks.
Agency spend in December has increased; this is due to delayed billing; although headcount has decreased due to contracts coming to an end.

Indicators								
Performance Measure	Target 2017/18	Outturn			Frequency	Polarity	Direction of Travel	
		2016/17	2017/18					
			End of May	Q2	Q3			
Percentage reduction in annual domestic energy consumption in Herefordshire (annual in arrears, 2 year lag)	48% (2015)	46.27% (2015)				Bi-annual	Bigger is better	▲
Reduce anti-social behaviour	<5,558	6382		3460		Quarterly in arrears	Smaller is better	
Increase the proportion of hate crime incidents that are reported	>78	92		8 (to Aug 17)		Quarterly in arrears	Bigger is better	
No of business start-ups still operating after 24 months	78%	77.2% (2015)			80%	Annual	Bigger is better	▲
LEADER: creating jobs and supporting small and micro businesses	100% commitment against profile	100%		100%	38.40%	Quarterly	Plan is best	▼
Increase the % of working age population in employment	77%	76.30%				Quarterly in arrears	Bigger is better	▲
Higher median workplace based earnings	£470.00	£444.70			£448.40	Annual	Bigger is better	▲
Reduce the workplace based earnings gap between Herefordshire and the West Midlands	<14%	Gap 12.8%			12.9%	Annual	Smaller is better	▼
Minimise the number of people killed or seriously injured in road traffic collisions (3 year average)	75	94 (2016)	91 (to April 17)	90 (provisional)	95 (provisional)	Monthly (in arrears)	Smaller is better	▼
% of county premises with access to Next Generation Access (NGA) broadband	87%	78% (Jan 17)	82%	82%	82%	Quarterly	Bigger is better	▲
Improve processing rates for planning applications (24 month rolling period):								
Major	60%	82% (12m rolling avg) 78.7% (24m rolling avg)	80.1%	83.6%	85.5%	Monthly	Bigger is better	▲
Non-major (Minors and Others aggregated)	65%	72.3% (24m rolling avg)	72.9%	74.5%	75.9%	Monthly	Bigger is better	▲
Increase the proportion of appeal decisions that are dismissed	65%	75%	86%	75%	79%	Monthly	Bigger is better	▲
Reduce the amount of Residual Household Waste per Household per year	<540kg (<405kg to end of December)	540kg (provisional)	44.75 kg (to April)	289.1kg	411.2 kg	Monthly (in arrears)	Smaller is better	▼
Increase the % of household waste that has been recovered for recycling and reuse	41%	41.6% (provisional)	41% (provisional to April)	40.7%	40.5%	Monthly (in arrears)	Bigger is better	▼
Increase the number of new council tax registrations	>592 (>438 to end of December)	592	54	312	531	Monthly	Bigger is better	▲
Improved collection rates for Council Tax	98% (>87% to end of December)	97.97%	22.3%	58.93%	86.70%	Monthly	Bigger is better	▼
Improved collection rates for Business Rates	98.59% (>85.65% to end of December)	98.59%	27.5%	63.67%	86.66%	Monthly	Bigger is better	▲
Net new business rates achieved	>112 (92 to end of December)	112	6 (to April)	45	91	Monthly	Bigger is better	▼
Improve the processing of housing benefit claims	19 days	20.25 days	26.56 days	27.59 days	25.76 days	Monthly	Smaller is better	▼
Spend within the council's overall budget	Balanced budget	£600k underspend		£2.172m overspend	£2.001m overspend	Bi-monthly	Smaller is better	▼
Achieve £7.15 million savings in 2017/18	£7.15 million	£10.9million		£6.069million	£6.069million	Bi-monthly	Bigger is better	
Compliance with the Information Governance (IG) Toolkit		79%		78%	78%	Quarterly	Bigger is better	▲
New and returning visitors to the council's website	1million	New for 17/18	181,944	532,855	828,605	Monthly	Bigger is better	
Reduce absence (sickness rates)	10	9.57	9.34	8.94	8.39	Monthly	Smaller is better	▲
Improvement in employee engagement index (measured through staff survey)		N/A			36%	Annual	Bigger is better	▼

Risk Management
There are no significant risks still rated Red after controls



Programme

City Centre Improvements - High Town Refurbishment, St Owen Street Contraflow, On Street parking and Residents Parking
 Phase 1 works complete. Target cost produced for Phase 2 works and works to be undertaken in 2018 following completion of Western Power Distribution works in Commercial Street, subject to appropriate governance. Residents Parking Scheme consultation concluded end October 2017 and feedback being analysed. On street parking implementation complete. St Owen Street contraflow public event held on 19 July 2017 - consultation period ended August 2017. Cabinet member has been briefed and further key stakeholder event now scheduled for February 2018.

Enterprise Zone development / sales / jobs
 Ground raising works on plots N4 and N18 have been commissioned through BBLP and work has commenced on N4. Completion of this work will enable two land sales for a total of 4.6 acres to progress to completion. Council has approved a discretionary business rate relief scheme, replacing the previous government EZ business rates relief scheme, which will be made available to provide relief to new businesses locating on the EZ during 2018/19 and 2019/20. 31 acres of land sold; 33,000 sqm of workspace has been developed; and 612 jobs created to date.

South Wye Transport Package Southern Link Road and associated Active Travel Measures
 Cabinet have confirmed the making of Compulsory Purchase Orders (CPOs) and Side Road Orders (SROs) for the South Wye Transport Package - Southern Link Road (SLR) in Hereford; and also considered Active Travel Measure feedback and approved the next step to develop a preferred package of active travel measures to be delivered with the SLR. Procurement of a contractor for the SLR will commence in early 2018. Works on site are programmed to commence in Spring 2019.

Hereford Transport Package Hereford Bypass and Active Travel Measures
 2017/18 programme of works continue. Shortlisted routes for the Western bypass were approved by the council's cabinet on 18 January, along with HTP Phase 1 consultation feedback. Traffic modelling development and validation complete and forecasting has commenced. Programme of surveys continuing. Phase 2 consultation to commence on 6 February 2018 for a period of six weeks.

Road maintenance Challenge Fund project (new project)
 Phase 1 complete. Review underway with regard to the delivery method and timescale for phase 2, which will complete the project. Spend in phase 1 has met DfT grant requirements.

Budget outturn						
	Gross Budget	Net Budget	December Outturn	December Variance	September Variance	Movement since September
	£000	£000	£000	£000 Over / (Under)spend	£000 Over / (Under) spend	£000 Adv / (Fav)
Directors	919	917	872	(45)	0	(45)
Environment and Place	40,068	25,350	25,254	(96)	0	(96)
Resources	15,176	11,158	11,046	(112)	0	(112)
Growth	2,597	2,038	2,020	(18)	0	(18)
Communities	9,494	7,573	7,693	120	0	120
Total ECC and Chief Executive	68,254	47,036	46,885	(151)	0	(151)

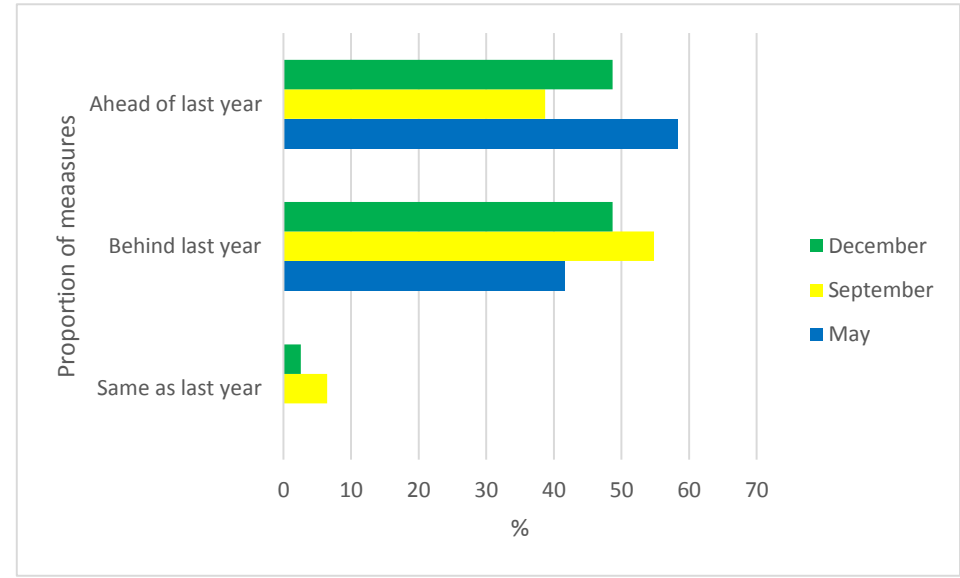
Overview

FINANCE

Directorate Net Budget	Gross Budget £000	Net Budget £000	December Outturn £000	December Variance £000 Over / (Under)spend	September Variance £000 Over / (Under)spend	Movement since September £000 Adv / (Fav)
Adults and Wellbeing	84,027	52,033	52,913	880	641	239
Children's Wellbeing	141,672	21,564	23,583	2,019	2,331	(312)
Economy, Communities & Corporate	68,254	47,036	46,885	(151)	0	(151)
Directorate total	283,953	120,633	123,381	2,748	2,972	(224)
Other budgets and reserves	80,247	24,393	23,646	(747)	(800)	53
TOTAL	374,200	145,026	147,027	2,001	2,172	(171)

Direction of travel (measures compared to last year)

PERFORMANCE



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Significant corporate risks

RISK

There are no corporate risks rated Red after controls.

	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
FTE	1056.49	1046.99	1049.50	1052.68	1048.45	1045.63	1046.05	1042.22	1050.46	1044.46	1046.61	1054.85	1049.76
Headcount	1,230	1,224	1,227	1,228	1,220	1,212	1,213	1,205	1,214	1,204	1,206	1,213	1,205
Permanent Costs (£k)	3,113	3,159	3,044	2,943	3,117	3,102	3,114	3,137	3,162	3,130	3,173	3,181	3,255
Agency FTE	49.80	51.18	53.43	55.12	59.26	53.79	48.34	55.69	38.69	39.65	52.20	45.12	35.96
Agency costs (£k)	232	234	165	357	159	233	161	231	146	193	196	257	164
Absence - days lost per FTE	9.60	9.63	9.63	9.57	9.34	9.34	9.32	9.27	9.19	8.94	8.67	8.50	8.39
Turnover (annualised) - based on FTE	12.98%	13.36%	12.70%	11.94%	12.22%	12.12%	12.29%	12.41%	12.10%	12.68%	12.56%	12.39%	12.07%

WORKFORCE

