

Agenda

General scrutiny committee

Date: **Friday 30 November 2018**

Time: **10.15 am**

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

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

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Agenda for the meeting of the General scrutiny committee

Membership

Chairperson **Councillor WLS Bowen**
Vice-Chairperson **Councillor BA Baker**

Councillor SP Anderson
Councillor BA Baker
Councillor JM Bartlett
Councillor AW Johnson
Councillor A Warmington
Councillor SD Williams

Agenda

		Pages
1.	<p>APOLOGIES FOR ABSENCE</p> <p>To receive apologies for absence.</p>	
2.	<p>NAMED SUBSTITUTES</p> <p>To receive details of members nominated to attend the meeting in place of a member of the committee.</p>	
3.	<p>DECLARATIONS OF INTEREST</p> <p>To receive any declarations of interest by members.</p>	
4.	<p>MINUTES</p> <p>To receive the minutes of the meeting held on 8 October 2018.</p>	9 - 14
5.	<p>QUESTIONS FROM MEMBERS OF THE PUBLIC</p> <p>To receive any written questions from members of the public.</p> <p>Details of the scheme and related guidance are available here:</p> <p>https://www.herefordshire.gov.uk/info/200148/your_council/61/get_involved</p> <p>Please submit questions to councillorservices@herefordshire.gov.uk</p> <p>The deadline for the receipt of questions is Monday 26 November 2018 at 5.00 pm.</p> <p>Accepted questions will be published as a supplement prior to the meeting.</p>	
6.	<p>QUESTIONS FROM MEMBERS OF THE COUNCIL</p> <p>To receive any written questions from members of the council.</p> <p>Deadline for receipt of questions is 5.00pm on Monday 26 November 2018.</p> <p>Accepted questions will be published as a supplement prior to the meeting.</p> <p>Please submit questions to councillorservices@herefordshire.gov.uk</p>	
7.	<p>SETTING THE 2019/20 BUDGET, CAPITAL INVESTMENT AND UPDATING THE MEDIUM TERM FINANCIAL STRATEGY</p> <p>To seek the views of the committee on the draft medium term financial strategy (MTFS) 2017-21 and the budget proposals for 2019-20.</p>	15 - 258
8.	<p>WORK PROGRAMME</p> <p>To review the committee's work programme.</p>	259 - 290
9.	<p>DATE OF NEXT MEETING</p> <p>The next scheduled meeting is 28 January 2019.</p>	

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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 General Scrutiny Committee

Scrutiny is a statutory role fulfilled by councillors who are not members of the cabinet.

The role of the scrutiny committees is to help develop policy, to carry out reviews of council and other local services, and to hold decision makers to account for their actions and decisions.

Council has decided that there will be three scrutiny committees. The Committees reflect the balance of political groups on the council.

The General Scrutiny Committee consists of 7 Councillors.

Councillor WLS Bowen (Chairperson)	Herefordshire Independents
Councillor SP Anderson	Conservative
Councillor BA Baker (Vice-Chairperson)	Conservative
Councillor JM Bartlett	Green
Councillor AW Johnson	Conservative
Councillor A Warmington	It's Our County
Councillor SD Williams	Conservative

The committees have the power:

- (a) to review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the executive,
- (b) to make reports or recommendations to the authority or the executive with respect to the discharge of any functions which are the responsibility of the executive,
- (c) to review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are not the responsibility of the executive,
- (d) to make reports or recommendations to council or the cabinet with respect to the discharge of any functions which are not the responsibility of the executive,
- (e) to make reports or recommendations to council or the cabinet on matters which affect the authority's area or the inhabitants of that area
- (f) to review or scrutinise decisions made, or other action taken, in connection with the discharge by the responsible authorities of their crime and disorder functions and to make reports or recommendations to the council with respect to the discharge of those functions. In this regard crime and disorder functions means:
 - (i) a strategy for the reduction of crime and disorder in the area (including anti-social and other behaviour adversely affecting the local environment); and
 - (ii) a strategy for combatting the misuse of drugs, alcohol and other substances in the area; and
 - (iii) a strategy for the reduction of re-offending in the area
- (g) to review and scrutinise any matter relating to the planning, provision and operation of the health service in its area and make reports and recommendations to a responsible person on any matter it has reviewed or scrutinised or to be consulted by a relevant NHS

body or health service provider in accordance with the Regulations (2013/218) as amended. In this regard *health service* includes services designed to secure improvement—

- (i) in the physical and mental health of the people of England, and
- (ii) in the prevention, diagnosis and treatment of physical and mental illness
- (iii) And any services provided in pursuance of arrangements under section 75 in relation to the exercise of health-related functions of a local authority.

(h) to review and scrutinise the exercise by risk management authorities of flood risk management functions or coastal erosion risk management functions which may affect the local authority's area.

The specific remit of the general scrutiny committee includes:

- Services within the economy, communities and corporate directorate
- Corporate performance
- Budget and policy framework matters
- Statutory flood risk management scrutiny powers
- Statutory community safety and policing scrutiny powers

Who attends general scrutiny committee meetings?

Coloured nameplates are used which indicate the role of those attending the committee:

Pale pink	Members of the committee, including the chairman and vice chairman.
Pale Blue	Cabinet Members – They are not members of the committee but attend principally to answer any questions the Committee may have and inform the debate.
Orange	Officers of the council – attend to present reports and give technical advice to the committee
Green	People external to the Council invited to provide information to the committee.
White	Other councillors may also attend as observers but are only entitled to speak at the discretion of the chairman.

Minutes of the meeting of General scrutiny committee held at Council Chamber, The Shire Hall, St Peter's Square, Hereford, HR1 2HX on Monday 8 October 2018 at 2.00 pm

Present: Councillor WLS Bowen (Chairman)
Councillor BA Baker (Vice-Chairman)

Councillors: JA Hyde, AW Johnson, PP Marsh, A Warmington and SD Williams

In attendance: Councillors DG Harlow (Cabinet Member) and NE Shaw (Cabinet Member)

Officers: R Ball – Acting Director - Economy and Place, and N Webster – Economic Development Manager.

Invitees: G Hamer – Director of the Marches LEP, and Mr P White of Metro Dynamics.

16. APOLOGIES FOR ABSENCE

Apologies were received from Councillors SP Anderson and JM Bartlett.

17. NAMED SUBSTITUTES

Councillor JA Hyde substituted for Councillor SP Anderson and Councillor PP Marsh for Councillor JM Bartlett.

18. DECLARATIONS OF INTEREST

Agenda item 7: Economic Development Strategies Review

Councillor Bowen declared a non-pecuniary interest as a governor of Hereford and Ludlow Technical College.

19. MINUTES

RESOLVED: That the minutes of the meetings held on 2 July and 18 July 2018 be approved as a correct record.

20. QUESTIONS FROM MEMBERS OF THE PUBLIC

None.

21. QUESTIONS FROM MEMBERS OF THE COUNCIL

None.

22. ECONOMIC DEVELOPMENT STRATEGIES REVIEW

The Committee considered whether there were any recommendations to be made to the executive on the general ambition and vision of the Marches Local Enterprise Partnership draft strategic economic plan (SEP).

The Economic Development Manager (EDM) reminded the Committee that a SEP had originally been developed by the LEP in 2014 in consultation with the constituent authorities. It was now time to review the document. The document was important in that it set the LEPs priorities in support of which funding bids were submitted to government. The LEP had secured more than £105m to support economic growth. Herefordshire had secured about 50% of that funding for priorities within the county as they were aligned with the SEP. It was important to ensure that Herefordshire's priorities continued to be reflected in the SEP. The Committee could play an important role in this process by ensuring the SEP reflected the County's assets and needs.

The Director of the Marches LEP (DLEP) commented that the LEP Board had commissioned an external company to draft the SEP. The review of the SEP was timely as the Government was reviewing its future investment in economic development having regard to the withdrawal from the European Union. The LEP needed to make the case for investment in the Marches area to government and the SEP was the vehicle to do this. Predominantly the LEP had dealt with capital investment but in future, with the end to European funding, this would include revenue projects as well. However, the focus of the SEP would be on capital investment. It was important that Herefordshire, Shropshire and Telford and Wrekin made their economic development priorities for the next 5-10 years clear. The SEP would be a foundation and the next stage following its completion would be the development of the local industrial strategy. That would focus on areas where there was a need to improve productivity in the industry base. It was intended to finalise the SEP before the end of the year. She noted that the SEP was also a source of economic data that many partners found useful in supporting their own bids for funding.

Mr P White (PW) gave a presentation based on slides that had been circulated as a supplement to the agenda papers.

In discussion the following principal points were made:

- The DLEP confirmed that the document was being discussed with relevant government representatives. In the annual conversation the LEP was required to hold with them to discuss progress they had endorsed the LEPs intention to produce the SEP to provide clarity on future investment proposals. They would also be part of the consultation process.

She had briefed local MPs that the LEP was starting this process and the draft document would be sent to them when it was at a more advanced stage. The government was still looking for "shovel-ready" projects. The LEP was working with officers on infrastructure projects through, for example, Midlands Connect. Three projects in the LEP area had been included in the major road projects submitted to government by Midlands Connect. The LEP was engaged in lobbying a range of partners in support of projects.

- PW commented that he believed from contact he had had on another project that the work on the SEP reflected government expectations in relation to economic strategies. That influenced the emphasis on business sectors, priorities and key strengths of the area that would contribute to the national economic development.

- In response to a question about the inclusion of risks, the DLEP acknowledged that risks such as availability of migrant labour for agricultural enterprises and the ability to develop new technologies and mechanise processes needed to be reflected as a challenge. This could be included with the economic data in an annex to the SEP.
- The EDM commented that it would be important to highlight the potential for positive outcomes for the local economy such as the creation of higher skilled jobs supporting new technologies, working with businesses to turn challenges into opportunities.
- The DLEP confirmed in relation to the criteria for ranking projects that the LEPs accountability and assurance framework included a stringent process for prioritising projects and assessing value for money. Transport proposals were subject to a Department of Transport process.
- Reference was made to the contribution of the voluntary sector referred to at paragraph 6.42 of the report. PW commented that nationally instances of volunteering were recorded statistically in a particular way; he would confirm that the numbers quoted in the paragraph were consistent with the relevant definitions. However, the principal point was that the area had very high levels of economic engagement, higher than the rest of the country. Non-traditional forms of economic activity such as social enterprise and organised voluntary caring were a big part of the economy and in dispersed ageing populations this was important and would be a growth area. How to support the different aspects of that as it continued to grow and the nature of employment and technologies changed would need to be considered. Business support networks would need to consider how this wider economic model could be supported.

The DLEP commented that the LEP was aware of the importance of seeking to secure funding for the health and social care sector. Health and digital care was one of the strands within the document and there were two key advocates on the LEP Board. She would expect proposals to be included within the local industrial strategy.

- The DLEP confirmed that an action plan for the Marches energy strategy was being developed and that would be reflected in the SEP.
- PW also noted the importance of recognising the four grand challenges set out in the government's industrial strategy which had funding attached to them in both the SEP and the local industrial strategy.
- The DLEP noted in relation to anaerobic digesters that, whatever the pros and cons this was a matter of national policy. In terms of the LEP there was a usp for the area in that there was the potential for technology associated with them could be sold on globally.

The EDM commented that the ability of the farming sector to demonstrate the ability to diversify and be at the forefront of change was important for the sector's future and was one of the county's strengths.

- Economic development appeared to be heavily focused on Hereford, Shrewsbury and Telford. It was suggested that opportunities for the market towns merited further support.

In relation to existing industrial parks and the extent of their use, the EDM noted that the Leominster industrial estate was a private development with its own economic model. He agreed that it was important that the smaller parks in the county were supported for the benefit of the County's economy as a whole. They were generally well occupied, in the main by smaller locally based businesses and the economic development team were looking to encourage businesses to locate there and seeking to improve the parks, for example through the provision of broadband.

PW commented that he considered there would be advantage in having a strategic programme for employment sites.

In relation to market towns given their importance and recognising how different each one was, initial discussions had considered developing a phased programme of activity, working with local businesses and partners to identify local strengths, opportunities and challenges. This would include identifying whether there were any priorities that needed to feature in the overall strategy for the LEP area and whether there were any more local priorities, noting that some towns would already have town plans in place. Any thoughts on this aspect were welcome.

- A member observed that retention of businesses and growth of new businesses would assume even greater significance if local authorities were given the power to retain business rates.
- It was suggested that as the SEP was a submission to government competing for funding with other LEPs care should be taken to avoid too much detail on matters that it would be more appropriate to discuss at county level.
- The cabinet member – economy and communications commented on support currently offered to market towns and to the rural areas and work to secure investment. He highlighted the availability of broadband as a key issue for rural businesses and under the Fastershire project sums of money had been reserved specifically for this purpose. Regular meetings were also held with the top 25 businesses in the county to discuss the challenges they were facing.
- The cabinet member - finance and corporate services suggested that there was scope for the SEP to be more distinctive highlighting the local/regional context and the unique opportunities in the area. In general terms account also needed to be taken of the decline in the proportion of the population in the county of working age and the implications of this for matters such as training and how to attract people of working age to move into the county. The SEP could highlight the variety of housing available, and the lifestyle on offer which did provide a point of difference with other areas.
- PW commented that in being clear about why people should come to the area there was a need for clarity on what they would do once they were here. In addition to referencing housing and lifestyle the areas distinctive business strengths needed to be highlighted. Several of these strengths linked to challenges facing the country and could therefore attract particular interest at national level.

(The meeting adjourned between 3.30-3.35pm.)

- In relation to planning policy and economic growth the acting director commented that the council's core strategy supported economic growth and the aim was to have policies and practices in place that supported businesses.
- A member suggested an east-west Leominster bypass should be pursued.
- The DLEP advised that funding for primary and secondary school infrastructure was not within the LEP's remit. The LEP had been involved with secondary schools and colleges in support for the development of a curriculum relating to local business needs.
- The DLEP confirmed that additional content on housing need and provision would be included in the SEP, acknowledging that there were particular issues regarding affordability.
- A member suggested that raising the average wage should be the county's objective and the SEP represented an opportunity to achieve this.

The EDM commented that this was an example of an area where the council would work with the LEP, with infrastructure secured via the LEP enabling the council to bring forward housing and employment land.

- It was suggested that a further report to the committee in 6 months time would be useful. The DLEP commented that she would readily report back to the Committee on progress noting that it was likely that the draft local industrial strategy would also be available for scrutiny in the middle of 2019. Attendance at the Committee as it saw fit would be in keeping with government encouragement to LEPs to improve engagement with scrutiny. The potential for some joint scrutiny work across the LEP area, possibly on a 6 monthly basis, was also being explored.

RESOLVED:

- That (a) the executive be encouraged to ensure that in developing the strategic economic plan the plan includes more detail on market towns, supporting service centres and the voluntary sector and energy projects and reflects the unique selling points of the county; and**
- (b) the Director of the LEP be invited to discuss with the Statutory Scrutiny Officer when it might be timely for the Committee to give consideration to progress on the strategic economic plan or other Marches LEP matters and the Statutory Scrutiny Officer be authorised following consultation with the Chairman and Vice-Chairman to put forward any matters requiring consideration by the Committee as part of its work programme.**

23. WORK PROGRAMME

The Committee reviewed its work programme.

The Children and Young People Scrutiny Committee had recommended that the Committee review the reducing youth offending delivery plan, being produced by the Herefordshire Community Safety Partnership (CSP), and also scrutinise the CSPs approach to youth crime and anti-social behaviour.

There was a consensus that the numbers of reoffenders was very small and this issue should not be considered in isolation but, if feasible, incorporated into any wider consideration of community safety matters.

It was reported that a meeting had taken place between the Statutory Scrutiny Officer and the Acting Director – Economy and Place to review when it would be timely to consider the large number of items listed on the work programme but as yet unallocated to a particular meeting. The conclusion reached was that most of those items could not be considered until the summer of 2019 and would therefore need to be reviewed as part of the next annual work programming session. In effect the two remaining items were community safety and aspects of the Local Government Association peer review. A number of deletions were also proposed as set out in the appendix.

In relation to the peer review a Member expressed a particular wish to look at the relationship with town and parish councils and the partnership with the voluntary sector where their work meant a reduction in the need for statutory services.

In discussion of the previous item it had been noted that proposals for scrutiny of Local Enterprise Partnership related matters would be forthcoming.

RESOLVED: That the draft work programme, as set out at appendix 1 to the report be approved as amended.

24. DATE OF NEXT MEETING

Friday 30 November 2018 at 10.15 am.

The meeting ended at 4.13 pm

Chairman



Meeting:	General scrutiny committee
Meeting date:	Friday, 30 November 2018
Title of report:	Setting the 2019/20 budget, capital investment and updating the medium term financial strategy
Report by:	Leader of the Council

Classification

Open

Decision type

Budget and policy framework.

Wards affected

(All Wards);

Purpose and summary

To seek the views of the general scrutiny committee on the budget proposals for 2019/20.

The draft medium term financial strategy (MTFS), attached at appendix 1, has been extended to 2021/22 based on current assumptions on future funding and service requirements.

The draft revenue budget shows a proposed increase in council tax of 4.9% (inclusive of 2% adult social care precept). The proposed budget follows a base budget exercise seeing directorate base budgets increase reflecting current service requirements. There is a need to deliver savings of £3.9m in 2019/20 to deliver a balanced budget.

The draft capital investment budget proposals, attached at appendix 3, amount to £30.3m of new capital investment over the MTFS term. The supporting business cases are attached at appendix 4.

The committee is invited to make recommendations to inform and support the process for making cabinet proposals to Council regarding the adoption of the budget and associated budget framework items, including providing constructive challenge to the cabinet's proposals.

Recommendation(s)

That:

- (a) **having regard to the proposals and the budget consultation responses, attached at appendix 7, the committee determines any recommendations it wishes to make to Cabinet in relation to the:**
- **draft MTFS 2019/2022 at appendix 1;**
 - **draft savings proposals attached at appendix 2;**
 - **draft capital investment budget requests at appendix 3;**
 - **draft capital investment budget requests supporting business cases attached at appendix 4;**
 - **draft capital strategy to 2030 at appendix 5; and**
 - **draft treasury management strategy at appendix 6.**

Alternative options

1. There are no alternatives to the recommendations; Cabinet is responsible for developing budget proposals for council consideration and it is a function of this committee to make reports or recommendations to the executive with respect to the discharge of any functions which are the responsibility of the executive. The council's budget and policy framework rules require Cabinet to consult with scrutiny committees on budget proposals in order that the scrutiny committee members may inform and support the process for making Cabinet proposals to Council.
2. It is open to the committee to recommend alternative spending proposals or strategies; however given the legal requirement to set a balanced budget should additional expenditure be proposed compensatory savings proposals must also be identified.

Key considerations

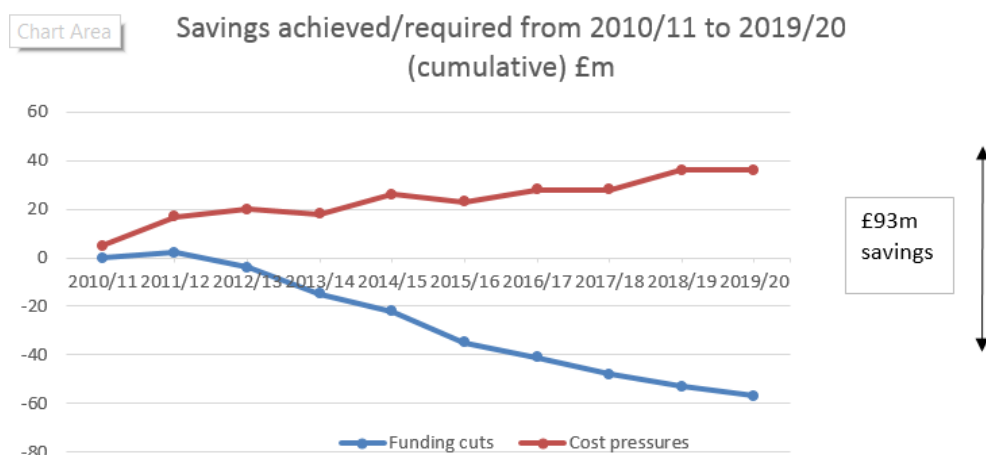
3. The draft medium term financial strategy (MTFS), attached at appendix 1, has been updated to reflect current spending, a review of savings plans, contingencies and pressures. The draft MTFS reflects the current financial strategy and will continue to be updated as the financial settlement for 2019/20 is confirmed, this is expected on 6 December, and as further announcements on funding reform are received.
4. The MTFS has been extended by one year to cover the three financial years 2019/20 to 2021/22. The current local government settlement period ends in 2019/20; post 2019/20 councils are to become funded from local resources, council tax and 75% local business rate retention. This fundamental funding change, coupled with fair funding (the allocation of national resources to the local level) and baseline need (the national assessment of minimum local resource need) reviews currently underway leads to uncertainty on future funding and responsibilities. The MTFS has been modelled on current understanding however further announcements are expected

over the coming months.

5. For 2019/20 it is assumed that council tax will increase by 4.9% in total, 2.9% general increase in council tax plus an increase of 2% in relation to the adult care precept. Going forward a 4.5% annual uplift has been assumed. Herefordshire accepted the four year funding settlement in 2016/17 and this forms the funding assumptions for 2019/20. The four year settlement included the following for 2019/20:-

	2019/20
	£000
Revenue Support Grant	620
Rural Services Delivery Grant	4,093
Total	4,713

6. The council has delivered a balanced outturn in previous financial years by delivering savings as central government funding has been reduced. Since 2010 the council has delivered £90m of savings and its revenue support grant has decreased from £60.1m in 2011 to £0.6m in 2019/20.



7. The recent Local Government Association corporate peer challenge report noted:

“The Council has successfully delivered financial savings in recent years, while at the same time increasing general and earmarked reserves. As a result, the Council is in a relatively secure financial position over the medium term which provides a platform to realise the county’s ambitions”

8. Council will be asked to approve the 2019/20 budget on 15 February 2019; this will follow confirmation of the final financial settlement for 2019/20 which is expected on 6 December. Council will also be asked to approve the updated MTFs to 2021/22 and the associated treasury management strategy and the capital strategy, these are attached at appendix 5 and 6. The capital strategy is a new document required under the CIPFA Prudential Code (December 2017). The purpose of the capital strategy is to state the council’s capital investment ambition in the context of the sustainable, long term delivery of services. The treasury management strategy details the management of the council’s investments and cash flows; the effective control of the risks associated

with those activities; and the pursuit of optimum performance consistent with those risks.

9. The Herefordshire Council Corporate Plan 2016 – 2020 was adopted by Council in February 2016. This identified four priorities:
- Keep children and young people safe and give them a great start in life
 - Support the growth of our economy;
 - Enable residents to live safe, healthy and independent lives; and
 - Secure better services, quality of life and value for money.
10. The vision adopted by cabinet in September 2016 of: ‘People, organisations and businesses working together to bring sustainable prosperity and well-being for all, in the outstanding natural environment of Herefordshire.’ builds on the four corporate plan priorities and has helped to inform the development of our 2019/20 budget and medium term financial strategy.

Base budget proposed and savings plan

11. A base budget exercise was completed ahead of proposing the budget below, this involved:-
- a. Costing the service based on the current requirement of the service, not rolling over previous budgets.
 - b. Income budgets to reflect income receivable.
 - c. Pay budgets to reflect actual establishment, deleting vacant posts without budget or not planned to be filled.
 - d. Performance in 2018/19.
 - e. Projected population pressures.
 - f. 2018/19 policy changes.
12. This has identified £20.0m of funded pressures over the draft MTFS period, £10.3m in 2019/20.

2019/20 funded pressure	Adults and communities	Children and families	Economy and place	Corporate services	Total
	£'000	£'000	£'000	£'000	£'000
Pay inflation	329	503	543	133	1,508
Contract inflation			774	13	787
Looked after children		1,800			1,800
Demographic growth	945				945
DOLS and restructure impact	609				609
Fee uplift	1,000				1,000
Delayed transfer of care & market support	2,380				2,380

Market forces		500			500
Allowances		338			338
Post Ofsted management capacity		100			100
Agency cover		186			186
Feasibility of capital investment budget requests			100		100
Support the autism strategy	25				25
TOTAL	5,288	3,427	1,417	146	10,278

13. The current savings plans require £8.0m of savings over the MTFs period, £3.9m in 2019/20. The saving requirement represents the funding gap arising from increased cost pressures and funding assumptions. In 2018/19 the service is spending significantly above budget, the base budget for 2019/20 has been uplifted to reflect the expectation that this level of spend will continue. Savings have been reviewed and only those that are determined to be deliverable, albeit with possible service delivery consequences, are included. A summary is provided below with the detail shown in appendix 2.

2019/20 savings requirement	Adults and communities	Children and families	Economy and place	Corporate services	Central	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Workforce & service delivery savings	600		178	59		837
Maximise income generation	100					125
Manage inflation and secure contract efficiencies		200				200
Efficiency savings			394	36	200	630
Reduced cost of Transport			225			225
Phased removal of subsidies to parish councils			100			100
Waste & Sustainability			30			30
Savings in Museums and Archives			250			250

Further information on the subject of this report is available from
 Josie Rushgrove, Tel: 01432 261867, email: jrushgrove@herefordshire.gov.uk

Accommodation Strategy			360			360
Procurement Savings			500			500
Public Realm savings			200			200
Base budget realignment			280	220		500
TOTAL	700	200	2,517	315	200	3,932

Base revenue budget 2019-20

14. The draft budget for 2019-20 is set out below. The detailed budget line split of the previous economies, communities and corporate directorate into economy and place and corporate services directorates is continuing. The base budget below shows the net budget position; the gross budget will include the dedicated school grant (£125m), improved better care fund (£5.7m) and public health grant (£9.0m).

	2018/19 revised base	Funded pressures & other movements	Savings	2019/20 draft base budget
	£'000	£'000	£'000	£'000
Adults and communities	52,087	5,288	(700)	56,675
Children and families	23,958	3,427	(200)	27,185
Economy and place	34,046	1,417	(2,517)	32,946
Corporate services	9,424	146	(315)	9,255
Sub Total	119,515	10,278	(3,732)	126,061
Centrally held budgets	24,609	(1,483)	(200)	22,926
Total	144,124	8,795	(3,932)	148,987
Financed by				
Revenue support grant	5,370			620
Business rates	33,256			35,457
Council tax	98,445			103,908
New homes bonus	2,540			2,029
Rural sparsity delivery grant	4,093			4,093
Collection fund surplus (one off)	420			500
Adult social care grant (one off)				2,380
Total	144,124			148,987

Financing

15. The 2019/20 net budget requirement is financed by retained funding from council tax (£104m) and business rates (£35m) as shown in the table above. Assumptions include 4.9% increase in council tax (2.9% general increase and 2% adult social care precept) and business rate reliefs being funded via a central government grant. Central

government funding is included as accepted in the four year funding settlement. The recent budget announcement of additional social care grant funding is also included at £2.4m.

16. If the settlement expected on 6 December provides additional monies to the draft base budget shown above, unless the use of those funds is specified by government, these will be added to strategic reserves to assist with smoothing future pressures, and access to those reserves will be subject to further governance.

Reserves

17. The base budget excludes funding from reserves. Cabinet completed their annual review of earmarked reserves in June 2018. Reserves are expected to increase in 2018/19 from savings in minimum revenue provision costs and additional monies announced in the final 2018/19 settlement.

Capital Budget

18. Attached at appendix 3 is the current capital investment budget requests, totalling an additional £30.3m of capital investment over the MTFS term. The requests received are from all directorates and support the councils corporate plan objectives.
19. This investment can be afforded in current budget proposals, approval is reserved to Council, scrutiny is asked to review the appendix and supporting business cases at appendix 4 to determine any recommendation it wishes to make.
20. Each additional £1m of prudential borrowing costs in principal and interest cost repayments of £61k per annum when invested in an asset with a useful economic life of 25 years.

Budget setting timetable

21. Below is a summary of the 2019/20 budget setting timetable.

Date	Meeting	Purpose
27 November 2018	Adults and wellbeing scrutiny committee	To consider adults and communities revenue and capital budget proposals and updated medium term financial strategy and agree any recommendations to be made to Cabinet
29 November 2018	Children and young people scrutiny committee	To consider children and families revenue and capital budget proposals and updated medium term financial strategy and agree any recommendations to be made to Cabinet
30 November 2018	General scrutiny committee	To consider the overall revenue and capital budget proposals and updated medium term financial strategy, treasury management strategy and capital strategy and agree any recommendations to be made to Cabinet
31 January 2019	Cabinet	To agree the draft revenue and capital budget 2019/20, treasury management

Further information on the subject of this report is available from
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		strategy, capital strategy and medium term financial strategy for recommendation to Council
15 February 2019 9.30am	Council	Deadline for Members intending to propose an amended motion (as per Section 1 paragraph 4.1.105 and 4.1.106 of Constitution)
15 February 2019	Council	To agree the council's revenue and capital budget for 2019/20, treasury management strategy, capital strategy and medium term financial strategy

Community impact

22. The MTFs and budget demonstrate how the council is using its financial resources to deliver the priorities within the agreed corporate plan.
23. The council is committed to delivering continued improvement, positive change and outcomes in delivering our key priorities.
24. In accordance with the principles of the code of corporate governance, Herefordshire 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.

Equality duty

25. 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.
26. We will carry out service specific equality impact assessments for the service specific budget proposals to assess the impact on the protected characteristic as set out in the Equality Act 2010.
27. The duty means that the potential impact of a decision on people with different protected characteristics is always taken into account when these assessments have been completed then we will consider mitigating against any adverse impact identified.

28. Where additional governance is required to support possible service delivery changes the impact of a decision on people with different protected characteristics will be fully detailed and disclosed in that governance decision report.

Resource implications

29. The financial implications are as set out in the report. The ongoing operational costs including, HR, IT and property resource requirements are included in the draft budget and will be detailed in separate governance decision reports as appropriate

Legal implications

30. When setting the budget it is important that councillors are aware of the legal requirements and obligations. Councillors are required to act prudently when setting the budget and council tax so that they act in a way that considers local taxpayers. This also covers the impact on future taxpayers.
31. The Local Government Finance Act 1992 requires a council to set a balanced budget. To do this the council must prepare a budget that covers not only the expenditure but also the funding to meet the proposed budget. The budget has to be fully funded and the income from all sources must meet the expenditure.
32. Best estimates have to be employed so that all anticipated expenditure and resources are identified. If the budget includes unallocated savings or unidentified income then these have to be carefully handled to demonstrate that these do not create a deficit budget. An intention to set a deficit budget is not permitted under local government legislation.
33. The council must decide every year how much they are going to raise from council tax. The decision is based on a budget that sets out estimates of what is planned to be spent on services. Because the level of council tax is set before the year begins and cannot be increased during the year, risks and uncertainties have to be considered, that might force higher spending more on the services than planned. Allowance is made for these risks by: making prudent allowance in the estimates for services; and ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.
34. Local government legislation requires the council's S151 officer to make a report to the full council meeting when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals (the statement is contained within the risk management section of this report). This is done so that members will have authoritative advice available to them when they make their decisions. As part of the Local Government Act 2003 members have a duty to determine whether they agree with the S151 statutory report.
35. The council's budget and policy framework rules require that the chairmen of a scrutiny committee shall take steps to ensure that the relevant committee work programmes include any budget and policy framework plan or strategy, to enable scrutiny members to inform and support the process for making cabinet proposals to Council.

Risk management

36. Section 25 of the Local Government Act 2003 requires the S151 officer to report to Council when it is setting the budget and precept (council tax). Council is required to

take this report into account when making its budget and precept decision. The report must deal with the robustness of the estimates included in the budget and the adequacy of reserves.

37. The budget has been updated using the best available information; current spending, anticipated pressures and the four year grant settlement. This draft will be updated through the budget setting timetable.
38. The most substantial risks have been assessed as part of the budget process and reasonable mitigation has been made. Risks will be monitored through the year and reported to cabinet as part of the budget monitoring process.
39. There are additional risks to delivery of future budgets including the delivery of new homes, Brexit, government policy changes including changes to business rates and unplanned pressures. We are maintaining a general fund reserve balance above the minimum requirement and an annual contingency budget to manage these risks.
40. Demand management in social care continues to be a key issue, against a backdrop of a demographic of older people that is rising faster than the national average and some specific areas of inequalities amongst families and young people. Focusing public health commissioning and strategy on growth management through disease prevention and behaviour change in communities is critical for medium term change. In addition re-setting our relationship with communities focussing services on areas of greatest professional need will support the MTFs.
41. The risks and mitigating action is shown in Appendix M4 of the MTFs, copied below:-

	Key Financial Risks	Likelihood	Impact	Mitigating Actions
1	Unexpected events or emergencies By its nature, the financial risk is uncertain	Low	High	<ul style="list-style-type: none"> • Council maintains a Strategic Reserve at a level of between 3% and 5% of its revenue budget for emergency purposes • Level of reserve is currently £7.9m (5% of budget)
2	Increasing demand for Adult Social Care Demand for services continue to increase as the population gets older	High	Medium	<ul style="list-style-type: none"> • Demand led pressures provided for within our spending plans • Activity indicators have been developed and will be reported quarterly alongside budget monitoring
3	Potential Overspend and Council does not deliver required level of savings to balance spending plans Challenging savings have been identified within our spending plans.	Medium	Medium	<ul style="list-style-type: none"> • High risk budget areas have been identified and financial support is targeted towards these areas • Regular progress reports on delivery of savings to Management Board and Cabinet • Budget monitoring arrangements for forecasting year end position in place and forecast balanced • Plan to review level of cover available from General reserves in place
4	Potential overspend on Special Education Needs the duty to secure provision identified in Education, Health and Care plans means an overspend may occur	Medium	Medium	<ul style="list-style-type: none"> • This is a national issue with lobbying to increase central government funding • A review of the application of the matrix is underway

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5	Increase in Pension Liabilities Our contributions are influenced by market investment returns and increasing life expectancy.	Medium	Low	<ul style="list-style-type: none"> Spending plans reflect the level of pension contribution required as identified by the Pension Fund's Actuary in 2016 for the next three years
6	Failure to provide safeguarding and placements for children There is an increasing requirement to provide sufficient school places There is a rising number of children requiring specific support	Medium	High	<ul style="list-style-type: none"> Provision has been made in the capital programme to increase school places Directorate plans in place to manage and mitigate demand Ongoing reviews of children already under care of council
7	Volatility in future funding streams in Government funding streams and Business Rates Retention	High	Medium	<ul style="list-style-type: none"> Prudent assumptions made in budget Ongoing review of developing business rate changes Business case to support future investment decisions
8	Brexit Impact of EU exit may lead to increased volatility in economic stability and reduced access to funds	Medium	Medium	<ul style="list-style-type: none"> Reduced reliance on grant funding in all directorates Increased local economic and social investment to increase core income

42. We retain the risk of on-going litigation claims which may result in one off costs falling due; a risk mitigation reserve of £3.6m has been set aside to fund this.

Consultees

43. The council's 2019/20 budget consultation took place from 5 July 2018 until 21 September 2018. A short survey was developed to seek views on a variety of proposals, including should the council increase its borrowing to enable more investment across the county and a 4.9% total increase in council tax. The consultation was open to all, including parish councils, health partners, the schools forum, business ratepayers, council taxpayers, the trade unions, political groups on the council and the scrutiny committees. Meetings were specifically held with businesses, parish councils and representatives from the voluntary sector to promote the consultation and information was also sent to partner bodies.

44. There were a total of 227 responses to the consultation; 225 responses to the standard questionnaire and 2 responses as emails. Although as self-selecting, these respondents are not statistically representative of the general population, their views are an important element of the wider evidence base against which the budget proposals should be considered. The consultation report is attached at appendix 7. Key outcomes of the consultation include:-

- 51% of respondents thought the council's proposal to increase Council Tax by 4.9% was about right or not enough;
- 37% of respondents supported the council increasing its borrowing requirement by £22.3m to increase the level of investment in the county, and 15% supported borrowing more;
- 78% of respondents agreed that funding should support employing more children's social workers and to support more help for children, young people and families at an early stage;
- 56% of respondents stated they did not agree with the allocation of Council Tax spend between services as set out in the consultation, however there was no

- consensus on alternative ways of allocating resources.
- e. 49% of respondents supported 'keeping the maximum discount of 84%' for the low income households Council Tax discount.
 - f. 44% supported to 'continue to award the same level of business rate discount'
45. In response the proposed budget:-
- a. Includes a 4.9% proposed council tax increase.
 - b. Council borrowing for capital investment will be maintained as proposed.
 - c. The council's local council tax reduction scheme and business rate discounts will be maintained with the same parameters in 2019/20.
 - d. £1.6m will be used to employ more children's social workers and to support more help for children, young people and families at an early stage. Cabinet proactively recognised the need to invest in this important area of the council's business. When Ofsted inspected this service area in June 2018 they acknowledged this investment and highlighted the need to increase capacity of social workers and managers to cope with the need for services and the volume of social worker caseloads.

Appendices

Appendix 1 - draft MTFS 2019/20 – 2021/22

Appendix 2 – proposed savings details

Appendix 3 - capital investment budget requests

Appendix 4 – capital investment budget request business cases

Appendix 5 – capital strategy

Appendix 6 - treasury management strategy

Appendix 7 – budget consultation outcome

Background papers

None identified.

**Medium Term
Financial Strategy
2019/20 – 2021/22**

Herefordshire Council's Medium Term Financial Strategy

Introduction

The medium term financial strategy (MTFS) outlines the measures Herefordshire Council has taken since 2010 to deliver savings, and describes the 2019/20 budget proposal and financial forecasts up to 2021/22.

Rising to the financial challenge

Central government introduced measures in 2010 which has seen a reduction in the revenue support grant from £60.1m in 2011/12 to £5.3m in 2018/19 (reducing further to £0.6m in 2019/20). Over the same time period council services have seen increasing demand, particularly for adult social care and looked after children.

The council has risen to this financial challenge, by:-

- Delivering substantial savings of £90m
- Delivering services differently
- Increasing its financial reserves
- Consistently delivering balanced budgets

This has been achieved by the council:-

- Delivering organisational efficiencies including consolidating staff in fewer buildings, reducing the number of staff including agency staff, and introducing staff mandatory unpaid leave days.
- Changing models of service delivery to focus on self-help, and early help and intervention to reduce the demand for higher cost interventions.
- Reconfiguring household waste collection and grass cutting services.
- Expanding the use of technology to enable people to contact the council through the website at a time that suits them, with a reduction in the need for face to face and phone contact to use resources for people who need them most.
- Supporting greater community involvement in services such as community libraries, litter picks, environmental and bio-diversity initiatives.
- Maximising commercial opportunities ensuring where possible, fees are set at levels which secure full cost recovery, and exploring further income generation opportunities from fees and charges, for example car parking.
- Reviewing the council's smallholdings estate

At the same time the council has:-

- Significantly improved adult social care client satisfaction
- Worked with external partners to produce a business case which secured

£23m of government funding to establish a new university in Hereford

- Delivered a new livestock market and a privately funded retail and leisure development on the old livestock market site
- Progressed plans for a by-pass for Hereford city and delivered major infrastructure improvements to the city and county road network
- Opened the new Hereford City Link Road which provides development opportunities for business, residential and public sector organisations.
- Successfully delivered the Hereford Enterprise Zone, creating over 600 jobs
- In partnership with Worcestershire County Council opening a new energy from waste plant
- In partnership with Gloucestershire County Council implementing the 'Fasterhire' programme delivering broadband to 80% of the county

2019/20 budget proposal

The MTFs proposes a balanced 2019/20 budget achieved by increasing council tax charges by 4.9%, inclusive of a 2% adult social care precept and committing to delivering savings of £3.9m.

2019/20 savings requirement	Total
	£'000
Workforce and service delivery savings	1,037
Maximise income generation	125
Manage inflation and secure contract efficiencies	200
Efficiency savings	430
Reduced cost of transport	225
Phased removal of subsidies to parish councils	100
Waste & Sustainability	30
Savings in museums and archives	250
Accommodation strategy savings	360
Procurement savings	500
Public realm savings	175
Base budget realignment	500
TOTAL	3,932

Going forward

The council is recognised as being in a relatively secure financial position over the medium term which provides a platform to realise the county's ambitions.

It has increased its revenue reserves in recognition of the challenges yet to come. There are changes to national funding of local government we are continuing to assess the impact of. We have growing demographic pressures, particularly relating to adult social care and children with disabilities, and the council needs to address the barriers to growing our economy.

The latest external audit opinion concluded that the council is financially sustainable for the foreseeable future. This MTFS demonstrates how the council will continue to utilise its financial resources to support its corporate plan objectives and realise its ambitions.

DRAFT

1. Overview

- 1.1. The council's gross annual revenue expenditure is in the region of £325m, this is funded by a combination of council tax, business rates, specific grants, rents, third party contributions and income from sales, fees and charges. Approximately £80m is ring-fenced to schools. This leaves the council with around £245m to meet its wide range of statutory requirements and to meet the needs of our residents, businesses and communities.
- 1.2. The council's capital expenditure on its physical assets is separate from revenue expenditure on day to day services and totals approximately £50m each year. This expenditure is funded from a combination of specific grants, third party contributions, capital receipts from sale of assets, contributions from the Local Enterprise Partnership and borrowing.

2. Medium Term Financial Strategy

- 2.1. This Medium Term Financial Strategy (**MTFS**) covers the financial years 2019/20 to 2021/22 and demonstrates how the council will maintain financial stability, deliver efficiencies and support investment in priority services, whilst demonstrating value for money and maintaining service quality.
- 2.2. 2020/21 onwards is currently an estimate as we are awaiting the outcome of the next Government comprehensive spending review.
- 2.3. Herefordshire's key priority areas are:
 - **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**
 - **secure better service, quality of life and value for money.**
- 2.4. This medium term financial strategy (MTFS) contains progress on the financial challenges the council faces alongside the increasing demands for services. There are higher costs associated with the county's rurality and demographics. The council aims to balance this challenge by supporting independent, safe and healthy lives.
- 2.5. The Council continues to provide value for money service delivery and aspires to bring sustainable prosperity and well-being for all.
- 2.6. During this MTFS period the funding of council services will change significantly, central government is leading a fair funding review and local rate retention will become live as we await the next comprehensive spending settlement which is due in

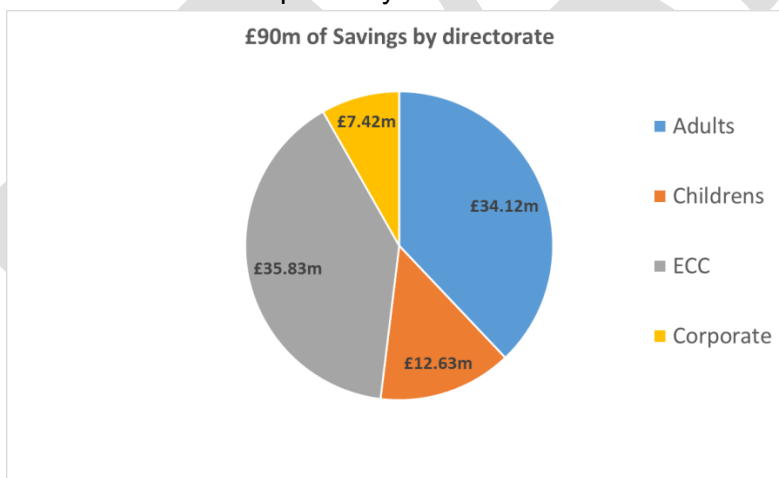
the spring 2019.

- 2.7. The council recognises the need to grow and has plans for new homes throughout the county, new employment opportunities, infrastructure and supporting the establishment of a new university.

3. Financial outlook

- 3.1. The MTFS extends the time period under review to include 2021/22. This continues with the longer-term planning approach that is now well embedded in the Council's strategic financial management arrangements. As core government funding disappears in 2020/21 the council will become increasingly self-reliant upon local resources, council tax and business rates. Although the latter is in itself an uncertain funding source at this time.

- 3.2. By the end of 2018/19 the council will have made ongoing savings of circa £90m in the last ten years. This has involved taking some difficult decisions about the delivery of services; however the approach of long term planning supported by strong governance and a delivery focus across the whole council has meant that savings have been delivered on time or slightly ahead of time. This past strong performance in this area cannot be regarded as a guarantee for the delivery of savings in the future, and there is a need to avoid complacency.



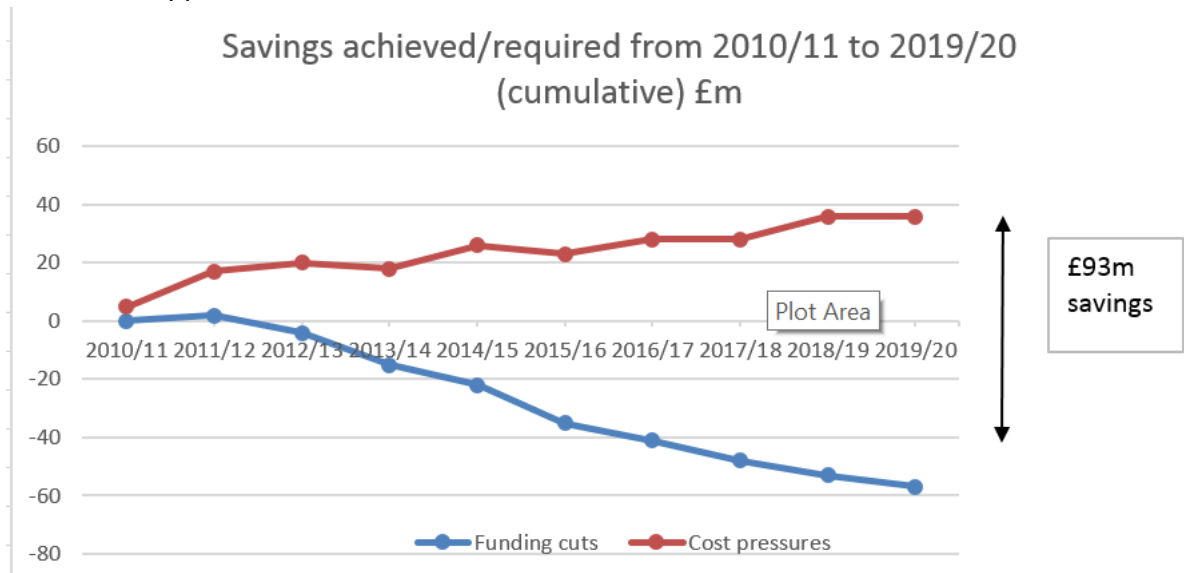
- 3.3. As well as meeting the councils legal responsibility to set a balanced budget, the benefits of long term financial planning are:

- Ensuring resources are allocated to the councils priorities,
- Improving value for money,
- Maintaining financial stability,
- Managing significant financial risks.

3.4. The medium term financial strategy is underpinned by the following key principles:

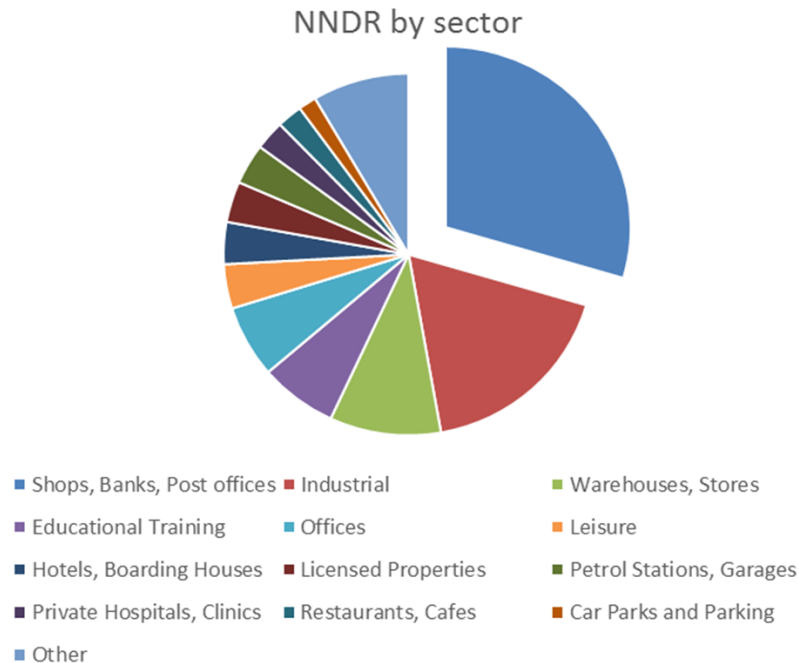
- Prudent assessment of future resources and unfunded cost pressures.
- Appropriate levels of income generated across all areas of the council, and prompt collection of all sums owed to the council.
- Prudent assessment of provisions required to mitigate future liabilities.
- Risk assessed level of reserves and balances held to mitigate potential financial liabilities and commitments.
- Prudent and planned use of reserves to fund expenditure
- Maximisation of capital receipts from disposals.
- Maximisation of external grant funding that meets our priorities.
- Prudent and proportional use of the councils borrowing powers to undertake capital investment that is not funded by capital receipts or contributions from third parties.
- Promotion of invest to save opportunities via detailed assessments of business cases.
- Effective forecasting and management of the council's cash flow requirements.
- Effective management of treasury management risks, including smoothing out the debt maturity profile, borrowing only when necessary and taking advantage of opportunities arising because of disconnects in the market between long term and short term rates.
- Full integration of revenue and capital financial decision processes, to ensure the revenue implications of capital projects are appropriately reflected in the medium term financial strategy.
- Production of detailed implementation plans for all savings proposals.
- Sign-off of all revenue budgets by the relevant senior managers including any savings plans before the commencement of the financial year.
- Regular monitoring of budgets and robust management actions to address any unplanned variances that arise.

- 3.5. Whilst the councils finances have contracted the demand for services have grown. The council faces a constant challenge to manage the increases in demand for adult social care and looked after children that are increasing significantly year on year.
- 3.6. The council accepted a four-year Funding Settlement from the Government in 2016 and 2019/20 is the fourth and final year of that settlement. The impact of this will see the reduction in Revenue Support Grant to £0.6m in 2019/20 compared to £60.1m of Revenue Support Grant in 2011.



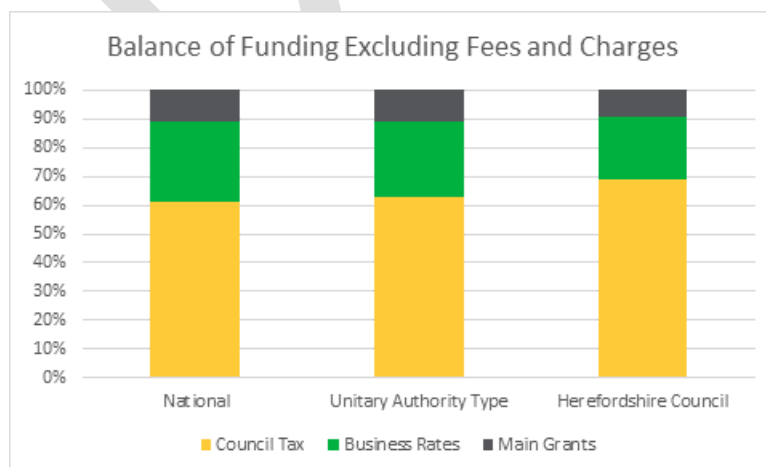
- 3.7. Over the life of the Funding Settlement the Government has introduced a range of temporary funding measures to assist with the increasing demands in adult social care but with little or no certainty beyond 2019/20.
- 3.8. Government policy is likely to be influenced by a range of internal and external factors over the coming years; it is not possible to assess the impact of the United Kingdom's withdrawal from the EU in March 2019 at this point in time. Government have indicated that that there will be a new comprehensive spending review in early 2019.
- 3.9. Government have also indicated that the Adult Social Care Green Paper will arrive shortly. There is likely to be an extensive national debate about how to find a sustainable solution to the funding of care for an ageing population. This is a complex problem and it is very hard to predict when a solution will be found or when and how the solution will be implemented. This creates significant challenges for the Council in making medium term financial plans as a number of the shorter term funding solutions for care costs from Government are scheduled to end during the life of the MTFs, before a sustainable funding solution is found.
- 3.10. We are awaiting confirmation from Government of the implementation timetable for the move to business rates being retained by local government. Government has indicated that it expects the move to be "fiscally neutral" and that councils should

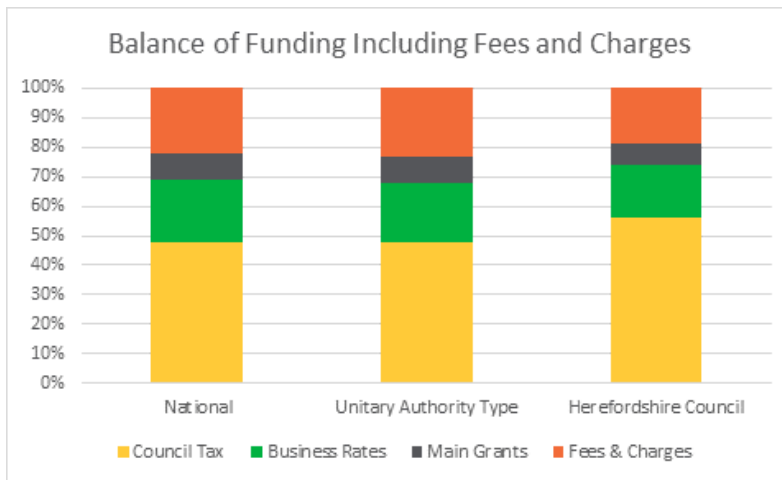
therefore pick up equivalent responsibilities commensurate with the additional funding, this raises a number of difficult challenges for the council given the makeup of the current business rates tax base within the county, with a large element reliant on retail businesses, as shown below.



4. Funding assumptions

The council's main income stream is council tax and this is set to continue. This is positive in that it is a locally controlled funding stream and is expected to grow. A summary of how the income streams compare to unitary and national councils is shown in the graphs below.





The assumption built into the MTFS is 4.9% Council Tax increase in 2019/20 and an increase of 4.5% in future years.

	2019/2020	2020/2021	2021/2022
	£000	£000	£000
Revenue Support Grant	620		
Business Rates	35,457	45,853	46,555
Council tax	103,908	109,375	115,211
New Homes Bonus	2,029		
Rural Sparsity Delivery Grant	4,093		
Collection Fund Surplus (one off)	500		
Adult social care grant (one off)	2,380		
	148,987	155,228	161,766

5. Savings by directorate

The council delivered £77m of savings since 2010, with a further £13m expected to be delivered in the current 2018/19 year. Going forward further savings are required to ensure the council does not overspend. Savings required for the next three years is £7.9m, as set out below, giving a savings total of £98m between 2010 and 2022.

	2019/2020	2020/2021	2021/2022	Total
	£000	£000	£000	£000
Adults and wellbeing	700	600	500	1,800
Children's wellbeing	200	300	650	1,150
Economy, communities and corporate	2,832	700	350	3,882
Other corporate savings	200	500	500	1,200
	3,932	2,100	2,000	8,032

6. Directorate base budget movements

	AWB £000	CWB £000	ECC £000	Corporate £000	Total £000
2018/19 base budget	51,929	23,402	41,961	26,832	144,124
2018/19 movements	158	556	1,509	(2,223)	0
Pressures	2,908	3,427	1,563	48	7,946
Savings	(700)	(200)	(2,832)	(200)	(3,932)
Other corporate movements				(2,031)	(2,031)
2019/20 base budget (excluding one offs)	54,295	27,185	42,201	22,426	146,107
Pressures	2,717	714	1,533	91	5,055
Savings	(600)	(300)	(700)	(500)	(2,100)
Public health new responsibility	6,000				6,000
Other corporate movements				166	166
2020/21 base budget	62,412	27,599	43,034	22,183	155,228
Pressures	2,219	732	1,575	94	4,620
Savings	(500)	(650)	(350)	(500)	(2,000)
Other corporate movements				3,918	3,918
2021/22 base budget	64,131	27,681	44,259	25,695	161,766

7. University

- 6.1 The New Model in Technology & Engineering (NMiTE), Hereford's nascent engineering only university, has the potential to be one of the key catalysts that enable the transformation of the county's economy. In a world driven by the knowledge economy, technology and urbanisation the advent of the university from 2020 will over the next 15-20 years not only increase the intellectual capital of Herefordshire but also has the potential to support steady population growth. With 1,600 students recruited each year this will balance the annual out-migration of young people. In addition it is likely that at least ten per cent of graduates will remain in or near the county making Herefordshire an attractive inward investment location for employers needing hi-tech work-ready employees.
- 6.2 The direct impact on the economy, over the next 15 years, will come from £550 million capital investment to build 40,000 sq metres of teaching space and 150,000 sq metres of student accommodation to house up to 5,000 students resident for 46 weeks for the three years of each student's study period. At this peak capacity NMiTE will employ nearly 600 staff directly (many requiring homes) and will be supported by a range of local suppliers. Based on data from other university cities NMiTE is expected to add at least £120 million annually to the county's GDP. Taken together, the various impacts of NMiTE will do much to help the long term sustainability of the county.
- 6.3 New innovative higher education providers such as NMiTE will play an important part in educating the next generation of much-needed engineers, providing the skills and talent that employers need. Hereford is a cold-spot for higher education provision, leading to a 'brain drain' of 18-24 year olds leaving the area to study. The Higher Education reforms are about giving all young people access to university and an

increasingly diverse market to choose from. This will ensure a steady stream of highly-skilled graduates into the workplace locally, and regionally. NMiTE builds on plans set out in the government's modern Industrial Strategy, which aims to improve living standards and economic growth by increasing productivity and driving growth.

- 6.4 A fundamental role of the Marches LEP is to help develop a vibrant regional economy by removing barriers to growth. The creation of NMiTE will play a pivotal role in driving forward our economy through the development of new and innovative Higher Education provision. This will help address the national shortage of graduate engineers by teaching students the key skills which employers demand in the workplace. A key focus of the project will be to help retain a large proportion of the 18-24 population who leave the region to attend Universities across the country, implementing the knowledge and skills acquired to help improve the productivity of our valued businesses.

8. Better Care Fund

- 8.1 The Better Care Fund (BCF) is a pooled budget which is nationally mandated to further the integration of health and social care. Herefordshire's BCF has two partners, Herefordshire Council and Herefordshire CCG.
- 8.2 Funding is received by the Council from the NHS, via Herefordshire CCG. The Department of Health and Social Care sets national minimum contributions to the pool for both revenue and capital and specifies that certain funding streams must be included within the mandatory minimum fund. Partners are permitted, and encouraged, to pool more than the minimum requirement. The Better Care Fund in Herefordshire has four components- mandatory capital and revenue contributions, additional voluntary revenue contributions from each partner, and the Improved Better Care Fund (IBCF).
- 8.3 The MTFS assumes that the transfer of funds from the NHS to the council will occur throughout the MTFS period and that the annual value will continue to grow in line with inflationary uplifts for the NHS.

9. Improved Better Care Fund

- 9.1 The Government's Spending Review in 2015 announced new money for social care and the 2017 Spring Budget subsequently increased this funding. The Government requires that this additional IBCF funding for adult social care in 2017-19 is pooled into the local BCF.
- 9.2 The funding is paid to Local Authorities for adult social care as a direct grant under Section 31 of the Local Government Act 2003. The funding may be used only for the purposes of meeting adult social care needs; reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready; and ensuring that the local social care provider market is supported.
- 9.3 A recipient local authority must:
- a) pool the grant funding into the local Better Care Fund, unless an area has written Ministerial exemption;

- b) work with the relevant Clinical Commissioning Group and providers to meet the national BCF condition on managing transfers of care set out in the Integration and Better Care Fund Policy Framework and Planning Requirements 2017-19; and
- c) provide quarterly reports as required by the Secretary of State.

9.4 The MTFS assumes that the funding allocated in the 2015 spending review is recurrent and will be received throughout the MTFS period, albeit subject to any changes made by the forthcoming 2019 spending review; while the funding announced in the 2017 Spring Budget is assumed to be non-recurrent and will not be received after 2019/20.

10. Demographics

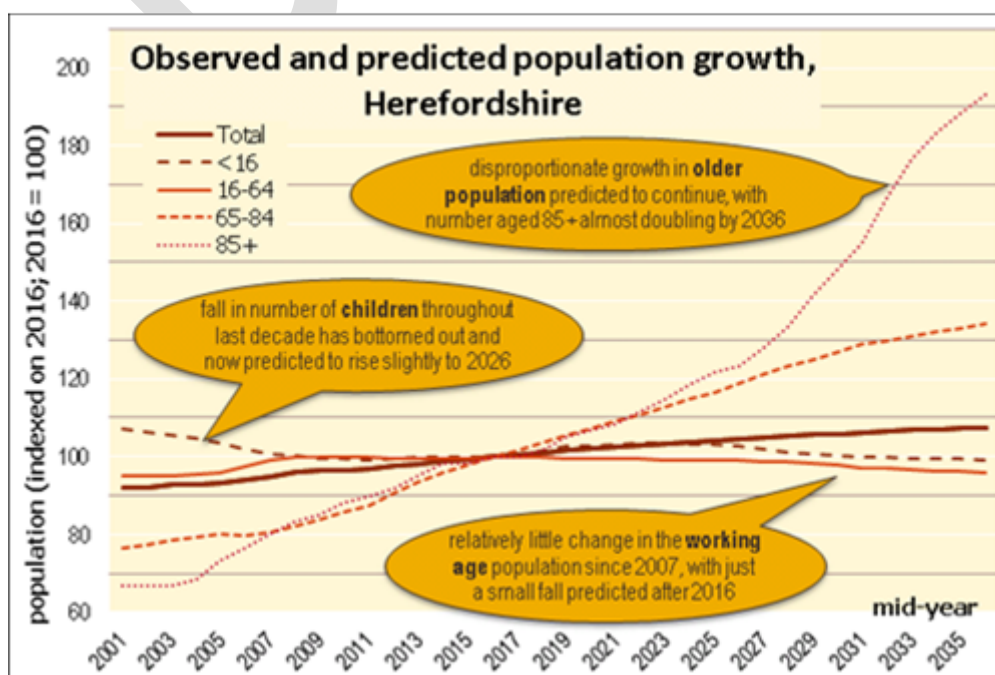
10.1 The latest population projections for Herefordshire are the 2016-based Subnational population projections (SNPPs), published 24 May 2018 by the Office for National Statistics (ONS). Based on the ONS' 2016 mid-year estimates, the future population is projected forward by ageing on the population and applying observed trends in relation to births, deaths and migration, year on year, up to 2041.

10.2 The current projections suggest slower growth than the previous (2014-based) projections. This is because of assumptions about lower future levels of fertility and international migration, and an assumption of a slower rate of increase in life expectancy.

10.3 The total population of Herefordshire is projected to increase from 189,500 people in 2016 to 194,100 by 2021 (an increase of two per cent); and to 203,700 people by 2036 (an increase of seven per cent), equivalent to an average annual growth of 0.35 per cent per year over this 20-year period. This is a lower projected annual rate of growth than England as a whole (0.5 per cent per year).

10.4 These projections serve as a baseline scenario; they do not attempt to predict the impact that future government or local policies (such as on housing development), changing economic circumstances or other factors might have on demographic behaviour.

Predicted population growth in Herefordshire:



11. Minimum Revenue Provision

- 10.1 The Minimum Revenue Provision (MRP) is a technical accounting requirement, specific to local government, which is the method by which councils charge their revenue accounts over time with the cost of their capital expenditure that was originally funded by borrowing.
- 10.2 Local government accounting rules require the council to make revenue provision to support the costs of capital spend funded by borrowing regardless of whether that borrowing has actually been taken up; this is referred to as minimum revenue provision and is intended to provide a public demonstration of the costs of capital expenditure.
- 10.3 During 2017/18 Herefordshire revised its Minimum Revenue Provision (MRP) Policy, this changed the notional debt repayment calculation basis to an annuity loan repayment method. This matches the flow of benefits generated by the assets funded from borrowing to the annual MRP charge in the revenue budget. Linking MRP to the average useful life of an asset reflects the economic benefit the council receives from using the asset to deliver services over its useful life, representing a fairer cost charge to current and future council tax payers. Council tax payers are being charged each year in line with asset usage and avoiding current council tax payers meeting the cost of future usage or future council tax payers being burdened with charges relating to assets that are no longer in use.
- 10.4 The actual MRP charge is based on the following calculation:-
- Historic debt balances, previously being written down on a 4% reducing balance basis, being charged on an annuity loan repayment basis. This change ensures all historic notional debt is repaid by 2025/26 whereas under the previous method a balance of £14m would be remaining to be repaid. The annuity rate used is a consistent 2% calculated in line with the changes in revenue support grant which was deemed to include a funding element in relation to the repayment of supported historic debt.
 - Supported borrowing, previously written down on a straight line basis over the asset life, the revised method moves to a 3% annuity also charged over the asset life. The annuity rate has been applied to capital expenditure incurred since 1st April 2008, spend prior to this continues to be written down on a straight line basis. The 3% represent an average of PWLB loan comparator rates.
- 10.5 The MRP calculation will be reviewed again in 5 years' time to ensure the revised method above is still appropriate.

12. Capital Programme

- 11.1 The current capital programme is summarised in the table below, along with the overall financing and detailed budgets by scheme in appendix M2. The Capital programme approved by Council in July 2018 was approved at £297.3m, this becomes £317.9m with additional grants added to the Capital programme. We know that previously a number of schemes would deliver later than planned as budgets are often estimated very optimistically across financial years but in reality with the time it takes to plan and progress projects they deliver later than first estimated, work has

been done to align these projects more realistically across the financial years and therefore the profile of budgets has moved between years to reflect this.

Approved Capital Programme

	Prior Years £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s	Total Capital Programme Budgets £000s
Total Adults & Communities	132	3,919	3,976	2,653	1,853	12,533
Total Children's & Families	7,744	3,375	14,887	13,200	1,200	40,405
Total Economy & Place	82,615	58,610	95,464	28,058	197	264,944
Total Capital Programme	90,491	65,904	112,578	43,911	3,250	317,882

Financed by

Capital Receipts	24,755*
Grants & Funding Contributions	114,813
Prudential Borrowing	87,823
Funded in prior years	90,491
Total Funding	317,882

* £10.7m in 2019/20, the balance representing funding utilised in previous years

- 12.2 Additional Capital funding requests will be submitted to Full Council when they are required. This means there will be increases to the capital programme for 2019/20 onwards once approved by Council at any future meeting. These funding requests will be reviewed in line with Council plans and within the financing available of grants, capital receipts and increased borrowing of £6.7m annually but borrowing funded through revenue savings will be in addition to this limit. The capital receipts reserve balance at the end of 2017/18 was £42.5m and as we can see in the table above £24.8m of this has already been approved to fund current schemes but of course the reserve balance will increase by any future receipts from April 2018.
- 12.3 There are a number of large schemes over £5m for replacement schools at Colwall, Marlbrook and Peterchurch, along with annual grants for Local Transport Plan, Fastershire Broadband and Highways Asset Management. The Hereford Transport Package will also increase significantly once final plans and funding have been approved. However the three largest schemes are for Hereford City Centre Transport Package of £40.6m, with only £8.3m budget remaining. South Wye Transport Package for £35m with £5m spend to date and plans being finalised for the project to be delivered. The Development Partnership Activities budget is for £40.6m with £300k spend to date although this is due to the partnership agreements only being signed in July 2018 and therefore these projects within the programme budget will begin to start to develop in the near future.

Development Partners

- 12.4 The Development and Regeneration Programme (DRP) has been established to provide development solutions that are reflective of the policies of Herefordshire Council and will be designed and developed in an inclusive way with the community. Consideration is given in all instances of providing developments that are considerate to the health and wellbeing of the residents, built to the latest environmental standards as set out in the building regulations (The National Standards).

- 12.5 Development partners Keepmoat and Engie are committed to encompassing the use of local suppliers and contractors and to maximize the opportunities to employ local Herefordshire people. The KPI's have been set up to reflect this and all parties will take every action possible to ensure this is achieved.
- 12.6 The development partners are keen to achieve developments that reflect the highest standards and that the real impact is the impact to viability, or the anticipated land receipt. The decision as to what standards are applied to a development lies with the council and will impact on development returns/outcomes on a case by case basis.

Keepmoat Homes Ltd

- 12.7 Supporting the delivery of new homes that will help the council to achieve its strategic housing growth targets. Current projects include Bromyard Depot, Merton Meadow, Hildersley and Holme Lacey.

ENGIE Regeneration Ltd

- 12.8 Supporting the delivery of regeneration construction projects, such as business units, student accommodation, commercial development and retirement housing
- 12.9 The agreements will bring to life plans contained within the adopted Core Strategy (the document that sets out Herefordshire's planning priorities until 2031). The plan outlines the development opportunities enabled by the Hereford City Centre Transport Package and Hereford Transport Package, as well other sites across the county such as Ross Enterprise Park and Hillside.
- 12.10 The first new homes are expected to be delivered by late summer 2019.

13. Revenue Budget / Till receipt

Shown below is an indicative illustrative typical month's expenditure incurred by a band D property in Herefordshire from 1st April, this is a draft that will be updated as the budget progresses into its final form.



Herefordshire Council

Charges per month (average Band D property)
2019/20 Monthly Council Tax receipt

** Daily life **		#
* Bin collections and environment		13,72
* Roads, bridges and care of public spaces		7,21
* Schools and education		98,13
* Buses and community transport		6,39
* Libraries, records and customer services		1,30
** Looking after adults **		
* Older people in residential / nursing care		13,38
* Older people supported at home		9,24
* Disabled adults		27,76
* Lifestyles services (substance abuse, sexual health)		2,64
* Health improvement (Public Health nursing, health checks, smoking cessation)		5,61
* Housing		0,52
** Looking after children **		
* Child protection		3,75
* Children in care		12,88
* Children with special needs		3,28
** Local government running costs **		
* Election, governance and legal services		3,24
* Directors & staff costs		0,65
* Organisational administration		1,41
* IT, transactions and billing (Hoople)		5,19
* Insurance and property maintenance		5,08
* Capital finance - Debt repayment		7,83
* Capital finance - Interest payments		10,24
** Economic growth **		
* Economic development and regeneration		1,27
* Broadband - rural rollout		0,13
* Planning		0,35
		241,19

** VOUCHER **	
** Other income to supplement council tax **	
* Investment Property income	-2,91
* Car parking	-5,36
* Capital finance - Interest received	-2,01
* Public Health grant	-7,70
* National Education funding (schools)	-96,98

TOTAL TO PAY (per month) £126,23

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14 PFI contracts

- 14.1 The council has two traditional PFI contracts, one in partnership with Worcestershire County Council for the provision of waste management services and the other for the provision of Whitecross High School. The council also has one contract that falls within the definition of a similar contract to a PFI, which is the Shaw Healthcare contract for the provision of residential care services. Under the Shaw Healthcare contract the rent and service charges paid to Shaw by residents for the council's extra care flats at Leadon Bank have been treated as a contribution to the revenue costs of the units.

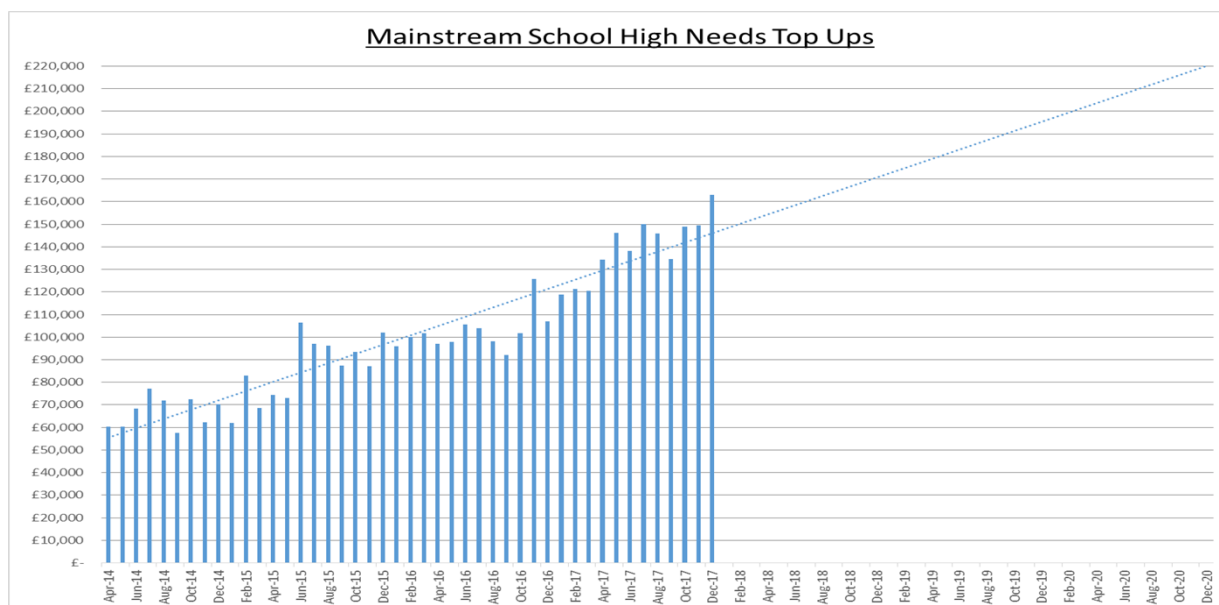
Waste disposal

- 14.2 In 1998 Herefordshire Council, in partnership with Worcestershire County Council, entered into a 25 year contract with Mercia Waste Management Limited for the provision of an integrated waste management system using the Private Finance Initiative.
- 14.3 Under the contract the councils are required to ensure that all waste for disposal is delivered to the contractor, who will take responsibility for recycling or recovering energy from the waste stream. In total the estimated cost over the life of the contract is approximately £500m of which approximately 25% relates to Herefordshire Council. The original life of the contract was 25 years, until 2023, with the option to extend this by 5 years.
- 14.4 A variation to the contract was signed in May 2014 to design, build, finance and operate an Energy from Waste Plant. Construction was completed in 2017 with a funding requirement of £195m and an uplift to the annual unitary charge for both councils of £2.7m per annum.
- 14.5 Both councils provided circa 82% of the project finance requirement for the plant under a separate financing arrangement generating interest income for the councils. The remaining 18% was provided by the equity shareholders of Mercia Waste Management Limited.

Whitecross High School

- 14.6 The Whitecross School PFI project delivered a fully equipped 900 place secondary school with full facilities management services. The contract with Stepnell Limited has an overall value of £74m and lasts for 25 years, until 2032. During the 2012/13 financial year the school transferred to Academy status but the obligations under the PFI contract remain with the council.

15 High Needs



There is a severe cost pressure on high needs spend, spend on pupils with higher support needs, with growth and projected growth shown in the table above. The council is reviewing its SEN funding matrix whilst ensuring a new approach continues to comply with the legal duty to secure the special educational provision identified in an Education, Health and Care (EHC) plan. This statutory duty means that by meeting individual care plan needs an overspend may occur. The council recognises its absolute duty to provide all special educational provision in children's EHC plans and is committed to fulfilling that duty for every child with an EHC plan even if this leads to a deficit in the SEN budget.

16 Treasury Management Strategy

The council is currently reviewing and updating its treasury management strategy for the MTFS period. Currently (as at 30 September 2018) the council held investments of £36m attracting an average of 0.71% interest and outstanding long term debt of £240m at an average interest rate payable of 4.36%.

17 Reserves

Definition of Earmarked reserves and provisions

17.1 **Provisions** are required for any liabilities where the timing of payments or the amount of the liability is uncertain. Provisions are required to be recognised when:

- The council has a present obligation (legal or constrictive) as a result of a past event.
- It is probable that a transfer of economic benefit will be required to settle the obligations and;
- A reliable estimate can be made of the obligation
- Amounts set aside outside for purposes falling outside the definition of

provisions are considered to be reserves.

- 17.2 **Earmarked reserves** are amounts set aside for specific policy purposes or for general contingencies and cash flow management. For each reserve established, the purpose, usage and the basis of transactions needs to be clearly defined.

Use of Reserves

- 17.3 Reserves enables the council to do three things:

- Create a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing. This forms part of the general reserves.
- Create a contingency to cushion against the impact of unexpected events or emergencies. This also forms part of general reserves.
- Creates a means of building up funds, often referred to as earmarked reserves, as defined above. To meet known or predicted liabilities.

- 17.4 There are other reserves that can only be used for specific statutory purposes. These include the usable capital receipts and pensions reserve. These are not considered as part of this policy.

Establishing a new reserve

- 17.5 When establishing reserves the council needs to ensure that it is complying with the Code of Practice on Local Authority Accounting and in particular the need to distinguish between reserves and provisions.

- 17.6 New reserves may be created at any time, but must be approved by The Cabinet when a reserve is established. The Cabinet needs to approve the following:

- Purpose- The reason for creating the reserve should be clearly stated.
- Usage- There should be a clear statement of how and when the reserve can be used.
- Basis of transactions – Delegated authority for approval of expenditure from the reserve.

Reporting reserves

- 17.7 The Chief Finance Officer has a fiduciary duty to local tax payers and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.

- 17.8 The overall level of reserves balances will be reported to Cabinet at least annually or when new reserves are proposed, the last report to Cabinet was in June 2018 (<http://councillors.herefordshire.gov.uk/ieListDocuments.aspx?CId=251&MId=6584&Ver=4>).

- 17.9 The annual budget report to Council will include:

- A statement of movements in reserves for the year ahead and the following two years;
- A statement of the adequacy of general reserves and provisions in the

- forthcoming year and in the Medium Term Financial Strategy; and
- A statement on the annual review of reserves.

17.10 The level of reserves for the next three years will be reviewed at least annually as part of the Annual budget setting cycle. The Chief Finance Officer will review the Councils earmarked reserves for relevance of propose and adequacy.

17.11 Any amendments to ear marked reserves will be reported to the Cabinet for approval.

17.12 Once a reserve has fulfilled the purpose for which it was established, any remaining balance should be reallocated to another similar purpose ear marked reserve or surrendered to General Reserves.

18 Conclusion

This medium term financial strategy proposes delivering a balanced budget with tough savings required but a clear focus on continuing to improve outcomes. Herefordshire has an excellent track record of transforming services in difficult financial times and continuing to meet the needs of our customers.

19 Appendices

Appendix M1 - Net Revenue budget

Appendix M2 - Approved Capital Investment Programme

Appendix M3 - Reserves Policy

Appendix M4 - Risk Assessment

Appendix M1

Net Revenue budget and Directorate Spending Limits 2019/20

	2018/19 revised base	Funded pressures & other movements	Savings	2019/20 draft base budget
	£'000	£'000	£'000	£'000
Adults and communities	52,087	5,288	(700)	56,675
Children's and families	23,958	3,427	(200)	27,185
Economy and place	34,046	1,417	(2,453)	33,010
Corporate services	9,424	146	(379)	9,191
Sub Total	119,515	10,278	(3,732)	126,061
Centrally held budgets	24,609	(1,483)	(200)	22,926
Total	144,124	8,795	(3,932)	148,987
Financed by				
Revenue support grant	5,370			620
Business rates	33,256			35,457
Council tax	98,445			103,908
New homes bonus	2,540			2,029
Rural sparsity delivery grant	4,093			4,093
Collection fund surplus (one off)	420			500
Adult social care grant (one off)				2,380
Total	144,124			148,987

Appendix M2 Approved capital programme

	Prior Years £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s	Total Capital Programme Budgets £000s
Adults and Wellbeing						
Disabled facilities grant		1,853	1,853	1,853	1,853	7,412
Affordable Housing Grant		800	800	800		2,400
Community Housing Fund		150	-	-		150
Hillside		250	1,250	-		1,500
Single Capital Pot	19	523	73	-		615
Revolving Loans	99	101	-	-		200
Private sector housing improvements	14	242	-	-		256
Total Adults & Wellbeing	132	3,919	3,976	2,653	1,853	12,533
Children's Wellbeing						
Colwall Primary School	6,430	320	-	-		6,750
Schools Capital Maintenance Grant	797	1,216	1,700	1,200	1,200	6,113
Peterchurch Primary School	7	-	493	5,000		5,500
Expansion for Marlbrook school	153	450	5,538	-		6,141
SEN & DDA school improvements		-	710	-		710
Brookfield School Improvements	6	-	1,298	-		1,304
CYPD's S106	313	392	605	-		1,310
Special Provision Capital Fund		-	333	167		500
Healthy Pupils		-	99	-		99
Individual Pupil Needs		151	120	-		271
Short Breaks Capital		-	118	-		118
Blackmarston SEN	30	55	-	-		85
Replacement Leominster Primary	3	39	-	-		42
Basic Needs Funding		-	2,058	6,833		8,891
2 Year Old Capital Funding	5	101	-	-		106
Preliminary works to inform key investment		200	1,815	-		2,015
Temporary school accommodation replacement		450	-	-		450
Total Children's Wellbeing	7,744	3,374	14,887	13,200	1,200	40,405
Economy, Communities and Corporate						
Hereford City Centre Transport Package	32,321	1,342	1,550	5,438		40,651
Local Transport Plan (LTP)		13,539	12,272	12,272		38,083
Fastershire Broadband	16,855	5,000	10,324	2,098		34,277
Hereford Enterprise Zone	8,318	4,758	2,924	-		16,000

Leisure Centres	9,639	413		-		10,052
Solar Photovoltaic Panels	503	120	1,511	-		2,134
Corporate Accommodation	2,362	509		-		2,871
ECC's S106		756		-		756
South Wye Transport Package	4,978	4,508	17,067	8,250	197	35,000
Marches business improvement grants	415	1,297	788	-		2,500
SEPUBU Grant	-	381	354			734
IT Network Upgrade	209	291		-		500
Property Estate Enhancement Works	826	1,414	500	-		2,740
LED street lighting	5,478	177		-		5,655
Herefordshire Enterprise Zone Shell Store		1,500	5,816	-		7,316
Cyber Security Centre Project		3,500		-		3,500
Development Partnership activities	300	5,300	35,000	-		40,600
Highway asset management		7,290	500	-		7,790
Hereford Transport Package		2,960		-		2,960
Ross Enterprise Park (Model Farm)		800	6,270	-		7,070
PC Replacement	70	290		-		360
Three Elms Trading Estate	(8)	125	358	-		475
Stretton Sugwas Closed Landfill	93	2		-		95
Customer Services and Library	10	123		-		133
Energy Efficiency		35	65	-		100
Strangford closed landfill site	20	11		-		31
Gypsy & Traveller Pitch development	29	331		-		360
Leominster cemetery extension	21	172		-		193
Tarsmill Court, Rotherwas		400		-		400
Children centre changes		370		-		370
Car Parking Strategy	58	188		-		246
Car Park Re-Surfacing		116		-		116
Office and Car Park Lighting Replacement		135	165	-		300
Data Centre Consolidation	124	106		-		230
Hereford Library	(6)	351		-		345
Total Economy, Communities and Corporate	82,615	58,610	95,464	28,058	197	264,944
Total	90,491	65,903	114,327	43,911	3,250	317,882

Appendix M3 Reserves

1. Review of Reserves

- 1.1. The overall reserves of the council will be subject to detailed review at the end of each financial year as part of the preparation for the production of the council's statement of accounts, and as part of the council's annual budget setting process to ensure reserves are
 - 1.1.1. Relevant,
 - 1.1.2. Appropriate, and
 - 1.1.3. Prudent.
- 1.2. The Chief Finance Officer will ensure that the council has in place well established robust and regular budget monitoring processes. These take account of the current level of reserves, the latest budget requirements calling on reserves to meet current commitments and to make contributions to reserves to meet future commitments.
- 1.3. The Chief Finance Officer must consider strategic, operational and financial risks in assessing the adequacy of the council's reserves position.

2. Use of Reserves

- 2.1. Approval to use or make contributions to reserves is provided by the Chief Finance Officer, as part of the regular budgetary process, in discussion with the Chief Executive and Leader of the Cabinet
- 2.2. Movements in reserve will be reported to Council as part of the financial Outturn at the end of the financial year.

3. Conclusion

- 3.1. The Chief Finance Officer is satisfied that the Council's ongoing approach to its reserves and provisions is robust. The council's strategic reserve is maintained between 3% - 5% of the net budget requirement, at the end of March 2016 the balance was £7.2m (5% of net budget).
- 3.2. This is sufficient to ensure that the council has adequate resources to fund unforeseen financial liabilities, and that the council's approach to general balances for 2017/18 is deemed appropriate. The level of reserves and expected movement in reserves are set out in the MTFS as part of the annual budget setting process.

Appendix M4 Key risk Assessment

	Key Financial Risks	Likelihood	Impact	Mitigating Actions
1	Unexpected events or emergencies By its nature, the financial risk is uncertain	Low	High	<ul style="list-style-type: none"> Council maintains a Strategic Reserve at a level of between 3% and 5% of its revenue budget for emergency purposes Level of reserve is currently £7.9m (5% of budget)
2	Increasing demand for Adult Social Care Demand for services continue to increase as the population gets older	High	Medium	<ul style="list-style-type: none"> Demand led pressures provided for within our spending plans Activity indicators have been developed and will be reported quarterly alongside budget monitoring
3	Potential Overspend and Council does not deliver required level of savings to balance spending plans Challenging savings have been identified within our spending plans.	Medium	Medium	<ul style="list-style-type: none"> High risk budget areas have been identified and financial support is targeted towards these areas Regular progress reports on delivery of savings to Management Board and Cabinet Budget monitoring arrangements for forecasting year end position in place and forecast balanced Plan to review level of cover available from General reserves in place
4	Potential overspend on Special Education Needs the duty to secure provision identified in Education, Health and Care plans means an overspend may occur	Medium	Medium	<ul style="list-style-type: none"> This is a national issue with lobbying to increase central government funding A review of the application of the matrix is underway
5	Increase in Pension Liabilities Our contributions are influenced by market investment returns and increasing life expectancy.	Medium	Low	<ul style="list-style-type: none"> Spending plans reflect the level of pension contribution required as identified by the Pension Fund's Actuary in 2016 for the next three years
6	Failure to provide safeguarding and placements for children There is an increasing requirement to provide sufficient school places There is a rising number of children requiring specific support	Medium	High	<ul style="list-style-type: none"> Provision has been made in the capital programme to increase school places Directorate plans in place to manage and mitigate demand Ongoing reviews of children already under care of council
7	Volatility in future funding streams in Government funding streams and Business Rates Retention	High	Medium	<ul style="list-style-type: none"> Prudent assumptions made in budget Ongoing review of developing business rate changes Business case to support future investment decisions
8	Brexit Impact of EU exit may lead to increased volatility in economic stability and reduced access to funds	Medium	Medium	<ul style="list-style-type: none"> Reduced reliance on grant funding in all directorates Increased local economic and social investment to increase core income

Savings Proposals 2019/20 to 2021/22

	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
Adults and communities	700	600	500	1,800
Children and families	200	300	650	1,150
Economy and place	2,517	623	273	3,413
Corporate services	315	77	77	469
Centrally held budgets	200	500	500	1,200
Total	3,932	2,100	2,000	8,032

Savings Proposals
Adults and Communities Directorate

Savings Proposal	Impact	Savings			Total £000
		2019-20 £000	2020-21 £000	2021-22 £000	
Workforce and service delivery savings	No direct impact on service users. This saving will be achieved through increased productivity as a result of partnership working, mobile working, use of technology and capitalisation of staff costs.	600	0	0	600
Reducing the need for formal care services by utilising strengths based practices and application of the wider culture change programme. Managing demand via front door re-design, hospital liaison, Homefirst, short term care pathway and trusted reviewer programme of work. To include a focused approach in respect of areas of practice where development needs have been identified. This will ensure that customers receive appropriate and proportionate support and care relevant to meet their eligible and wider well-being needs in the most cost effective way possible. This proposal also addresses the application of CHC process and practice reviews as well as the review of the AWB transport policy.	Reduction in demand for formal care services and support in line with demographic pressures. The support and care offer from Adult Social Care will be enhanced as a result of the application of a strengths based model. Access to support for those with eligible needs will be improved by ensuring that eligible and wider wellbeing needs are met as part of the AWB offer, with a particular focus on developing and connecting community social support. The equalities impact of this proposal on service users will be negligible as they will be assessed correctly and against the criteria of new services available which meet required eligible and wider wellbeing needs.	0	600	500	1,100
Maximise income generation through increased client contributions for care services.	The impact of the changes will be affordable as all services will only be charged for following individual financial assessments in accordance with Care Act (2014).	100	0	0	100
Total		700	600	500	1,800

Savings Proposals
Children and families directorate

Savings Proposal	Impact	Savings			
		2019-20 £000	2020-21 £000	2021-22 £000	Total £000
Manage inflation and secure contract efficiencies	The equalities impact of this proposal will be low/negligible. Integral to their contract with the Authority, each contractor has a scheduled expectation to meet the Equalities Act 2010 criteria and is part of the contract monitoring arrangements to ensure that any impact is understood and addressed.	200	300	450	950
Organisational restructure to reflect the service requirements	Ensuring families benefit from a consistent and established service through a stable and capable workforce.	-	-	200	200
Total		200	300	650	1,150

Savings Proposals
Economy and Place

Savings Proposal	Impact	Saving			
		2019-20 £000	2020-21 £000	2021-22 £000	Total £000
Efficiency savings Initiatives include: Management savings, staff restructures, saving on printing cost, reduction in storage costs	No impact - efficiency savings	394	273	273	940
Back Office Services and Corporate Accommodation efficiencies	No impact - efficiency saving	0	150	0	150
Reduced cost of Public and School / College Transport and moving public transport information to online only 50	Reduction in public transport services, increased income from parental contributions and post 16 SEN transport users. Further savings from contract efficiencies. A transport funding review is underway which will explore a range of opportunities to reduce costs across all local passenger transport services and alternative sources of funding to support such service. Savings are likely to be achievable through the integration of passenger transport contracts, service efficiencies, moving more users onto commercial and supported bus services and review of eligibility for services. If this approach does not achieve the full savings target, it may be necessary to further reduce public transport subsidy. Public consultation carried out in autumn 2016 will inform decisions for 2017/18. Decisions have already been taken to withdraw transport services and these were subject to a full consultation and EIA . As future proposals are developed consultation and EIA will be undertaken and will form elements of future reporting and consideration by members.	150	0	0	150
Phased removal of subsidy for Community Transport organisations	The phased reduction in the support to Community Transport (CT) providers commenced in 2015/16 and the exploration of alternative funding sources to support such services. To continue this to full reduction by 2019/20 will have provided a five year transition period for providers to seek opportunities to increase their independent financial viability. Support has been made available for providers to take on more contracted work and also to assist them to increase their capacity. Grants have been available for new fleet and could be made available in future subject to funding being available. CT reductions were considered within the consultation for the transport and travel review 2014 but at that stage there was no proposal to completely withdraw direct council support. If the council wishes to progress full withdrawal of support from 2018/19 then a further consultation and EIA would be required before confirming this decision. Whilst CT provides services for people who are 'disadvantaged' it is noted that this is not in itself a specifically defined protected characteristic within the EIA duty we are aware that the majority of CT users are elderly and/or have a disability which reduces transport options. Consultation in relation to public transport savings will be used to inform this proposal.	75	0	0	75

Savings Proposals
Economy and Place

Savings Proposal	Impact	Saving			Total £000
		2019-20 £000	2020-21 £000	2021-22 £000	
Phased removal of subsidies to parish councils for the Lengthsman and Parish Paths .	<p>Decision taken to phase funding out over the MTFS period.</p> <p>The condition of minor roads in Parish areas will be dependent upon whether Parish Councils choose to replace the subsidy with their own resources.</p> <p>Those communities that do not contribute to the funding or provide support to the scheme will see a reduction in the level of service for lower level activities currently carried out on the network by Parish and town councils.</p> <p>With P3 schemes , users of the ROW network could be affected by the reduced level of maintenance if parishes are unable/ unwilling to increase the level of activity from volunteers.</p>	100	0	0	100
Increased income and efficiency within Public Realm Services 57	<p>Public Realm contract efficiencies, including increase income from increased enforcement in relation to works carried out by utility companies on the highway (NRSWA) - reduction in highway defects.</p> <p>Investment in fleet and plant to reduce ongoing revenue cost and maintenance. No adverse impact upon service.</p> <p>Environmental service redesign</p> <p>Review of service to streamline and reduce cost of cleansing and monitoring of waste/litter related issues.</p> <p>Improved environment through better coordination.</p>	25	0	0	25
Increased income and efficiency within Public Realm Services	<p>Public Realm contract efficiencies, including increase income from increased enforcement in relation to works carried out by utility companies on the highway (NRSWA) - reduction in highway defects.</p> <p>Investment in fleet and plant to reduce ongoing revenue cost and maintenance. No adverse impact upon service.</p> <p>Environmental service redesign</p> <p>Review of service to streamline and reduce cost of cleansing and monitoring of waste/litter related issues.</p> <p>Improved environment through better coordination.</p>	175	0	0	175
Waste & Sustainability Increased income from commercial waste collections.	No further impact. Service changes relating to commercial waste collections and waste treatment savings do not impact on residents but on organisations.	30	200	0	230

Savings Proposals
Economy and Place

Savings Proposal	Impact	Saving			Total £000
		2019-20 £000	2020-21 £000	2021-22 £000	
Savings in Museums and Archives	Income generation through charging at the Old House from April 2017, remodel of the learning offer to schools, volunteers to support the opening of the Museum at Broad Street in Hereford. Limited impact on protected characteristics. Though charging may have an impact across all ages, special free open days will take place to support local people able to visit the Old House without cost. Education events to take place at the Old House as part of a schools programme.	250	0	0	250
Accommodation Strategy	Efficiency savings through moving out of buildings	360	0	0	360
Procurement Savings	Including savings to our waste contract.	500	0	0	500
Organisational redesign savings	Base budget realignment	280	0	0	280
	Workforce and service delivery savings	178	0	0	178
Sub Total		2,517	623	273	3,413

Savings Proposals
Corporate Services

Savings Proposal	Impact	Saving			
		2019-20 £000	2020-21 £000	2021-22 £000	Total £000
Efficiency savings Initiatives include: Management savings, staff restructures, saving on printing cost,	No impact - efficiency savings	36	77	77	190
Organisational redesign savings	Workforce and service delivery savings	59	0	0	59
	Base budget realignment	220	0	0	220
Sub Total		315	77	77	469

Savings Proposals

Centrally held budget savings

Savings Proposal	Impact	Saving			Total £000
		2019-20 £000	2020-21 £000	2021-22 £000	
Organisational redesign savings	Efficiency savings	200	-	-	200
Revisions to the Council Tax Reduction Scheme - discount awarded proposed to align to universal credit income bandings	This will be subject to separate decision process that will include a detailed public consultation and equalities impact assessment	-	100	-	100
Pension deficit - centralised cost reduction	No public impact - tri-annual valuation expected to reduce deficit contribution requirement		400		400
Treasury management - in house cashflow management	No public impact - Development partnership return to minimise treasury management costs			500	500
Total		200	500	500	1,200

Capital Funding Requests for approval

No	Scheme	Current Capital Programme £000	Total 19/20 £000	Total 20/21 £000	Total 21/22 £000	Capital Grant funding £000	Redirected funding £000	Capital receipt funding £000	Funded by ROI £000	Corporate Funded PB £000	Total Request £000
Economy & place											
1	Upgrade of Herefordshire CCTV System		48.0	136.0	0.0	0.0	0.0	0.0	134.0	50.0	184.0
2	Investment in the Condition of C and U Roads		2,500.0	1,500.0	1,000.0	0.0	0.0	0.0	0.0	5,000.0	5,000.0
3	Investment in the Condition of Footways and Cycleways to promote Health and Wellbeing		750.0	750.0	750.0	2,250.0	0.0	0.0	0.0	0.0	2,250.0
4	Investment in the Condition of the Strategic Network to Support the Local Economy, Secure Safety an Resilience		6,000.0	3,200.0	0.0	0.0	6,000.0	0.0	0.0	3,200.0	9,200.0
5	Investment in the condition of Bridges to Ensure Access for Communities		1,000.0	1,500.0	2,500.0	4,000.0	0.0	0.0	0.0	1,000.0	5,000.0
6	Estate Capital Programme 2019/2022		1,150.0	2,295.0	1,390.0	0.0	0.0	180.0	0.0	4,655.0	4,835.0
7	School Transport Route Planning Software		0.3	0.3	0.3	0.0	0.0	0.0	0.0	0.9	0.9
9	2nd Phase Gypsy & Traveller pitch development and enhancement of fixed assets		579.0	899.0	39.0	0.0	0.0	0.0	545.0	972.0	1,517.0
10	Hereford Transport Package (HTP)		3,500.0	0.0	0.0	0.0	0.0	0.0	0.0	3,500.0	3,500.0

11	Hereford City Centre Improvements (HCCI)		1,500.0	2,000.0	2,000.0	0.0	0.0	0.0	0.0	5,500.0	5,500.0
13	Corporate Fleet Procurement		737.6	0.0	0.0	0.0	0.0	50.0	687.6	0.0	737.6
14	Courtyard Development		392.0	719.0	0.0	500.0	0.0	0.0	611.0	0.0	1,111.0
	Total Economy & Place	0.0	18,156.9	12,999.3	7,679.3	6,750.0	6,000.0	230.0	1,977.6	23,877.9	38,835.5
Corporate											
8	Laptop/PC Replacement Programme		374.0	385.0	397.0	0.0	0.0	0.0	0.0	1,156.0	1,156.0
16	Dual use of Ledbury Children Centre		60.0	0.0	0.0	0.0	0.0	0.0	0.0	60.0	60.0
	Total Corporate	0.0	434.0	385.0	397.0	0.0	0.0	0.0	0.0	1,216.0	1,216.0
Adult & Communities											
12	Hillside	1,500.0	1,050.0	0.0	0.0	0.0	0.0	1,050.0	0.0	0.0	1,050.0
15	Waverley House, Leominster	500.0	468.0	0.0	0.0	0.0	0.0	0.0	0.0	468.0	468.0
	Total Adult and Communities	2,000.0	1,518.0	0.0	0.0	0.0	0.0	1,050.0	0.0	468.0	1,518.0
Children and Families											
17	Temporary Replacement School Accommodation - Orleton		450.0	0.0	0.0	0.0	0.0	0.0	0.0	450.0	450.0
	Total Childrens and Families	0.0	450.0	0.0	0.0	0.0	0.0	0.0	0.0	450.0	450.0
	Total	2,000.0	20,558.9	13,384.3	8,076.3	6,750.0	6,000.0	1,280.0	1,977.6	26,011.9	42,019.5
2	Request deferred - C & U Roads		-2,500.0	0.0	0.0	0.0	0.0	0.0	0.0	-2,500.0	-2,500.0
4	Request deferred - Strategic Road Network		-6,000.0	-3,200.0	0.0	0.0	6,000.0	0.0	0.0	-3,200.0	-9,200.0
	Total to be added to Capital Programme		12,058.9	10,184.3	8,076.3	6,750.0	0.0	1,280.0	1,977.6	20,311.9	30,319.5
	Annual Funding Limit £6.7m									20,100.0	
	Previous year reallocation									291.0	
	Hillside change to Receipts Prior Year									1,500.0	
	Total Funding Available									21,891.0	
	Funding Variance Surplus/(deficit)									1,579.1	

Capital Funding Request Scheme Description

No	Scheme	Scheme Description	Meet Corporate Plan
Economy & place			
1	Upgrade of Herefordshire CCTV System	Renewal of digital recording system and matrix in CCTV control room and transmission links and cameras in the market towns of Ledbury, Leominster and Ross-on-Wye.	A,B,C,D
2	Investment in the Condition of C and U Roads	The condition of the County's C and U roads is believed to have the greatest impact on both public satisfaction with highway maintenance and the number of third party damage claims made to the council.	C,D
3	Investment in the Condition of Footways and Cycle ways to promote Health and Wellbeing	The condition of the County's footways and cycle ways has both a significant impact on public satisfaction with highway maintenance and the poor condition of certain footways and cycling routes is a barrier to many taking up walking and cycling as part of a healthier lifestyle.	A,C,D
4	Investment in the Condition of the Strategic Network to Support the Local Economy, Secure Safety and Resilience	Further investment in addressing the condition of a corridor of routes that linked with the A44 from our border with Wales in the west across the County to our border with Worcestershire in the east. For deliverability reasons the programme of work was extended to other routes, A438 Hereford to Ledbury and A417 Ledbury to the border with Gloucestershire (M50 J2). Works to secure skid resistance across the strategic and resilience network.	C,D
5	Investment in the condition of Bridges to Ensure Access for Communities	Programme of work to bring the overall condition of its bridges up to an acceptable level and as such reduce the whole life cost of maintaining the highway asset. This investment will ensure access for communities.	C,D

6	Estate Capital Programme 2019/2022	The proposed programme is in respect of identified and prioritised property projects to be delivered over a three year time line. Some of the projects are based upon invest to save criteria which will be accomplished through the release of assets by way of optimising the corporate estate, hereby helping to meet savings targets. These savings are accounted for in the MTFS savings and do not directly offset capital.	D
7	School Transport Route Planning Software	Purchase of a route planning software tool for school transport service for a period of 3 years which coincides with the timescale during which is planned to review and tender all school transport services in the county, which currently is done manually. Specialist route planning software has been demonstrated to achieve contracting efficiencies and savings in other local authority areas.	D
9	2nd Phase Gypsy & Traveller pitch development and enhancement of fixed assets	Fund the development of 9 new traveller pitches on existing LA traveller sites and further upgrade the existing sites owned/leased and managed by Herefordshire Council.	A,B,C,D
10	Hereford Transport Package (HTP)	The HTP includes the proposed Hereford Bypass and a package of walking, cycling, public transport and public realm improvements. Improve local and regional connectivity, encourage new business and job creation, enable delivery of future housing and educational development. Reduce the impact of accidents and breakdowns on the city's roads and on air quality and noise within the city and improve road safety. Encourage healthy lifestyles by improving public spaces and encouraging more people to walk and cycle.	C,D
11	Hereford City Centre Improvements (HCCI)	Hereford City centre improvements are designed to support the local economy and enhance the retail environment. The refurbishment scheme is part of the plan for Hereford to create an attractive, vibrant city centre to help support existing businesses and create new opportunities to encourage more visitors and retailers. This request is for the delivery of the Broad Street/King Street improvements.	C,D
13	Corporate Fleet Procurement	Replace the existing and ageing corporate vehicle fleet with new, efficient and fit for purpose vehicles to ensure the resilient delivery of statutory services.	A,B,C,D
14	Courtyard Development	To develop the facilities of The Courtyard building to enable new income streams to be pursued by the Courtyard Trust, with redesign the Front of	C,D

		house area to include an improved disabled access Box Office, and to add a retail facility for local arts and crafts, a new multi-purpose room to increase artistic productions and talent development, meeting and conference room provision and to extend the Cafe Bar area and first floor dining to create an outside terrace.	
Corporate			
8	Laptop/PC Replacement Programme	Annual replacement of out of date and out of warranty computing devices covering period 2019-2022.	A,B,C,D
16	Dual use of Ledbury Children Centre	To convert Ledbury Children Centre into part use of offices for additional MAO/spill over for locality team to address capacity and suitability at the Masters House.	D, B
Adult & Communities			
12	Hillside	Redesign of Hillside into a nursing care facility for people with high level needs (dementia).	A,D
15	Waverley House, Leominster	Remodel Waverley House to develop 11 additional nursing beds to expand capacity to support vulnerable adults in Herefordshire. This will enable nursing beds to be sought and utilised for a rate lower than is currently being purchased. This proposal will generate a potential saving of circa £100k pa which has already been built into the MTFS. Therefore additional funds are now being requested to ensure that the budget will cover the revised cost of delivering this project.	A,D
Children and Families			
17	Temporary Replacement School Accommodation - Orleton	Removal of temporary modular buildings from Orleton CE Primary school and replacement with permanent build accommodation. Currently using temporary accommodation as full time essential teaching basis.	B,D

Key:- Corporate Plan

- A Enable residents to live safe, healthy and independent lives
- B Keep children and young people safe and give them a great start in life
- C Support the growth of our economy
- D Secure better services, quality of life and value for money

PROJECT DOCUMENTATION

Stage 1 Business Case

Upgrade and Renewal of CCTV Equipment

Business Case

1. Purpose of Document

The purpose of this document is to set out the justification for the undertaking of a project based on the estimated cost of development and the anticipated benefits to be gained.

The business case is used to say why the forecast effort and time will be worth the expenditure. The on-going viability of the project will be monitored by the Project Board against the benefits identified in this business case.

2. Background and Reasons for the Project

2.1 Background

CCTV cameras were installed across Hereford City, Ledbury, Leominster and Ross-on-Wye in the mid-nineties. The images from these cameras were received in the Bath Street police station control room. With the impending change in the use of the police control room and the new Data Protection Act 1998 both the West Mercia Police and Herefordshire Council funding a new state of the art digital recording CCTV Control Room in the Shirehall.

Since opening in June 2003 the CCTV control room has dealt with in excess of 50,000 incidents ranging from a number of murder enquiries to missing children.

The CCTV digital records are no longer supported by the manufacturer, therefore should any of the recorders fail the images from the CCTV cameras will not be recorded.

The CCTV cameras out in the field have been repaired as and when they have failed and a number were renewed to dome type cameras in 2009.

2.2. Summary of Reasons for the project

Document any compelling reasons for this project.

- The CCTV digital recorders are no longer supported by the manufacturer. Previous failures of the equipment have been repaired, this will no longer be possible. The new equipment would provide a number of operational benefits over the existing system in that it would be possible to monitor remotely from any location, which should the control room become unusable on an occasion, will not prevent the CCTV across the county being monitored.
- The current analogue video matrix is no longer fully supported by the manufacturers. They can be repaired by specialist companies but because they are now obsolete being able to obtain the parts is now proving difficult. A video matrix is a switch that routes video inputs from cameras to video outputs that are fed to monitors and DVRs for recording as required. Should the matrix fail images from camera would no longer be able to be recorded or reviewed.

- The cost of annual BT fibre optics to bring images from 6 cameras in Hereford and the all of the market towns cost 33K. This is a considerable revenue sum. To replace the networks in the market towns to IP and replace existing analogue cameras to IP ones in the market towns would realise a saving of approximately 21K per annum for the Town Councils once the capital sum has been paid off.
- The proposed system has a number of inbuilt and add on apps that will aid with the efficiency of the system including:
 - ANPR (Automatic Number Plate Recognition) which will assist in incidents where vehicles are involved.
 - Mapping of incidents to provide analysis of where the current hot spots for offences are
 - The ability to monitor CCTV cameras from a remote location should the CCTV Control Room be quarantined for any reason.

3. Objectives

- To maintain and improve the service so that it can continue to support officers of West Mercia Police, colleagues in Herefordshire Council, colleagues of the city council and town councils, colleagues of Hereford BID and maintaining the feeling of safety in the area where CCTV is located and help reduce the fear of crime in those areas.

4. Contribution to Strategic Objectives

How CCTV contributes to all of Herefordshire Council's priorities:

- **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**
- **Secure better services, quality of life and value for money**
 - by being able to monitor incidents and breaches of CBOs and alerting police and partner agencies across the city and market towns to them. For example a group of young people who have been on the radar for a number of months for ASB are now being given CBOs to deal with their behaviour. CCTV assists with identifying street drinking anti-social behaviour which has resulted in a number of known street drinkers who cause a nuisance being given CBOs to address their behaviour. CCTV also provides evidence for breaches of CBOs. The CCTV Commissioning Officer is heavily involved in various groups that are tackling ASB caused by young people and street drinking.
 - Herefordshire CCTV supports this aim through use of CCTV cameras to identify incidents, offenders and victims of harm. With the evidence gathered this in turn will assist and support WMP to focus on key areas and locations.

- During opening hours, especially during the night time economy CCTV operators will alert police officers to all incidents whereby aggressive behaviour takes place between members of the public that appear to be couples, family members or intimate partners, whether this is caused by males or females. The Street Pastors are also notified of the incidents so that they can assist the vulnerable person to get home or be reunited with friends.
- CCTV will alert police officers to incidents of suspected drug misuse and dealing. The CCTV service works closely with HAND (Herefordshire Against Nighttime Disorder) to identify persons involved in incidents or crime and anti-social behaviour related to crime.
- To provide evidence relating to hate crime and identify and alert police to incidents where a hate crime is suspected.
- Herefordshire CCTV works closely with the Safer Neighbourhood Teams and Integrated Offender Management teams to identify repeat offenders of crime, public order and anti-social behaviour. When police officers need to find a person of interest, one of their first calls is to the CCTV control room to assist in the location of these people.
- CCTV has previously provided evidence to support cases of sexual violence which have resulted in long custodial sentences for the offender. CCTV also proactively monitors vulnerable people and alerts police and other agencies (particularly Street Pastors) to the incident.
- To monitor and assist with keeping vulnerable people safe. CCTV assists the night time economy in monitoring incidents of disorder, identifying offenders and alerting police officers and doormen to persons of interest involved in violence against a person or disorder. The monitoring and searching of vulnerable people takes place at all hours of the day with calls being made from the local hospital to assist in searches of missing patients.
- Herefordshire CCTV is actively involved in various strategic groups around CSE and vulnerable children. The CCTV operators are constantly asked to support WMP to locate vulnerable children throughout the county and identify any trends or links around these vulnerable children, locations, peer groups, associates, etc.

5. Stakeholders

The key stakeholders of the project with an analysis of their potential role on the project;

- Project sponsor –
- Project Manager –
- Project Manager –
Senior user-
- Senior supplier U/K
- Key users – West Mercia Police, Herefordshire Council, Hereford Cathedral, Hereford City Council, Ledbury Town Council, Leominster Town Council, Ross-on-Wye Town Council, HMRC (Her Majesty's Revenues & Customs)

6. Scope

- The proposal is to maintain and improve the CCTV provision to Hereford, Leominster, Ross and Ledbury and support the police, council officers etc. and reduce costs by: renewing digital video recorders and associated Matrix, upgrading the analogue links to IP links in markets towns and upgrading analogue cameras to IP cameras in the market towns

7. Work Performed

Details of the work undertaken in putting together the Business Case, e.g.

- A consultant was employed to assess the current state of the equipment and make recommendations on the system to both reduce revenue costs and to recommend a financially sustainable system for the future.
- An assessment of the pay back of capital grant which should be delivered within 8 1/2 years
- Buy in from city and town council's to continue to make their annual contributions as agreed until capital grant is repaid.
- All public space CCTV systems have to comply with the Data Protection Act 2018 and the Human Rights Act 1998. The Herefordshire CCTV system has a number of protocols for operation as well as a full audit trail of the use of the system to ensure that the principles of both acts are adhered to and are compliant.

8. Benefits

1.1. Benefits

- Reduction in costs to the relevant town councils totalling £22,590
- Improvement in images going from analogue to digital which will support better identification and number plate recognition
- Reduction in costs of installing new cameras in future as IP network will already be in place.

1.2. Adverse Effects

NONE Identified

9. Options

- Do nothing – the system can be run as it is without any further investment. This will render the service redundant when either the digital recorders or matrix fails.
- Option 1 – Renew the digital video recorders and matrix which will see the service continue for the future. Any analogue cameras in Hereford would be able to be renewed on an adhoc basis, but any renewals in the market towns will still need to have analogue cameras. There is no future cost benefit to this option.
- Option 2 – Renew the digital video recorders and matrix which will see the service continue for the future. Upgrade the links in the market towns to wireless links which will allow for an upgrade of the analogue cameras to IP cameras which will in turn reduce the annual costs by circa 21K. Any analogue cameras in Hereford would be able to be renewed on an adhoc basis.

1.3. Summary of costs for each option

A summary of each option and the relative additional costs to the Council are shown in the table below:

Option	Project costs	Annual on-going costs	Return on investment
Option 1	£47,882	0	0
Option 2	£136,443	0	£22,590 per annum <i>(for the market towns from between 4½ and 8½ years)</i>

1.4. Summary of benefits achievable from each option

A summary of the benefits from Section 8 achievable for each option is shown below:

Option	Increased fee income	Saving on administration time	Mainstreaming benefits
Option 1	N	N	N
Option 2	N	N	Y

1.5. Summary of impact and scale of people change for each option (if potentially a decision-making factor)

A summary of the impact and scale of people change for each option may be shown below:

Option	Impact for people (positive, negative, neutral)*	Scale of change (low, medium, high)*
Option 1	NONE	
Option 2	NONE	

*: It may be clearer to describe the impact and scale of each change option for some projects.

1.6. Summary of adverse effects for each option (if and only if this is potentially a decision-making factor)

A summary of the adverse effects of the change for each option may be shown below:

Option	People impacted	Nature and scale of impact
Option 1	NONE	
Option 2	NONE	

10. Costs and timescales of recommended option

1.7. Recommended Option

Option 2 – The current digital video recorders are no longer supported by the manufacturer which means that should a recorder fail the system is redundant. The video matrix which controls how the images are routed through to the recorders and monitors is also at a stage where it is highly unlikely that it could be repaired and if so it would take a long time and cost a lot of money.

This option will allow for the current digital video recorders for analogue cameras to be replaced with a new digital video recorder platform that will accommodate both analogue and IP cameras. IP cameras are seen to be the way forward and produce superior images and have the ability to be added seamlessly to the network. The new system would also have the ability to deal with routing of images around the system either on spots monitors or a digital back wall screen.

1.8. Project Implementation Costs – Recommended Option

The table below shows a summary of the (new and additional) costs of implementing the recommended option. Full details of these costs can be found in Appendix 12 – Financial Template.

Capital cost of project	2019/20	2020/21	2021/22	Future Years	Total
	£000	£000	£000	£000	£000
<i>Option 1: minimum required to maintain a useable CCTV system</i>	43,800				43,800

<i>Option 2: renewal of Ledbury, Leominster & Ross-on-Wye transmission and cameras</i>	134,100				134,100
<i>Consultant to write specification</i>	2,082				2,082
<i>Consultant to manage installation project</i>	4,343				4,343
TOTAL	184,325				184,325

1.9. Summary of ongoing costs against benefits – Recommended Option

NONE

1.10. Staff Resources and Costs

NONE

1.10.1. Core Funded Roles

NONE

1.10.2. Ongoing Service Support Roles

NONE

1.11. Change Management

NONE

1.12. Sustainability Assessment

	<i>+ve</i>	<i>-ve</i>
<i>Environmental</i>		
<i>Social</i>	<p><i>Benefits to:</i></p> <ul style="list-style-type: none"> - <i>Stakeholders – better quality images to secure more detections giving greater kudos</i> - <i>Council – public opinion on how Herefordshire Council value CCTV</i> 	<p><i>Potential issues and adverse effects for:</i></p> <ul style="list-style-type: none"> - <i>Unrealistic expectations raised to the ability of CCTV</i> - <i>Negative press regarding “Big Brother” expenditure</i> -

	<i>in the community will increase</i> <ul style="list-style-type: none"> - <i>Local Community will feel safer in the knowledge that investment has been made in security</i> 	
<i>Economic</i>	<ul style="list-style-type: none"> - <i>Future cost savings to the town councils</i> 	<ul style="list-style-type: none"> - <i>Costs of IP networks</i> - <i>Cost of new DVRs</i>

1.13. Timescales

The project can be broken into *n* stages.

- Stage 1 – Procurement writing of specification, out to tender, selection of supplier
- Stage 2 – Agree programme of work and inform partners and stakeholders
- Stage 3 – Install and commission new equipment
- Stage 4 – Go Live

This early planning would indicate the following timescales could be achievable:

Activity	Dates
➤ Pre-project – consider recruitment of resource needed for project start date (subject to funding sign off)	
➤ Project start	21/01/2019
➤ Project governance established	21/01/2019
➤ Prepare detailed requirements for procurement	01/02/2019
➤ Project documentation prepared	01/02/2019
➤ Detailed project plan created	14/02/2019
➤ Privacy Impact and Equality Impact Assessments completed	01/03/2019
➤ Prepare procurement documentation	01/03/2019

Activity	Dates
➤ Procurement initiated	01/04/2019
➤ Procurement process	01/04/2019
➤ Supplier selected	01/06/2019
➤ Contract signed	15/06/2019
➤ Implementation plan agreed with chosen supplier	01/07/2019
➤ Post-procurement finances review	01/07/2019
➤ System build	01/09/2019
➤ System training	30/09/2019
➤ Final testing and system checks	01/03/2020
➤ Go live	15/03/2020
➤ Project closure process started	15/03/2020
➤ Project close	31/03/2020

11. Risks

Risks are potential threats to the Council that may occur but have not yet happened. Risk management will monitor the identified risks and take any remedial action should the risk happen. The risks associated with the project are set out in detail in the risk log in Appendix 6, identified as the risks to the Council if the project does not go ahead, and the risks if it goes ahead with the recommended option. In summary the main risks are as follows.

1.14. Risks of not going ahead with the project

- The system will fail and there will be no recording or visual monitoring of CCTV across the county

1.15. Risks that will need to be addressed if the recommended option goes ahead

- Strategy to cover the monitoring of CCTV whilst the system is being renewed and how this can be managed

12. Issues

There is a significant number of important issues which need to be resolved and decisions which need to be made to achieve the successful delivery of the benefits of the project.

- Identify any key issues which need to be resolved to achieve the benefits of the project
- Getting clear dates on when the system will be out of operation and tying these into days which are “less riskier” i.e. Friday, Saturday nights
- Allowing time for set up and training of kit

- Managing the expectations of stakeholders and partners during the process
- Obstacles to completing the project e.g. skills gaps.

13. Dependencies

1.16. Initiatives which this project depends on are:

- Town Councils' buy in to continue contributing towards CCTV
- Continued financial support from the PCC or West Mercia Police

1.17. Other initiatives which depend on this project are:

14. Appendices

a. Appendix 1 – Roles and Responsibilities

Core Funded Roles

Role	Description of Main Duties
Project Sponsor	<ul style="list-style-type: none">▪ Help to describe, prioritise and agree the requirements▪ Evaluating suppliers during procurement
Project Manager	<ul style="list-style-type: none">▪ Managing the project budget▪ Help to describe, prioritise and agree the requirements▪ Approving functional and non-functional requirements▪ Evaluating suppliers during procurement▪ Approving the Implementation Plan for the <i>business area</i>▪ Approving the Training Needs Analysis▪ Leading the implementation of the system in the <i>business area</i>▪ Identify users who can inform the project▪ Act as project link with users who will be affected by the changes▪ Represent other users views and opinions at the Project Board▪ Be an advocate for the project▪ Review and test outputs from the project to ensure they meet the end users' needs▪ Leading the User Testing and Training▪ Working to produce training and guidance materials▪ Deliver training and guidance
Procurement Manager	<ul style="list-style-type: none">▪ Supporting the procurement process▪ Ensuring that the procurement is compliant with the appropriate procurement rules

Non-Core Funded Roles

These roles will be directly chargeable to the project.

Role	Description of Main Duties
------	----------------------------

Role	Description of Main Duties
Project Manager	<ul style="list-style-type: none"> ▪ Building and leading the project team ▪ Day-to-day control of the project ▪ Escalating issues and risks which the team cannot resolve ▪ Delivery of project outputs to cost, quality and time ▪ Working with the Business Lead to implement the system ▪ Understanding the user requirements and advising as to how the system can be used to meet these requirements

b. Appendix 2 – Financial Template

Separate Document

Business Case

*Supporting Growth and Efficiency by Investing in the
Highway Asset*

BUSINESS CASE

The Business Case is used to document the justification for the undertaking of a project, based on the estimated costs (of development, implementation and incremental ongoing operations and maintenance costs) against the anticipated benefits to be gained and offset by any associated risks.

Prepared by – xxxx

For the attention of – CSWG

Supporting Growth and Efficiency by Investing in the Highway Asset

This scheme has 2 capital components:

- 1) Investment in the condition and safety of the main road network (A and B Roads) to support the local economy, support safety improvements, protect existing investment in the network and secure resilience.
- 2) Condition of structures (bridges) across the County to ensure access for communities.

Delivery 2017/18, 2018/19, 2019/20.

As described in the Local Transport Plan, Asset Management Policy, the aim is to support the growth of the county by making the best use of its transport assets and where possible facilitate more efficient usage together with improvements in the quality of our public places.

Public places should be safe and enjoyable for all to use responsibly. Public places should also remain safe through all seasons of the year. The infrastructure that is vital to a functioning county should be resilient to the impact of weather and climate.

The transport assets should provide a network that facilitates the efficient and safe movement of people and goods whilst protecting the quality of life within communities.

The council will encourage and support the growth of competitive local business and enterprise through works to enhance and maintain public places and by the way that work is delivered.

This investment will assist in avoiding mounting revenue costs associated with the maintenance and management of the most extensive and valuable physical asset for which the council is responsible.

The attached slide pack provides an overview of this scheme.

1 OUTLINE BUSINESS CASE

Business Options

The table below summarises each business option.

Option	Analysis
Do nothing	Continued deterioration in the condition of the main roads and bridges will result. 20 bridges are at risk of early failure. The direct cost to the council of repairing or replacing a failed bridge is significant and the cost to the local economy of a main road network that is in poor condition is also significant.
Do the minimum	<p>The council has the opportunity to gain funding to deliver both components of this scheme through a successful bid to the Department For Transport's (DfT) Challenge Fund, the next round of which will be held in 2017/18 seeking scheme bids for funding from 2018/19 to 2020/21. The Challenge Fund seeks bids in two categories, up to £20m and over £20m. Both components would be (separate) bids in the up to £20m category. To progress a challenge fund bid, the council will have to provide a local contribution, from funds outside those provided to it by the DfT, of 10% minimum. 10% of £40m is £4m. This sum could be provided in advance of the DfT funds in 2017/18 and over the 3 years from 2018/19 to 2020/21. As such a minimum of £1m per year would be required.</p> <p>In addition to the local contribution, to succeed the Council's bids will have to ably demonstrate the:</p> <p>Strategic Case for Investment - the strategic fit will identify a clear need to undertake the scheme now to ensure that the problem does not get any worse. The case is supported by good quality evidence.</p> <p>Project Delivery - will be realistic, with clear timescales for completion. Financial risks will be identified and No significant risks will remain, or adequate mitigation measures have been identified. A fully evidenced and comprehensive risk register will be provided.</p> <p>Economic Case - the information and data and analysis will be provided to assist the assessment of the bids. This will use the latest methods that we have developed alongside DfT to assess the economic benefit of investment in highway maintenance.</p>

Option	Analysis
	<p>Management Case - All governance arrangements will be in place with clear line of accountability, all as required for all major projects and in accord with our Public Realm Services Contract.</p> <p>Project Planning - An outline project plan will be developed, with realistic timeframes and task durations. Contingency (float) or critical path may also have been included with a summary of lessons learned (if applicable).</p> <p>Risk Management - A risk register will be provided. Any significant risks will be identified and adequate mitigation measures will also have been identified.</p> <p>The £4m invested would, subject to successful bids, would bring in up to £36m of additional funding, an average of an additional £12m per year over the 3 years from 2018/19 to 2020/21.</p>
Do something	<p>As above the Council will bid to the Challenge fund and both components would be (separate) bids in the up to £20m category. The assessment criteria for the previous bidding round awarded bids that made a local contribution of >21%. As such to maximise our potential for success the council will have to provide a local contribution, from funds outside those provided to it by the DfT, of 21%. 21% of £40m is £8.4m. This sum could be provided in advance of the DfT funds in 2017/18 and over the 3 years from 2018/19 to 2020/21. As such £2.1m per year would be desired.</p> <p>The £8.4m invested would, subject to successful bids, would bring in up to £31.6m of additional funding, an average of an additional £10.53m per year over the 3 years from 2018/19 to 2020/21.</p> <p>Further to the above it should be noted that in the 2016 Budget, the Chancellor of the Exchequer accelerated this Government's commitment to invest £100 billion in infrastructure by 2020-21. The Budget states that this 'will include bringing forward funding for the Highways Maintenance Challenge Fund and the Pothole Action Fund, and enabling the delivery of thirteen thousand shared ownership homes two years early.'</p> <p>As such the delivery programme for this second tranche of Challenge funding may be brought forward (this may be announced in the Autumn Statement). As such some funds may be available from DfT during 2017/18.</p>

Return on Investment

The table below summarises the return on this investment:

Benefit	Initial Analysis	Comparison / References						
<p>The £8.4m invested would, subject to successful bids, would bring in up to £31.6m of additional funding, an average of an additional £10.53m per year over the 3 years from 2018/19 to 2020/21.</p> <p>The benefit to both the council, in terms of future cost avoidance, and the economic and social benefits to the people of Herefordshire will be fully evaluated as part of our Challenge Fund Bids.</p>	<p>An immediate benefit cost ratio of $31.6/8.4=3.76$</p>	<p>If the initial value for money of this project is evaluated using the methodology described in the Department for Transport's advice note 'Value for Money Assessment: Advice Note for Local Transport Decision Makers' It would be rated as high VfM.</p> <table border="1" data-bbox="1082 770 1465 1585"> <tr> <td data-bbox="1082 770 1238 1585" rowspan="5">VfM Threshold</td> <td data-bbox="1238 770 1465 871"> <ul style="list-style-type: none"> Poor VfM if BCR is below 1.0 </td> </tr> <tr> <td data-bbox="1238 871 1465 1048"> <ul style="list-style-type: none"> Low VfM if the BCR is between 1.0 and 1.5 </td> </tr> <tr> <td data-bbox="1238 1048 1465 1225"> <ul style="list-style-type: none"> Medium VfM if the BCR is between 1.5 and 2.0 </td> </tr> <tr> <td data-bbox="1238 1225 1465 1402"> <ul style="list-style-type: none"> High VfM if the BCR is between 2.0 and 4.0 </td> </tr> <tr> <td data-bbox="1238 1402 1465 1585"> <ul style="list-style-type: none"> Very High VfM if the BCR is greater than 4.0 </td> </tr> </table>	VfM Threshold	<ul style="list-style-type: none"> Poor VfM if BCR is below 1.0 	<ul style="list-style-type: none"> Low VfM if the BCR is between 1.0 and 1.5 	<ul style="list-style-type: none"> Medium VfM if the BCR is between 1.5 and 2.0 	<ul style="list-style-type: none"> High VfM if the BCR is between 2.0 and 4.0 	<ul style="list-style-type: none"> Very High VfM if the BCR is greater than 4.0
VfM Threshold	<ul style="list-style-type: none"> Poor VfM if BCR is below 1.0 							
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	<ul style="list-style-type: none"> High VfM if the BCR is between 2.0 and 4.0 							
	<ul style="list-style-type: none"> Very High VfM if the BCR is greater than 4.0 							
<p>Total</p>	<p>£31.6m immediate benefit a BCR of 3.76 (High VfM).</p>							

1.1 DETAILED BUSINESS CASE

Expected Benefits

The detailed business case will be developed for each Bid in accordance with the assessment criteria for the DfT Challenge Fund. The bid criteria for the second tranche

of the Challenge Fund have yet to be announced. Bid development is advancing in accord with the criteria established in the first tranche and recognisable best practice.

Expected Benefit	Initial analysis	References/Comparisons
It is anticipated that the detailed business case will demonstrate Very high VfM.	BCR>4.0 with all economic benefits included	Our 2014 business case for Major Investment in highway infrastructure assets demonstrated a BCR of 2.5. this did not include for any social and economic benefits.

Expected Dis-benefits

The Council may not succeed in its bids to the Challenge Fund.

Expected Costs

The cost of preparing high quality challenge fund bids. this is estimated at £60K.

Major Risks

Risks management will be developed in the detailed business case that will support our Challenge Fund Bids.

The major risk to this business case centres around our ability to succeed in the second tranche of bidding to the Challenge Fund. This risk will be mitigated by the investment of time and resources into the development of high quality bids.

Beyond the bidding process the key project risks are likely to be as set out in the table below:

Major Risks
Impairment in the highway asset, as a consequence of the severe weather and the resulting damage to the asset, is not fully addressed through damage repair works (as funded through Bellwin and any other Severe Weather Damage funding) The risk is that the overall condition of the highway asset will have deteriorated significantly and this will reduce the scale of the anticipated benefits.
Underlying drainage issues, that have and will lead to accelerated deterioration in the highway asset, are not addressed through the investment period, leading to the benefits realised as a result of the investment not being sustained.

<p>Customers and Stakeholders expect this significant investment to address all highway defects throughout the county, which it will not. The risk is that expectations will be raised to unrealistic levels which will never be met, leading to a reduction in overall customer satisfaction with the condition of roads.</p>
<p>The overall condition of the highway asset is not elevated to a level that enables a reduction in the need for the reactive response to highway defects. The risk is that this will lead to an increase in the proportion of reactive works and a consequential reduction in the level of highway works that can be capitalised and a pressure on revenue budgets.</p>
<p>The overall condition of the highway asset is not elevated to a level that sees a reduction in the number of potholes that are of a size, or in a location, that cause damage or injury to highway users and their property. As a consequence, the scale of benefits anticipated to be realised by residents and businesses will not be realised resulting in sustained or increased cost to residents and businesses in Herefordshire. There would also be consequential reduction in the overall satisfaction in the condition of roads.</p>
<p>Delivery through the associated programme of works is not aligned with the asset management strategy through the investment period and throughout the asset lifecycle. As a consequence the overall condition of the asset may be significantly less than that which should be achieved over time. This may result in the need for a further major investment to make a step change in condition. The risk is that this further investment need occurs before the 'original' investment has been paid for. As such the further investment will be unaffordable.</p>
<p>The impairment in the highway asset, as a consequence of the severe weather throughout the lifecycle of the asset and the resulting damage to the asset, is not fully addressed through damage repair works (as funded through Bellwin etc.). The risk is that the actual overall condition of the highway asset will be impaired and this will reduce the scale of the anticipated benefits.</p>

Investment Appraisal

	Year 1	Year 2	Year 3	Total
Benefit		c£10.53M	c£10.53M	c£10.53M
Cost	£2.1M	£2.1M	£2.1M	£2.1M

	Year 1	Year 2	Year 3	Total
Risks	£0.06M			
Net benefit	£31.6m immediate benefit a BCR of 3.76 (High VfM).			

Investment Assumptions

That the Challenge Fund assessment criteria for Tranche 2 are broadly equivalent to the criteria set for Tranche 1.

That 2 bids will be allowed.

1.2 BENEFITS REVIEW PLAN

Measures

Measure description	Baseline Measure	Target Measure	Measurement Method and responsibility
Challenge Fund Bid 1) Investment in the condition and safety of the main road network (A and B Roads) to support the local economy, support safety improvements, protect existing investment in the network and secure resilience.	No Bid	Bids Successful	MoM – DfT confirm funding. Responsibility - Head of Highways and Community Services
Challenge Fund Bid 2) Condition of structures (bridges) across the County to ensure access for communities.	No Bid		

Reviews

Review	Purpose	Attendees	Review Date / Timing
Bid resources in place	To ensure high quality bids can be prepared		October 2016
Bids prepared	To ensure that bids are ready to be submitted		January 2017 (to be adapted in accord with challenge fund bid process, once published)
Bid success	To evaluate success		April 2017 (to be adapted in accord with challenge fund bid process, once published)

PROJECT DOCUMENTATION

FEASIBILITY BUSINESS CASE

Estate Capital Programme 2019/20 -2021/22

Stage 0 Business Case

Purpose of Document

This Feasibility Business Case contains information that describes the justification for setting up and continuing the development of a detailed Business Case for the Estate Capital Programme 2019/20-2021/22. The Business Case is to be submitted to the Capital Review Board and if accepted, a more detailed Business Case will be developed.

Objectives

If the Business Case is approved then the programme can move into the implementation phase and deliver the following:

- Ensure that the Council's estate is maintained, safe and fit for purpose
- Address identified risks
- Reduce revenue expenditure through invest to save projects
- Extend the lifecycle of Council assets and protect/enhance value

The Business Case sets out a three year programme in order to provide clearer strategic direction regarding investment in the estate which differs from the more short term approach adopted in previous years.

Background

Herefordshire Councils' estate is basically split into two categories: Operational and Investment. Schools effectively form part of the operational estate but are subject to a separate capital programme and are therefore not included within this feasibility business case.

The Council's estate includes circa. 1080 assets of varying degrees of legal interest and use. Whilst optimisation of the estate is an ongoing processes based upon review and pro-active engagement with services, investment in key property assets is required for the four key reasons set out in the Objectives described above.

A three year programme is proposed in respect of prioritised projects rather than a short term annualised plan which, to date, has been the conventional approach. Projects have been assessed prior to inclusion in the programme and those that neither meet key criteria nor are not supported by sufficient information have been omitted. This is not to say that such projects are permanently disregarded should future assessment mean that they qualify for inclusion in the programme. In such circumstances bids for capital funding will be made on a project by project basis.

The capital programme, including the rationale and/or benefits for each proposed project, is provided at 9. Potential Costs and Options for Project

Project Drivers and High Level Issues

The three year programme provides a clear investment strategy which is prioritised through the assessment of criteria primarily focussed on (1) identified risk and (2) invest to save (MTFS savings), through the delivery of property specific projects. Cost appraisal is estimated i.e. high level and detailed evaluation has not been undertaken in respect of each project.

The capital programme will, with regard to the Council's objectives, aim to:

- *To secure better services, quality of life and value for money:*
Through minimising property costs and reducing the risk of service failure
- *Support the growth of our economy*
Through the release property assets for alternative use and/or development
- *Keep children and young people safe and give them a great start in life*
Through the proposed investment in the St. Owen's Centre and Hunderton Nursery

High Level Metrics

- Revenue cost savings per annum
- Rent income/Capital receipt
- Occupancy cost per capita
- Reduced maintenance cost per annum

Scope

Included in Scope

All properties identified within the proposed capital programme and those released in due course as a consequence of the identified projects.

Not included in Scope

All other properties within the estate.

Stakeholders

- Service users and occupiers (including tenants)
- Property Services
- Legal Services
- Finance
- Facilities Management
- Health & Safety

Dependencies

Initiatives which depend on this project are:

- Future Corporate Asset Strategy
- Better Ways Of Working (BWOW) – Strategy and Implementation
- Future Investment Asset Strategy
- Reduced energy consumption and carbon output
- Annual Financial Savings Targets

This project depends on:

- Appropriate levels of resource and expertise
- Consultant and/or contractor performance
- Information as to service plans and strategy
- The required level of engagement from stakeholders

Benefits

The anticipated benefits of the proposed project are listed below:

- Reduced revenue costs included as MTFS savings
- Capital receipts
- Risk management
- Protecting service delivery

Quantifiable

- Reduced costs
- Capital receipts
- Increased revenue (from investment portfolio)
- Improved EPC grade
- Compliance

Non-quantifiable

- Risk mitigation

Contribution to Strategic Objectives

- To secure better services, quality of life and value for money

- Support the growth of our economy
- Keep children and young people safe and give them a great start in life

Potential Costs and Options for Project

The three year programme is shown in the table below:

Planned Capital Programme						
Property	Description	2019/20	2020/21	2021/22	Comment	Rationale/Benefits
Shirehall	Rewiring of building, new switch room, boiler and plant room		£600k		Infrastructure renewal required as there is an increasing risk of failure	Risk of failure
	Roofing works			£400k	Identified through survey. To ensure building integrity is protected and the property is watertight	Risk of failure
Plough Lane	Roofing works	£200k			To remedy existing roof leaks which are impacting on the working environment and service delivery	Roof failure already impacting on building use
	Replace A/C units to data centre			£100k	Required to ensure essential ICT systems are	Risk of failure

					protected against failure	
	Replace Air Handling Units		£150k		Existing units are worn out and require replacement to make sure the property is fit for use. The recent reduction in catering provision illustrates the impact of unit failure	Risk of failure
	Toilet & stairwell improvements	£150k			Required for building compliance and future proofing	Invest to Save (MTFS saving). To enable the release of other buildings and reduce associated costs
	Drainage & resurfacing car park			£400k	To make sure drainage and the surface is fit for future use	To protect future use and address deterioration
Hereford Crematory	Reline burners		£50k		Required to ensure continued operation of equipment and service delivery	Risk of failure
Various sites	Upgrade resilience	£20k	£20K	£20k	Improvements to make sure buildings are protected in respect of recognised risk e.g. fire doors	Risk of failure

Investment portfolio	EPC's to enable lease renewal & letting	£150k	£150k	£150k	To meet statutory regulation and increase investment income	To address compliance and legacy issues, increase revenue and enhance investment value
Elgar House	Boilers		£125k		Council's responsibility under the lease	Risk of failure
Hereford Library	Lift installation		£100k		To meet statutory obligation and enhance use of upper floors	To address DDA compliance
Hunderton Nursery	Re-Roof	£200k			Identified through survey to ensure building remains fit for use and watertight	Risk of failure
Maylord & Widemars h Car Parks	Fire Suppression system		£750k		Identified risk further to report on fire in Liverpool multi-storey car park	H & S identified risk
5 Blackfriars	Refurbish (Disposal evaluation)	£50k			Improvements to enable disposal	Invest to Save (building disposal/capital receipt)
Unadopted Roads	Remedial work	£100k	£100k	£100k	Identified risk of increased claims for vehicle damage	Mitigate risk
Churchill House	External Works		£50k		Required to address deterioration of doors,	Risk of not meeting legal obligation

					fenestration and external fabric	
Old Priory Leominster	Roof repairs	£30k			Necessary to address current roof leaks and protect building integrity/use	Risk/Invest to Save (MTFS saving). To enable potential disposal
St. Owen's Centre	Re-Roofing and replace roof lights	£150k			Identified through survey to ensure building remains fit for use and watertight	Risk of failure
Kington Library	External windows and decoration			£20k	Identified through survey to address deterioration.	To protect future use and address deterioration
Glass House, Widemars h Street	Demolition	£100k			Acquired under Link Road CPO. Not marketable.	Invest to Save. Demolition to reduce liability and market/sell as part of larger site (capital receipt)
Emergency Capital Works			£200k	£200k	Utilised in previous years to address urgent needs	Required contingency for emergency works to prevent service failure
Total		£1,150k	£2,295k	£1,390k		

In each case the 'Do Nothing' option is not viable and each proposed project represents the considered way forward.

Costs and Timescales to Develop the Full Business Case

- The full business case in respect of the 2019/20 programme will be developed from existing staff resource in the Property Services Department with support from client

Departments identified at 5. above and consultants/ contractors as appropriate. This business case will be developed prior to the commencement of the 2019/20 financial year.

- Full business cases with then be produced for the subsequent financial years under the programme timeline.

Risks of not doing the Project

The programme seeks to reduce the risks identified on a project by project basis within the table under 9. Potential Costs and Options for Project.

Aside from cost, the council risks reputational damage if it fails to adequately manage its estate and enhance or release value through capital investment.

The key risks of not doing the project are:

- Impact on service delivery
- Rising cost
- Loss of income
- Loss in value/deterioration of property assets
- Reputational risk
- Non-Compliance with statute/regulation

The key project risks are:

- Statutory
- Financial
- Service

Appendices

Appendix 1 – Finance Template

Appendix 2 – Equality and Diversity considerations

Appendix 3 – Privacy and information security considerations

Appendix 4 – Sustainability considerations

PROJECT DOCUMENTATION

FEASIBILITY BUSINESS CASE

School Transport Route Planning Software

Stage 0 Business Case

Purpose of Document

This Feasibility Business Case outlines the benefits of procuring transport route planning software for school transport. It identifies the current challenges of manual planning and the financial and administrative benefits of introducing a suitable software package.

Objectives

If the Business Case is approved then the project can move into the implementation phase and deliver the following:

- An Improved and more efficient system of school transport route planning:
 - Reduced administration time planning school transport routes
 - Greater route efficiency – improved vehicle utilisation and reduced distance and time travelled for students
 - Delivery of lower revenue costs achieved through a reduction in the number of contracts required
 - Benefits to the Herefordshire environment including, lower carbon emissions, less traffic congestion, lower use of fuel.

Background

The home to school transport network has historically been planned manually using tools such as AutoRoute. This work is carried out by staff members within the Passenger Transport team. The network consists of 2 areas, mainstream educational transport including college transport, and special needs educational transport which also includes PRU schools, looked after children and adult social care.

Planning is carried out throughout the year to take account of new or diminishing demand. Special educational needs transport in particular can vary greatly from month to month as demand changes. A large planning exercise is undertaken between May and September each year which adjusts services to meet the demands of the new academic year commencing in September.

Project Drivers and High Level Issues

The scale and complexity of the school transport network limits manual planning from achieving the most efficient and optimised services. The current network of routes and services has organically developed over many years.

A full scale review of the mainstream educational network is due to be carried out with the aim of reducing contracting costs and meeting cost saving targets of the MTFS. Specialist route planning software will provide considerable benefits over the traditional manual approach in that it will save considerable time, allow for multiple routing options to be tested and also support double runs (when a contracted vehicle can serve more than one route/educational establishment thus reducing overheads).

High Level Metrics

The school transport network provides daily transport to 4,300, primary, secondary, college, and SEN students traveling to 98 educational establishments. The service is provided by external transport operators, supported by a small in house Council fleet. Currently 230 contracts are held with operators to supply these services. The total contracted cost of the service is £4.7m per annum.

Scope

Included in Scope

School transport including mainstream, college, SEN, LAC and PRU. Adult social care transport.

Not included in Scope

Public transport, subsidised and commercial bus services. However, it might be possible to use this software to review and design subsidised timetabled public bus routes.

Stakeholders

- Transportation and Access
- IT Support

Dependencies

Initiatives which depend on this project are:

A full review of the mainstream educational transport network is due to be carried out over the next 3 years to optimise the network, reduce costs, and meet cost saving targets of the MTFs. This will encompass all contracts held with commercial operators, 4,000 primary, secondary, and college students and 78 educational establishments. Transport route planning software is required to fully realise the potential of this initiative and achieve the cost saving targets.

The areas that depend on the outcome of this initiative are:

- 78 Herefordshire schools and colleges
- 4,000 Herefordshire school students and college students from Herefordshire and neighbouring counties
- 40 Herefordshire based commercial transport operators

This project depends on:

Available capital to purchase software.

Limited IT support to ensure that software will be compatible with council systems. As the software will be web based rather than hosted locally it is anticipated that there will be minimal implications for integration with council systems. An application support specialist from Hoople has attended initial software demonstrations to provide advice and review compatibility.

Benefits

The anticipated benefits of the proposed project are listed below:

Quantifiable

- Reduced contracting costs (estimated £225k over 3 years). This is based on average contract costs of around £25k. It is anticipated that the number of contract reductions will increase after the first year as more of the network is subject to review.
- A lower number of vehicles required to deliver the service
- An increase in the number of passengers carried per vehicle
- Reduction in CO2 emissions

Non-quantifiable

- Improved user experience for students and schools

Contribution to Strategic Objectives

Enable residents to live safe, healthy and independent lives	Improved service delivery and better resilience for school transport enabling parents to work and contribute to the Herefordshire economy.
Keep children and young people safe and give them a great start in life	Improved service delivery and better resilience for school and college transport enabling children to access education and develop skills for the future.
Support the growth of our economy	Reduced revenue costs for Herefordshire Council will allow for expenditure in other areas that can support the growth of the economy. Reduction in number of vehicles on the school run will assist in overall objectives to reduce congestion which will assist local economies.
Secure better services, quality of life and value for money	<ul style="list-style-type: none">• Reduced contracting costs• Improved Service Delivery• Reduced carbon emissions

Potential Costs and Options for Project

Should funding be granted it is intended to procure suitable software using the Government G-Cloud digital marketplace procurement framework. G-cloud allows buyers to find and purchase technology faster and cheaper than entering into individual procurement contracts.

Potential suppliers of suitable software are currently being evaluated through product demonstrations.

Initial estimates place the cost of the project at £30k per annum for 3 years.

Costs and Timescales to Develop the Full Business Case

Timescales:

Oct 18	Capital funding request
Nov/Dec 18	Develop procurement specification and detailed business case – support from Hoople through the SLA.
Mar 19	Successful capital funding request
Mar 19	Decision report
April – 19	Procurement Exercise via G-Cloud framework
May 19	Contract Award
June 19	implementation of software

Development of the full business case could be completed as part of normal Passenger Transport Management duties with some limited support from Hoople to ensure compatibility with council systems.

Risks of not doing the Project

The key risks of not doing the project are:

The key risks of not doing the project are:

School transport will continue to be planned manually. Routes will not be as optimised and efficient as they could be and contracting costs will not be reduced. Potential revenue cost savings will not be realised and the cost saving targets of the MTFS will be missed.

The key project risks are:

Achieved savings will not be greater than the cost of software purchase. This is unlikely as conservative estimated potential savings are substantially greater than the estimated costs.

Appendices

Appendix 1 – Finance Template (separate)

Appendix 2 – Sustainability considerations

	+ve	-ve
Environmental	<ul style="list-style-type: none"> • Fuel savings • Reduced carbon emissions • Reduced congestion 	None
Social	<ul style="list-style-type: none"> • Improved service and shorter journey times for students • Improved service for schools & colleges • traffic reductions during peak travel times • Reduced workload for Herefordshire Council Passenger Transport – allow for more focus on other key tasks 	<ul style="list-style-type: none"> • Route changes may attract complaints from parents (this would be mitigated by implementing a communications programme and close liaison with schools)
Economic	<ul style="list-style-type: none"> • Reduced contracting costs • Support for parents/carers to be economically active as they will not be occupied transport children to and from school 	<ul style="list-style-type: none"> • Software costs

PROJECT DOCUMENTATION

Stage 1 Business Case

Traveller Site Development

Business Case

1. Purpose of Document

The purpose of this document is to set out the justification for the undertaking of a project based on the estimated cost of development and the anticipated benefits to be gained.

The business case is used to say why the forecast effort and time will be worth the expenditure. The on-going viability of the project will be monitored by the Project Board against the benefits identified in this business case.

2. Background and Reasons for the Project

The council is preparing a Travellers' Sites Development Plan Document (DPD) as part of its Local Plan. This will focus on the accommodation needs of the Traveller community (Gypsies, Travellers and Travelling Show People) up to 2031.

The Travellers' Sites Development Plan Document was submitted to the Secretary of State for Housing Communities and Local Government on 27 February 2018 for examination.

The examination hearing for the Herefordshire Travellers' Sites Development Plan Document took place in May 2018.

In the post hearing advice the Inspector asked the Council to review the sections of the Gypsy and Traveller Accommodation Assessment in relation to turnover of pitches on the local authority sites. This review has resulted in a further five pitches being required in the County before 2022/23 and further 11 pitches between 2023 and 2031. This is in addition to the nine pitches already identified in the Travellers Sites DPD.

This Capital Bid seeks to facilitate this challenging requirement of increasing provision of Traveller Pitches.

In addition to the duty described above, concerns have been raised by Elected Members and the Director for Children's Services regarding the condition of the Council Managed Traveller Sites. The brick units have been upgraded over the past few years but are requiring further modernisation and upgrade. When the sites were first built there was not such demand on the facilities, these are now lacking and require upgrade. In addition the doors, fencing and general landscaping are requiring replacement and/or improvement.

Many of the repair and call out works are associated with electricity problems including trip outs, where residents are left without electricity until the supply can be re-instated. The supply to the sites needs upgrade to cope with modern appliances.

Summary of Reasons for the project

Document any compelling reasons for this project.

- Comply with the DPD
- To modernise the units and to secure income.
- Comply with landlord responsibilities.
- To be responsive to the needs and opinion of our tenants.

Objectives

- To develop new pitches
- Modernise existing units
- Improve facilities to the units
- Reduce the maintenance costs for traveller sites owned or leased by the Council.

Contribution to Strategic Objectives

Enable residents to live safe, healthy and independent lives	This project also supports residents of Council owned sites to live safe, healthy and independent lives, and supports the choices available for persons not wishing to live in 'bricks and mortar'.
Keep children and young people safe and give them a great start in life	Better provision of accommodation and an increase in plots available will enhance traveller children's lives. Stability in accommodation enables facilities to be accessed more easily.

Support the growth of our economy	The rising maintenance costs of the housing stock will be reduced as the accommodation is improved, this reduction will be realised for future years.
Secure better services, quality of life and value for money	<p>Development of good quality accommodation supports the secure better services, quality of life and value for money element within the Corporate Plan.</p> <p>If the Council were to seek alternative management/ownership of the Sites, if the properties are in improved condition, seeking this type of change would be feasible.</p>

Not included in scope

- General repair and maintenance of sites
- Routine planned maintenance

Stakeholders

The key stakeholders of the project with an analysis of their potential role on the project;

- Property Services
- Gypsy and Traveller Service
- Planning
- Building contractor

- Gypsy and Traveller Community
- Residents of the sites
- HCA
- Housing Solutions Team

Scope

- Developing new pitches at Bromyard x 2, Pembridge x 4.
- Improvements to the fencing and communal areas of the x 6 sites

Work Performed

Details of the work undertaken in putting together the Business Case

- Stock condition survey
- Basic survey quotes from Property Services
- Consultation with residents on existing sites
- Fire Risk Assessments
- Basic environmental advice
- Basic Planning advice
- Best practice landscaping

Should also include a subsection on Equality and Diversity:

Benefits

a. Benefits

- Demonstrate that the Council is working towards delivery of the requirements of the DPD and GTAA
- Secures and increases rental income from the properties now and into the future

- Reduces the repair and maintenance costs due to improved facilities
- Ensures that the housing and cultural needs of the travelling community are appropriately acknowledged and supported.
- Residents will feel encouraged to look after better quality accommodation and surroundings
- Improve the chances of seeking alternative management/ownership of the sites to achieve Housing Association benefits for the residents.

b. Key Project risks

Development of Traveller sites is not always popular with the Community in general and can attract adverse Political attention. The project will need careful management both in terms of finance and managing the public interest element.

Work on sites can cause some disruption to residents. The work carried out over the past three years has been managed well by careful selection of appropriate contractors, who are aware of the difficulties of working in areas where residents remain in their homes while the work is being carried out.

As there is not currently a depreciation budget for the planned maintenance of the sites, there is not currently a budget to undertake planned work when they need replacement or repair.

As such it is proposed that the revenue contributions for the capital repayments are met corporately.

Options

- Accept as proposed
- Reject proposals
- Select part of the bid

c. Summary of costs for each option

A summary of each option and the relative additional costs to the Council are shown in the table below:

Option	Project costs	Annual on-going costs	Return on investment
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Option 1	£1,539,500	Increase in number of pitches requiring routine maintenance and repair	Increase in income from additional rental income
Option 2	Nil	Increase in maintenance costs due to brick units deteriorating and land/fencing requiring repair/replacement. Potential difficulty renting pitches due to deteriorating units resulting in a decrease in income	No Capital repayments
Option 3	If funds are to be allocated for part of the project, it is difficult to pursue the project. The residents are not supportive of development of the new pitches, without the other work being progressed. The requirements of the DPD can only be met by increasing the number of pitches and these are the easiest pitches to supply.		

d. Summary of benefits achievable from each option

A summary of the benefits from Section 8 achievable for each option is shown below:

Option	Increased fee income	Saving on repair and maintenance	DPD benefits
Option 1	y	y	y
Option 2	n	n	n

Option 3	y	n	y
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e. Summary of impact and scale of people change for each option (if potentially a decision-making factor)

A summary of the impact and scale of people change for each option may be shown below:

Option	Impact for people (positive, negative, neutral)*	Scale of change (low, medium, high)*
Option 1	Positive for current and new residents Positive for Council for delivery of DPD	High High
Option 2		High
Option 3	Positive for new residents waiting for plots. Positive for delivery for DPD	High

**: It may be clearer to describe the impact and scale of each change option for some projects.*

f. Summary of adverse effects for each option (if and only if this is potentially a decision-making factor)

A summary of the adverse effects of the change for each option may be shown below:

Option	People impacted	Nature and scale of impact
Option 1	Capital repayments – the repayment period in monetary terms is approximately 70 years	
Option 2	Negative for residents as they were consulted over their priorities and this would show a lack of consideration for their responses.	

Option	People impacted	Nature and scale of impact
	Reputation negative for the Council due to non-compliance with the DPD.	
Option 3	Negative for existing tenants who were consulted regarding improvements they prioritised	

Costs and timescales of recommended option

g. Recommended Option

Option 1. The money not received during the last bid is key to pursuing the project. The past application included modernisation works identified during the consultation phase by the current residents. The residents did not fully support either the transit site or development of new pitches, as these were seen as less important to them, than the other works. In addition the application included additional resource to manage the project; currently there is no resource to be able to pursue this work. The bid received from the previous year of £360,000 covers the development of three pitches only.

There is no resource to manage a project of this size within the current structure, therefore, the money provided for the pitches to date, cannot be used without resource to lead on the project.

The other improvement works requested by residents was not included and this has proved to be contentious amongst the residents and is included in this bid.

h. Project Implementation Costs – Recommended Option

The project covers an extended period and the HC7 resource would be crucial to see it through to implementation. The money secured to date £360,000 for the development of 3 x pitches cannot be pursued with the current resource in the team. The one dedicated member of this team is a HC5 and is fully occupied. The Service Manager has four other busy areas including Licensing which does not allow them to support this project in a day to day capacity. It is expected that this HC11 would provide management support to the HC7 project manager. This post should be implemented prior to the project being undertaken.

The exact costs of Planning Permissions and an agent to produce suitable plans etc are unknown, but it is has been estimated in the bid. Similarly for any Environmental searches which may be required.

It is likely none of the planned work will commence until after April 2019, including the 3 x pitches for which funding is already allocated.

i. Staff Resources and Costs

The following project staff costs have been identified. These are a mix of core-funded roles and non-core funded roles.

The Business Lead role will be performed by Claire Corfield who is the Service Manager for the Gypsy and Traveller Service. The project will be managed by the Project lead which is included in the bid.

j. Timescales

The project can be broken into stages.

- Stage 1 – Procurement
- Stage 2 – Survey and detailed costing
- Stage 3 – Contractor
- Stage 4 – Implementation (will be broken down into sections)
- Stage 5 – Ground works
- Stage 6 – Build
- Stage 7 – snagging

This early planning would indicate the following timescales could be achievable:

Activity	Dates
➤ Pre-project – consider recruitment of resource needed for project start date (subject to funding sign off)	January/February 2019
➤ Project start	April 2019
➤ Project documentation prepared	June 2019
➤ Project governance established	September 2019
➤ Detailed project plan created	September 2019
➤ Privacy Impact and Equality Impact Assessments completed	June 2019
➤ Prepare detailed surveys for procurement	June 2019
➤ Prepare procurement documentation	June 2019
➤ Commence recruitment of additional resource	Jan/Feb 2019
➤ Procurement initiated	July 2019
➤ Procurement process	August 2019
➤ Contractor selected	August 2019
➤ Contract signed	September 2019
➤ Implementation plan agreed with chosen supplier	September 2019
➤ Post-procurement finances review	Monthly after September 2019
➤ Communication strategy prepared	January 2019
➤ Start build date on units requiring upgrades	April 2019
➤ Start build date on new units not require planning consent	August 2019

Activity	Dates
➤ Agent selected to draw plans and make planning permission applications	August 2019
➤ Planning approval period	December 2019
➤ Start build for remaining plots requiring planning consent	January 2020
➤ Project closure process started	March 2020
➤ Project closure reports completed	August 2020
➤ Benefits review	October 2020
➤ Project close	December 2020

Risks

Risks are potential threats to the Council that may occur but have not yet happened. Risk management will monitor the identified risks and take any remedial action should the risk happen. In summary the main risks are as follows.

- k. Non compliance with DPD**
- l. Reduction in income from rental**
- C. Increase pressure on maintenance budget**
- d. Continued challenge regarding the condition of the sites**

Issues

There is a significant number of important issues which need to be resolved and decisions which need to be made to achieve the successful delivery of the benefits of the project.

- Some of the project is subject to Planning Consent
- The project depends on sourcing suitable contractors
- There is no contingency or budget to pay the additional Capital borrowing from the income
- No depreciation plan is in place for costs of upkeep on the sites. Budget only exists for basic repair and maintenance.

This project depends on:-

- m. Residents on sites**
- n. Preparing the property for consideration of a change in management/ownership of the sites**
- c. Planning consent**
- d. Finance available to pursue the project**

Core Funded Roles

Role	Description of Main Duties

Role	Description of Main Duties
<p>Service Manager HC11</p> <p>Gypsy Liaison Officer HC5</p>	<ul style="list-style-type: none"> ▪ Help to describe, prioritise and agree the requirements ▪ Approving functional and non-functional requirements ▪ Act as project link with users who will be affected by the changes ▪ Represent other users views and opinions ▪ Be an advocate for the project ▪ Review refurbishment work to ensure they meet the end users' needs ▪ Building and leading the project team ▪ Assist with communication between the residents and visitors to the sites. ▪ Accompany visitors/contractors to the sites as required. ▪ Send written communication to residents as required. ▪ Arrange meetings for residents as required.

Non-Core Funded Roles

<p>Project Manager HC7</p>	<ul style="list-style-type: none"> ▪ Managing the project budget ▪ Day-to-day control of the project ▪ Escalating issues and risks which they cannot resolve ▪ Delivery of project outputs to cost, quality and time
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Appendix 1 – Financial Assessment

Key Elements of the Scheme

- The Hereford Transport Strategy (HTS) will provide significant benefits to Hereford, the Marches region and the wider economy. The scheme is a package that combines the provision of a much needed relief road with interventions to make Hereford easier to move around.
- There will be traffic calming on major roads in the Hereford area in combination with providing an alternative route from the south and north of the city known as the 'Western Relief Road'.
- Congestion will be eased on the A49 & A465 and at key junctions on these roads. This will improve urban areas of Hereford by:
 - Reducing severance on main roads in urban areas;
 - Reducing air and noise pollution which is a direct consequence of traffic volume reductions and the removal of most HGV traffic from residential and commercial areas;
 - Enabling better public transport services which run on less congested roads.
- The relief road will enable further development at the Hereford Enterprise Zone (HEZ), by reducing congestion, thereby attracting investment. The linking of the A465 to the A49 without the need for vehicles to travel through the congested Wye Bridge link provides significant journey time savings.
- Large proportions of traffic, especially HGVs, will be redirected away from the City Centre which will:
 - Provide a safer and more pleasant environment for visitors and promote shopping.
 - Enable commercial development.
 - Protect the city's heritage assets.
- The scheme will increase the capacity for commercial and residential development in the city core and the emerging modern retail expansion in the city.

Summary Plan

- The Western Relief Road is to join north and south of Hereford, comprising of the following sections which predominately go through open countryside:
 1. Wye Link
 - From A465 south west of the city (end of SWTP) to A438 west of the city.
 - Route requires a second crossing of the River Wye.
 2. Three Elms Link
 - From A438 west of the city to A4103 Roman Road north west of the city.
 3. Holmer West Link
 - Rejoins the relief road to the A49 in the north of the city, north of Starting Gate junction.
 4. Holmer East Link

SC1 - Scheme Description and Plan(s)

- Continues from the A49 to the A4103 Roman Road to the north east of the city.
- Connects to the South Wye Link, assumed to be already in place following implementation of the South Wye Transport Package.
- Provides an additional crossing of the River Wye.
- Additional online improvements along key trunk roads, such as the A49 & A465.

Scheme Drawings



SC2 - Problems and Evidence of Scheme Contribution to their Resolution

Transport Problems

- Congestion on main trunk roads leads to an average speed of 5 mph through Hereford on the A49 during peak periods. The provision of the relief road between would increase A49 end to end speeds to 20 mph southbound and 19 mph northbound.
- There have been significant impacts on the economy as a result of incidents on the River Wye crossing, which is a critical capacity limitation on the road network. This has resulted in Hereford coming to a standstill through accidents, breakdowns, bridge strike or maintenance works. The level of resilience in the roading network is low.
- High proportion of car usage for short distance trips, the 2001 census revealed that 50% of travel to work is a car trip less than 5 km in length.
- Large volume of traffic on main trunk roads hinders access to public transport and use of other modes of transport.
- Poor public transport access to rural areas.
- Congested access to and egress from REZ, especially via City Centre.
- High level of congestion at key junctions, such as Starting Gate junction (A49).
- Congested City Centre used as through route for high volumes of traffic, including HGVs.
- No quick, direct access between outer regions of the City.

Wider Policy Problems

- MOSAIC study shows 45% of South Wye areas (such as Belmont) are in the worst group with regards to social deprivation. Indices relevant to transport that score poorly in these areas are:
 - Car Ownership
 - Obesity (busy roads make walking and cycling difficult and unsafe)
 - Access to public transport
- Market failure:
 - Major congestion on the A49 is the key factor holding back development of 3000 houses in south Hereford. The Highways Agency have recently recognised the A49 as 77th worst for journey time reliability in the country.
 - Smaller schemes have been assessed aimed at enabling further development at the HEZ. These indicate that the ability to provide additional capacity or net benefits from these proposals are negligible. Only 8% of the proposed development at HEZ can be realised by 2018 through online options.
 - High proportion of housing growth to the north of the city, currently poor access to this area and near to key network pinch points including Starting Gate junction.
 - Proposed employment and residential development in Three Elms area.

Contribution of the Scheme to Problem Resolution

CONTEXT	INPUT	OUTPUT	OUTCOMES	IMPACT
Trunk road Congestion	HTS	Alternative, more direct route between City regions.	Significant reduction in traffic volume on key roads, such as A49, A465, A438 & A4103.	Improved journey times around and into the City.
Low resilience in network		- Second river crossing - Lower traffic volumes using A49 river crossing	A49 crossing is less of a capacity pinch point and also less critical.	Reliability of network increases, reducing negative economic impact of closures and increasing reputation of area for business.
- High car use for short trips - Poor access to public transport and other modes of transport - Poor public transport access to rural areas		Lowering traffic volume on main roads through urban areas	- Improved severance enabling better and safer access to public transport - Better public transport services enabled on less congested roads	Subsequent reduction in traffic volume, further improving situation.
Congestion at key junctions		Alternative routes to existing trunk roads	Reducing demand at junctions between key trunk roads (Starting Gate junction)	Housing growth to the north of the City no longer restricted by Starting Gate junction (A49)
		Alternative route around	Large volumes of traffic (especially	Removing necessity of

Congested City Centre		City Centre	HGVs) don't travel via City Centre	car travel via City Centre increases feasibility of sustainable – transport-modes-only schemes.
Social deprivation in South Wye areas		Improved public transport services and improved severance owing to lower traffic.	Sufficient alternative transport to cars will reduce impact of low access to cars. Improved severance will enable more walking, cycling and better use of public transport.	Lowering social deprivation, increasing opportunities, standard of living and land value.
Market failure		<ul style="list-style-type: none"> - Congestion eased on existing trunk roads - New, direct, faster access to more remote development areas. 	<ul style="list-style-type: none"> - Further development enabled in HEZ - Development of 3000 houses can begin in 2015 - Employment and residential developments enabled in more remote Three Elms area. 	

SC3 – Consequences of Failing to Implement the Scheme

Consequences in the Absence of the Scheme

Market failure - Congestion on the existing trunk roads and some key junctions will continue to hold back commercial developments at the HEZ, city centre and commercial/residential developments to the south, north and north west of the City.

Worsening car use problem (especially short trips) – increase in traffic will lower accessibility to public transport and use of roads for walking/cycling. This will result in more car use and a continually worsening situation.

Extended social deprivation – As more reliance is placed on cars for transport, areas of Hereford will become further isolated and deprived, which will be detrimental to the quality of life of residents.

Resilience of network decreases – Increased traffic and congestion will increase the risk of a network failure resulting from the critical single river crossing being closed and additionally the severity of such an occurrence. This will decrease reliability of the network and deter investment both commercially and from future residents.

City Centre image damaged – If traffic passing through the centre isn't lowered (let alone increased) the appeal to live and shop in Hereford City Centre will be damaged. In addition to the detrimental effect to user-experience, heritage assets will be damaged by HGVs travelling in close proximity of them.

SC4 – Aims and Objectives

Scheme Objectives

Summary of how the HTS will achieve the local objectives detailed in the Local Transport Plan (LTP) and Local Development Framework (LDF) and linked to regional and national objectives.

LOCAL OBJECTIVE	RELEVANT ASPECT OF HTS SCHEME
LTP 1a	Migrating traffic to relief road will improve severance on existing trunk roads, enabling walking to destinations and access to public transport stops – reducing the reliability on cars for easy/safe travel.
LTP 1b	Providing alternative route around the City Centre will reducing traffic volume through historic core, especially HGVs which cause most detrimental noise, sound and vibration effects.
LTP 1c	Inner city roads less congested, existing buildings more appealing to commercial investors and surrounding areas able to be used for expansion of shopping areas as access is improved by outer relief road.
LTP 1d	Relief road enables quicker access to Rotherwas and increases catchment, improving the standard of companies likely to invest.
LTP 2a	Large proportion of traffic would be using a brand new road. Wear and tear reduced on existing roads by shifting volume and especially the most demanding traffic (HGVs)
LTP 2b	Better access around City for those in rural areas. More pleasant access via either car or public transport from rural areas to city centre as existing roads become quieter.
LTP 2c	Relief road can be supported by circular bus route for quick, direct access between zones. Durations of longer distance journeys into city centre via public transport will be shortened as congestion is lowered.
LDF 1d	<ul style="list-style-type: none"> - More direct routes lessen extent of travelling. Improved severance, public transport access and cycling/walking conditions will reduce need for personal travel. - Relief road will facilitate the provision of developments within suitable distance from facilities by increasing the number of roads which are fit for walking, cycling and quick public transport – therefore increasing possible locations for such developments.
LDF 1e	<ul style="list-style-type: none"> - See LTP 2b - Introduction of relief road will reduce volume of traffic and subsequently amount of standing traffic. Especially relevant to types of traffic with most detrimental impact on space and air quality (i.e. HGVs)
LDF 2b	<ul style="list-style-type: none"> - Relief road & second river crossing provided. - This will also enable optimum Park and Ride facilities around outer zones and reduce congestion entering city centre to speed up the park and ride services into the centre. - Bus priority will be enabled by lowering volume of traffic on trunk roads, making it feasible to restrict a lane to busses (and bikes).
LDF 3b	Offering a more direct and efficient route of transport for the majority of traffic going to existing and planned developments.
LDF 3c	<ul style="list-style-type: none"> - See LTP1b for built, historical and cultural assets. - HTS will have some detrimental effect on natural areas owing to the construction of a relief road; however the impact of this can be managed through careful highway design, improving on the current situation of congestion on trunk roads through rural areas.

Contribution to Wider Objectives

Hereford LTP and LDF overarching objectives:

LTP Overall Objectives	LDF Overall Objectives
LTP 1: Reduce congestion and increase accessibility without relying on the car	LDF 1: Social Progress
LTP 2: Maintain access for rural residents and those without car access.	LDF 2: Economic Prosperity
	LDF 3: Environmental Quality

Hereford LTP and LDF sub-objectives and their relevance to wider objectives:

Local Objective	Objective Description	Relevant National Objective(s)	Relevant Regional Objective(s)
LTP 1a	Reduce short distance car based trips	DT 1 NR 3, 4, 5, 7 DCLG 2, 3	LTB 1b
LTP 1b	Reduce impact of car access in historic core	DT 2,3,4 NR 6, 9 DCLG 2, 3, 6	LTB 1a
LTP 1c	Support regeneration of central area by facilitating expansion and ensuring integration with existing shopping areas	DT 3, 5 NR 6, 8	LTB 1a
LTP 1d	Support successful investment in jobs at Rotherwas Enterprise Zone	DT 3, 5 NR 1, 6, 9	LTB 1a, 1c, 2, 4
LTP 2a	Ensure County's highway network remains fit for purpose and safe	DT 2, 3, 4 NR 8, 11 DCLG 1	LTB 1a, 1c
LTP 2b	Review transport services to ensure access provided for those in need	DT 4 NR 8 DCLG 3, 5	-
LTP 2c	Provide alternatives to cars for longer distance commutes	DT 1, 4 NR 2, 3, 8 DCLG 2	LTB 1a, 1b
LDF 1d	Lessen harmful impacts of traffic growth by: - Reducing need to travel - Locating developments within suitable distance of facilities to enable walking, cycling or public transport.	DT 1, 4 NR 3, 7, 8 DCLG 2	LTB 1b
LDF 1e	Ensure new developments support an accessible, integrated, safe and sustainable transport network, to: - Improve access to services in rural areas - Improve movement and air quality within urban areas	DT 1-5 NR 3, 7, 8, 9, 11 DCLG 2, 3, 5	LTB 1a, 1b
LDF 2b	City expansion with balanced transport measures including park and ride, bus priority schemes and a relief road including a second river crossing.	DT 2, 3 NR 6, 8, 9 DCLG 1	LTB 1a, 1c, 2
LDF 3b	To address the causes and impacts of climate change by ensuring new developments are sustainable.	DT 1 NR 2, 3, 4, 5, 7 DCLG 4	LTB 1b
LDF 3c	To conserve, promote, utilise and enjoy our natural, built, historic and cultural assets for the fullest benefits to the whole community	DT 3 NR 1, 6, 9 DCLG 6	LTB 2, 4

Wider Objectives

1 NATIONAL OBJECTIVES

1.1 (DfT WebTAG)

DfT Objective	Objective Description
DT1	ENVIRONMENT – To protect and build the natural environment
DT2	SAFETY – To improve safety
DT3	ECONOMY – To support sustainable economic activity and get good value for money
DT4	ACCESSIBILITY - to improve access to facilities for those without a car and to reduce severance
DT5	INTEGRATION - to ensure that all decisions are taken in the context of the Government's integrated transport policy

1.2 Highways Agency

Currently fulfils the same objectives as WebTAG. Route Based Strategy (RBS) including A49 yet to outline objectives, expected in 2015.

1.3 Network Rail

All Network Rail objectives can be grouped under DfT objectives:

Relevant DfT Objective	Network Rail Objective(s)	Objective(s) Description
DT1	NR2 NR3 NR4 NR5 NR7	- Efficient use of natural resources; - Energy efficient; - Low carbon energy; - Resilient to changes in climate; - Reduce air, water & land pollution
DT2	NR11	- Health and safety
DT3	NR1 NR6	- Value for money; - Manage land as to increase value
DT4	NR8	- Improve accessibility and inclusivity
DT5	NR9	- Positive contribution to neighbours and communities

1.4 Department for Communities and Local Government (NPPF Objectives)

The Department for Communities and Local Government (DCLG) has many overarching objectives similar to DfT.

Transport specific objectives below:

Relevant DfT Objective	DCLG Objective(s)	Objective(s) Description
DT1	DCLG 4	- Incorporate facilities for charging plug-in and other ultra-low emission vehicles

DT2	DCLG 3	- Create safe and secure layouts which minimise conflicts between traffic and cyclists or pedestrians, avoiding street clutter and where appropriate establishing home zones
DT3	DCLG 1 DCLG 6	- Accommodate the efficient delivery of goods and supplies - Conserve heritage assets
DT4	DCLG 2 DCLG 5	- Give priority to pedestrian and cycle movements, and have access to high quality public transport facilities - Consider the needs of people with disabilities by all modes of transport
DT5	Overall statement is to 'support local strategies to deliver sufficient facilities and services'.	

2 REGIONAL OBJECTIVES

2.1 Marches Local Transport Board (LTB) – Relevant Strategic Objectives

Relevant DfT Objective	LTB Objective(s)	Objective(s) Description
DT1	LTB 1b	- Reduce carbon emissions
DT2		
DT3	LTB 1a LTB 2 LTB 4	- Deliver the transport priorities needed to support the adopted economic growth of the Marches Sub-Region - Work with the LEP to secure access to other transport funding opportunities - Scrutinise business case work submitted by the scheme promoters, with particular regard to deliverability and value for money
DT4		
DT5	LTB 1c	- Deliver the transport priorities needed to support the transport strategies of the Marches sub-region.

SC5 – Key Beneficiaries

Groups of People

- *The key beneficiaries of the scheme include:*
 - Visitors to Hereford will be better able to get to and move around the city.
 - Improved access to the City will increase the number of visitors.
 - Residents that are being bypassed by traffic on the WRR who will see less traffic, fewer HGVs, improvements in air quality and greater opportunities to use active transport modes which will enhance health and fitness;
 - Users of public transport into and within the city that will benefit from lower volumes of traffic and congestion on their journeys
 - Unemployed residents as the ability to deliver employment land will improve their opportunities to find work.
 - Through traffic which will no longer be trapped in city bound traffic.

SC6 – Communications, Consultation and Stakeholder Management

Communications Strategy

- The HTS Communications Strategy was activated in May 2013 with the Project Initiation Document from HC. That document set out the key communications required to take the project forward. This has been supplemented by the direction of the Project Board.
- Methods of communications will be through a combination of letter, email, press releases, public events, workshops, formal public consultation and through the Herefordshire Council website.
- The key stakeholders have been grouped into the following, with a full list of stakeholders available on request:

Key Stakeholders	
Group	Members
Client - Management	<ul style="list-style-type: none"> • Director for Places & Communities • Assistant Director Place Based Commissioning • Project Steering Group
Client - Technical	<ul style="list-style-type: none"> • Project Manager • Transportation Department • Economics Department • Property Department • Conservation Department • Forward Planning Department • Development Control Department
Statutory Authorities	<ul style="list-style-type: none"> • Highways Agency • Environment Agency • Natural England
Elected Representatives	<ul style="list-style-type: none"> • Cabinet Members • Local Councillors
Non-Statutory Authorities	<ul style="list-style-type: none"> • Utility Service Providers (BT / E-On / Welsh Water etc.) • Emergency Services
Others	<ul style="list-style-type: none"> • Landowners (directly affected) • Local Resident (indirectly affected) • Community Groups • General Public

- The key messages for the project will change over time. There are however a number of high level issues that have been identified early and had mitigation measures developed to deal with these. They are summarised below:

Key Issues	
Issue	Detail
Community Expectations	<ul style="list-style-type: none"> • Need for information / involvement
Historical Issues	<ul style="list-style-type: none"> • Previous issues / legacies (i.e. Rotherwas Access Road) • Dissatisfaction from landowners with respect to options / preferred route selected
Other Projects	<ul style="list-style-type: none"> • Need for a consistent approach between different projects (i.e. Destination Hereford)
Environmental Impacts	<ul style="list-style-type: none"> • Ecology • Noise • Air Quality • Water Quality • Visual Amenity
Engineering Impacts	<ul style="list-style-type: none"> • Construction (noise / vibration) • Access to property / land • Local traffic movement
Social Impacts	<ul style="list-style-type: none"> • Visual and noise impacts – changes to recreational amenity

- The current stage in the development process for the scheme is Stage 2 of the 7 stage process summarised below:

Stage 1 – Preliminary Option identification

Stage 2 – Preferred Option identification

Stage 3 – Statutory Procedures

Stage 4 – Pre-Contract Design Stage

Stage 5 – Contract Award Stage

Stage 6 – Construction Stage

Stage 7 – Post-construction Stage

- The purpose and type of communications for each stage will vary. The current stage key objectives and purpose are shown below:

Objectives

1. Update relevant stakeholders.
2. Inform relevant stakeholders of progress on the development of a preferred route and gain feedback as part of the scheme development process.

<u>Stakeholders could include:</u>	<u>Purpose:</u>
<u>Affected Landowners</u> Landowners	<ul style="list-style-type: none">• Advise on likely impact on property• Advise on compensation, mitigation measures, accommodation works etc.• Advise on land acquisition process• Entry permission for surveys
<u>The Public</u> Local Residents Local Lobby Groups Local Traders Road Users	<ul style="list-style-type: none">• Detail the basis for selecting the preferred option• Detail the preferred option• Seek feedback on preferred option• Outline the next stage – "Statutory Procedures"
<u>Elected Representatives</u> Local Council MP's	<ul style="list-style-type: none">• Confirm the benefits of the scheme• Reaffirm timescales for the scheme
<u>Other Interested Parties</u> Consultees to Environmental Statement	<ul style="list-style-type: none">• Seek comment on the proposals

Consultation

- The Communications Plan proposes to keep stakeholders informed on the progress of the project and to gain feedback. This will be actively achieved through engagement by public meetings, workshop and information drop.
- The WRR in particular has a high profile locally in the media and amongst the population. A key important communications approach is to manage the likely level of interest to take account of the wide interest groups. All communications will be recorded in a central register to enable ongoing engagement with interested parties.
- Key changes in the project will be communicated as required and through a regular series of information drops. Decisions on when and how to communicate are made in the Project Control Group meetings and, when required, through the Board.
- Information provided to the public will be in a non technical format and available in a variety of accessible means.

Stakeholder Management

- The communications will be targeted at a variety of different audiences as outlined above. This will be particularly important for the directly affected parties who require more detailed information.
- The general public will be able to engage with the project through public meetings and open days at which they can register their feedback.

SC7 - High Level Constraints and Inter-dependencies

Constraints and Inter-dependencies

- Please provide a brief summary of any high level constraints and inter-dependencies upon which the scheme relies, possibly to include:

- The most significant scheme within the package – the Western Relief Road – requires Local Development Framework (LDF) policies to allocate land for its route and residential development policies to include the requirement for contributions to the scheme. Other smaller schemes, including car parks for park and ride or park and cycle will also require planning policies to allocate land. The LDF has yet to be adopted, so there is a risk that these policies may not be achieved.
- There are no substantial technical constraints as the scheme is standard highway and structures.
- The package is linked to a number of developments in Hereford, which cannot be delivered without the scheme. Contributions to the scheme costs will be secured through the planning process.
- Other than the developer contributions the scheme will require funding from the LEP. There are no non-public sector contributors.
- The package primarily relies upon the Southern Link Road being delivered as part of the South Wye Transport Package.

SC8 – Option Assessment Report (OAR)

Option Assessment Report (OAR)

- A full OAR was prepared in 2003 identifying the key problems and those options best placed to mitigate.
- This work indicated that a package of multi modal measures was required to meet Hereford's growing transport problems. The blended package as it was known, required the following elements to provide a balanced network:
 - Walking – Review of footway provision and pedestrian crossing facilities, dropped kerbs, pedestrianise city centre.
 - Cycling – Completed network of cycle routes covering all main radial direction.
 - Public Transport – Four park and ride schemes implemented. Monday to Saturday each week. Major bus priority on all radials and Inner Relief Road. Signal priority at junctions for buses. New rail stations at Rotherwas and Withington.
 - Highways – 20mph zones in residential areas. Junction improvements to accommodate bus priorities. Western distributor road
 - Parking – In accordance with Herefordshire Council Parking Strategy, ensure PNR/Publicly available balance is biased in favour of publicly available through development control. Increase existing provision to 2800 off street spaces and 800 Park and Ride spaces. Introduce on street charging related to Park and Ride provision.
 - Behavioural Change – Persuade 6% of car drivers by 2011 and 12% by 2031 to change mode over and above scheme generated modal shift.
- The OAR has been supplemented over time by a number of update reports. A selection of those are referenced below, representing a significant investment in understanding the implications of a relief road:

Table 1: Background Studies	
Report / Study	Date
Rotherwas Enterprise Zone – Base Transport Assessment	April 2013
Hereford Relief Road Study of Options, Interim Forecasting Report Addendum: Reduced Housing and Employment Option	January 2012
Hereford Relief Road Addendum to Study of Options Environmental Assessment Report	September 2011
Hereford Relief Road Study of Options	September 2010
Hereford Relief Road Interim Forecasting Report, Sustainable Option Packages	August 2010
Stage 1 Assessment Report, Herefordshire Council, Hereford Relief Road (Issue 2)	August 2010
Highways Agency (HA) – Hereford Enterprise Zone, Draft Local Development Order Consultation	May 2010
Rotherwas Industrial Estate Phase 1 & 2 – Transport Assessment	May 2010
Rotherwas Access Road Annex E Submission – Traffic Forecasting Report	July 2004
Rotherwas Access Road Annex E Submission – Local Model Validation Report.	July 2004
Rotherwas Industrial Estate Access Study	June 2000

- A key change for the relief road was the award of an Enterprise Zone to Hereford. This meant that there was additional market pressures to prioritise the Southern Link, a key lead infrastructure requirement. This is not included in the HTS as it is being progressed separately by HC.

Economic Case (EC)

EC1 – Scope of Modelling and Economic Appraisal

Appraisal Specification Report (ASR)

- See attached.

EC2 – Value for Money (Transport User Benefits)

Transport User Benefits

- *The proposed package will deliver benefits as follows:*
 - Journey time savings for business users, individuals and transport providers through the provision of additional highway capacity reducing city congestion and providing a bypass for non-Hereford traffic.
 - The additional capacity will reduce the contribution that incidents and congestion make to reliability
 - A substantial increase in employment land will lead to additional jobs which in turn will regenerate both employment and residential areas of the city due to additional income being spent.

- The highway scheme elements of the HTS have been assessed and have the following BCR values taken from Herefordshire Transport Strategy – Prioritisation Study (JMP, 2014):
 - Wye Link: 13.39
 - Three Elms: 8.73
 - Holmer West: 12.04
 - Holmer East: 7.81
 - Half Moon (Wye Link to Holmer West): 12.6
 - Full route (Wye Link to Holmer East): 10.5
- The above BCR elements are under review by Herefordshire Councils consultant.

Appraisal Summary Table

- Although the AST is not required at this stage we have used it as a template to guide the initial assessment of the various issues that need to be addressed. It should be noted that this is an initial assessment based primarily on qualitative work.
- The full AST will be completed as per DfT guidance, at the Outline Business Case stage (see DfT (2013) “Transport Analysis Guidance – Guidance for the Senior Responsible Officer” para 1.2.10).
- The preliminary AST is attached.

EC3 – Value for Money (Wider Economic Benefits)

Wider Economic Benefits

- *What will be the impact of the package on wider economic benefits, for example:*
 - There will be a positive reduction in the costs of travel to businesses, as freight to the B2 / B8 sites at HEZ will experience less congestion, freight serving the light industries and retailers in the city centre will experience less congestion and business travellers will have faster and more reliable journeys due to additional capacity being provided in the highway network.
 - It is unlikely there will be new markets opened up which were previously unviable because of transport barriers.
 - There will be the removal of substantial barriers to inward investment which are primarily associated with transport challenges on the A49 corridor – this applies to both residential and employment development.
 - Several sites will become viable – residential sites at ##### and employment sites at the HEZ, Three Elms Trading Estate, Three Elms urban expansion and Westfield trading estate with the potential for 5134 jobs to be created (JMP draft report table 5.1)
 - There will be little impact on access to employment markets.
 - The package does not contribute to keeping people in education, but stronger local businesses are more likely to keep them in employment.
 - It is unlikely that there will be a direct impact of the scheme on the

ability for local businesses to do business with one another.

Economic Indicators

- Creation of jobs is taken from JMP study and is estimated to be 5,000 jobs – based on both the Southern Corridor Link and the Western Relief Road being in place when compared to neither being provided.
- Housing land will become available as constraints on development rate related to highway capacity issues will be removed, each development will include affordable housing.
- Increases in business to business transactions within the Marches as the main scheme in the package removes the barrier of the congested A49 within the Hereford city boundary.

Appraisal Summary Table

- Although the AST is not required at this stage we have used it as a template to guide the initial assessment of the various issues that need to be addressed. It should be noted that this is an initial assessment based primarily on qualitative work.
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- The preliminary AST is attached.

EC4 – Value for Money (Environmental Impacts)

Environmental Impacts

The follow information below has been established by reviewing the existing environmental assessment and survey work undertaken to date to support the Strategic Outline Case.

Noise

The study area (600m either side of the off route and on route options) currently experiences low levels of background noise, being dominated by the local road network and villages around the outskirts of Hereford. The greatest volumes of traffic are on the A49, the main route through Hereford. There is also the A438 and A4103 that will contribute to background noise to varying degrees. There are a number of minor roads in the study area with lower volumes.

Sensitive receptors in the area are generally houses. Non residential sensitive receptors are along the online routes, A49 and A465 in particular.

There is likely to be a considerable rise in noise levels for sensitive receptors close to the off route options during the construction stage, however this will only be temporary. All sensitive receptors will experience an increase in noise levels from the operational phase of all the off route options.

Air Quality

The study area is located in a rural environment, dominated by the local road network and villages around the southern and western outskirts of Hereford City

Centre.

The nearest continuous monitoring station is located within the Air Quality Management Area (AQMA) on Edgar Street in Hereford City Centre. Hereford City AQMA has been designated within the City of Hereford, covering the A49 from Blackmarstone to Widemarsh and part of the A438 joining the A49. The AQMA is linked to road traffic emissions and is for exceedance of the annual mean nitrogen dioxide (NO₂) objective. Herefordshire Council report that the AQMA is likely to be extended soon as a result of diffusion tube monitoring showing exceedance of the annual mean NO₂ objective along the A438.

The construction phase of any of the off route options is likely to generate a considerable amount of nuisance dust, however this will only be temporary. The operational phase would see an improvement in air quality in areas currently experiencing high levels of vehicle congestion. Implementation of sustainable transport options will help improve air quality by encouraging cleaner modes of transport.

Greenhouse Gases

The amount of greenhouse gases produced is related to the length of the route as emissions are dependent on vehicle kilometres travelled. Therefore the longer the route, the more emissions will be produced.

Landscape

There are visual receptors where residents, road users, cyclists, ramblers and commuters will be able to view the construction phase of the off route options. Road users will also be affected by the construction works where the tie in of the new route links to existing routes.

All visual receptors will be affected by the construction phase since they all experience views of the site however some properties have limited views due to the mature planting within their private garden areas and through the natural topography of the land. The distance to the proposed route will depend on the preferred option chosen and will of course affect the effect on each receptor.

Construction machinery, materials and stockpiling of topsoil will alter the conditions, views and visual amenity that the receptors enjoy at the moment.

As the scheme involves the building of a new road within a rural setting which is mainly agricultural land. For most of the properties, the distances between properties and the new road will change. Visibility from several over receptors will be increased through the removal of the trees and hedgerow and the re- contouring of the land.

The introduction of replacement tree planting and mixed species hedgerow should help screen the new road within the landscape and enhance biodiversity.

Townscape

The introduction of a bus lane and the widening of the carriageway will result in a minor change in layout at a very local scale. The effects are likely to be felt most by residents who stand to lose some of the garden space from the front of their properties as a result of widening.

The sustainable transport elements of the Transport Package will have slight adverse effects on the layout and appearance of the townscape, and slight beneficial effects on the human interaction characteristics of the townscape. The magnitude of the effects on the layout and human characteristics are assessed as minor, whilst the magnitude of effect on the appearance of the townscape is negligible. All of these effects are experienced only at a local level and will not significantly effect the wider townscape of the area. Therefore the overall effects of these elements are assessed to be neutral.

The offline options will have no indirect beneficial effects on the townscape of the area.

Heritage

There were no impacts on Scheduled Ancient Monuments by any offline or online options; they all are assessed as having a slight/slight to moderate impact on Listed Buildings.

All offline options would have an unknown impact upon the sites of findspots.

There is the risk that unknown archaeological remains may be encountered during ground-breaking operations. Discussions should be held with Herefordshire County Archaeologists to determine and agree a practicable approach to limiting and mitigating this scenario.

Biodiversity

A review of biodiversity is in progress. Previous work has indicated the most significant effect that the offline sections will have on biodiversity is the reduction and fragmentation of semi-natural woodland stands.

Most of the habitat types removed through creation of an offline section will be of lower importance and therefore are of minor significance to the local biodiversity. These habitats include arable land and improved grassland fields, both of which are very common in the local area. The areas of these habitat types lost are an extremely small fraction of that of the total areas in the local vicinity. Loss of these habitat types is of minor significance to local biodiversity.

Water Environment and Flooding

The study area falls within the Wye catchment located within the Severn River Basin District, the third largest river basin district in England and Wales which covers an area of 21,590 km

As well as the River Severn and its main tributaries, the Avon and the Teme, this district includes rivers in southeast Wales, including the Wye, the Usk and the Taff and others which discharge to the Severn Estuary.

The Environment Agency Flood Zone Map illustrates the worst-case scenario as it does not include the effect of any flood defence structures. According to the EA Map the study area contains no areas at risk of flooding.

Even with mitigation measures in place, there is potential for significant effects from construction of the offline tour options on the surface water environment. It is assessed that there is potential for slight adverse effects to water quality during the earthworks stage and construction of the culverts

Appraisal Summary Table

- Although the AST is not required at this stage we have used it as a template to guide the initial assessment of the various issues that need to be addressed. It should be noted that this is an initial assessment based primarily on qualitative work.
- The full AST will be completed as per DfT guidance, at the Outline Business Case stage (see DfT (2013) “Transport Analysis Guidance – Guidance for the Senior Responsible Officer” para 1.2.10).
- The preliminary AST is attached.

Liaison with Environmental Organisations

- Consultation has been undertaken with the Parks and Countryside Services of Herefordshire Council who have raised concerns over the impact of noise on the public enjoyment.
- Previous consultation responses from Herefordshire Council County Archaeologist highlighted some potential sites of interest.
- English Heritage response reiterates its comments from previous consultations for the southern core options, namely concerns regarding setting and impact on listed buildings and the need for the assessment process to consider all heritage assets. Their response also highlights that work is on-going on assessing assets in Hereford area.
- The Environment Agency has been consulted on the impacts on local water resources and any potential increase in flood risk which could be generated by the Transport Package options.

EC5 – Value for Money (Social Impacts)

Social Impacts

All offline options will result in severance or disruption to Public Rights Of Ways (PROWs). Although all the offline options will have a combined footpath/cycleway, the proximity to traffic along the offline options compared to the traffic free routes along the PROWs, will not fully mitigate against the severance of rights of way. Therefore it is assessed to have a moderate adverse effect on pedestrians.

Stopping up of Grafton Lane is assessed to have a large adverse effect on pedestrians and cyclists due to severance of a section of National Cycle Network 46.

The provision of sustainable transport measures along the A465/A49 will have a slight beneficial effect on physical fitness by encouraging alternative methods of transport to the car.

It is assessed that all the offline route options will have a neutral effect on traveller care.

Travellers' views will generally be improved for travellers along the offline routes from the existing route along the A49 and A465 on the urban outskirts of Hereford. Although views in areas of cut will be restricted to side slopes and landscaping along the slopes, overall it is assessed that the effect on travellers' views will be slight beneficial.

The provision of a new route between the A49 and A465 will have a moderate beneficial effect on traveller stress by allowing drivers to avoid the centre of Hereford.

- *How will the package impact (positively or negatively) on the following:*
 - Commuting and other users – POSITIVELY by reducing congestion on accesses to employment areas and within the city centre retail area.
 - Reliability impacts on commuting and other users – POSITIVELY as additional infrastructure will provide alternative routes in the event of an incident.
 - Physical activity – POSITIVELY as the main bypass scheme will release highway land for walking and cycling infrastructure
 - Journey quality – POSITIVELY as travel which does not need to be made through the city centre will have a high quality newly constructed carriageway and that within the city will experience less congestion.
 - Accidents – NEUTRAL – there will be reductions in accidents due to there being less traffic in the urban area, but collisions on rural roads are characterised by greater severity of casualties. Accident rates will be minimised by road safety audits during the design process.
 - Security – NO IMPACT
 - Access to services – POSITIVE – as reductions in congestion along with improved walk and cycle infrastructure will reduce the barriers to services experienced by residents of Hereford.
 - Affordability – NO IMPACT
 - Severance – POSITIVE – as reduced traffic volumes and increased walking and cycling provision will make travel within the city better for those with business in the city.
 - Option values – NOT ASSESSED

Appraisal Summary Table

- Although the AST is not required at this stage we have used it as a template to guide the initial assessment of the various issues that need to be addressed. It should be noted that this is an initial assessment based primarily on qualitative work.
- The full AST will be completed as per DfT guidance, at the Outline Business Case stage (see DfT (2013) "Transport Analysis Guidance – Guidance for the Senior Responsible Officer" para 1.2.10).
- The preliminary AST is attached.

EC6 – Value for Money (Public Accounts)

Public Accounts

- Herefordshire Council recognises the importance of the HTS in delivering significant changes in line with the Local Transport Plan. The combination of benefits associated with this scheme has given it a high priority in the council's budgets.

Appraisal Summary Table

- Although the AST is not required at this stage we have used it as a template to guide the initial assessment of the various issues that need to be addressed. It should be noted that this is an initial assessment based primarily on qualitative work.
- The full AST will be completed as per DfT guidance, at the Outline Business Case stage (see DfT (2013) "Transport Analysis Guidance – Guidance for the Senior Responsible Officer" para 1.2.10).

The preliminary AST is attached.

Financial Case (EC)

FC1 – Capital Costs

Outturn Estimated Capital Costs

- The cost of providing the HTS, including risk adjusted cost for WRR, is £165,270,000. The breakdown of package elements is shown below:

Package Element	
Western Relief Road (excluding Southern Link & with Risk adjusted)	£136,270,000
Public realm, active mode and traffic management scheme for existing route of A49	£10,000,000
Public realm, active mode and traffic management scheme for radial A routes within urban area	£10,000,000
Urban traffic control system including local management centre	£5,000,000
20 mph schemes for residential areas	£2,000,000
City wide active travel mode projects	£2,000,000

- The risk adjusted cost for the WRR represents £47,357,000 of the total cost. The other package elements have not been subject to a risk adjusted process.

Breakdown of Estimated Capital Costs

- The breakdown of costs is not available and has been commissioned by the Project Control Group.

Risk

- A risk adjustment for the relief road has been undertaken using the @RISK programme. The full list of risks by section can be provided on request.

Cost Reduction Potential

- The highway elements of the package have been subject to a risk adjustment exercise suggesting there are significant opportunities for a reduction in cost.

FC2 – LTB, Local Transport Authority and Third Party Contributions

- A summary of the potential contributions is provided below. Herefordshire Council recognise that there is a need for significant additional funding to deliver the HTS. There are preliminary discussions with the Highways Agency regarding the level of contribution they would consider. This has not advanced to any formal agreement.

Project Number	Package/project	Where	When	Cost (capital)					Cost (revenue) LTP/LST F/Other
				Growth Fund	Other Contributions	Local Transport Plan	Private sector (estimated)	Total	
Hereford Transport Package (NB. In addition to those schemes and activities described above, where shown)									
36	Western Relief Road & Southern link (risk adjustment 54%)	Within existing route corridor	Post 2022	£68,000,000	£52,986,000		£15,284,000	£136,270,000	
87	Public realm, active mode and traffic management scheme for existing route of A49	A49 in Hereford	Post 2022	£8,000,000			£2,000,000	£10,000,000	
88	Public realm, active mode and traffic management scheme for radial A routes within urban	Radial A roads in Hereford	Post 2022	£8,000,000			£2,000,000	£10,000,000	
89	Urban traffic control system including local management centre	Hereford Urban Area	Post 2022	£4,000,000	£1,000,000			£5,000,000	
90	20 mph schemes for residential areas	Hereford Urban Area	Post 2022	£1,800,000		£ 200,000		£2,000,000	
91	city wide active travel mode projects	Hereford Urban Area	Post 2022	£1,800,000		£ 200,000		£2,000,000	
		Transport package Totals		£91,600,000	£53,986,000	£400,000	£19,284,000	£165,270,000	

FC3 – Whole Life Costs and Maintenance Liabilities

Whole Life Costs

- The Project Control Group has commissioned a study into the whole lifecost

for the scheme and expect to complete this in March 2014.

Maintenance Liabilities

- No known maintenance liabilities are expected for this package.

Commercial Case

CC1 – Income Generation

Income Generation

- This scheme does not have an expected income generation element. This will be reconsidered at Outline Business Case stage.

CC2 – Procurement Options and Strategy

Procurement Options

- Herefordshire Council are currently exploring the options for procurement and expect to outline their position through liaison with the Project Board in March 2014.
- The procurement options will be explored in further detail at Outline Business Case in line with Department for Transport guidance.

Procurement Strategy

- The procurement options will be explored at Outline Business Case in line with Department for Transport guidance.

Management Case

MC1 – Project Programme, Risks and Deliverability

Programme

- A summary of the programme for HTS is shown below on Page 32. The HTS programme is under continual review.

Risks

- The key risks and their classification for the HTS are listed below:
 - No fixed alignment (Cost)*
 - Local Action Groups (Project and Programme)*
 - Public inquiry/legal challenge to the Core Strategy (Project and Programme)
 - Compulsory Purchase Orders (Project and Programme)*
 - Changing political administration locally (Project)
 - Programme management and governance (Project)*
 - Political approval and project decisions (Project and Programme)*
 - Ecological implications - SAC River Wye, white clawed cray fish (Environmental)*

- Impact of setting of listed buildings/parks and gardens(Environmental)
- Impact on Special wildlife site (Environmental)
- Property Blight (Cost)
- Consent of statutory undertakers (Programme)
- Delivery of development - premature or delayed(Commercial)
- Redistribution of traffic as a result of phased approach(Safety)
- Connection of successive phases – design (Project)
- Impact on local business – golf course (Cost)
- Timing and availability of public funding(Programme)*
- Council staff resources (Project and Programme)*
- Connections to existing roads (Costs)
- These risks have been assessed against a RAG Red Amber Green) scoring mechanism using the @RISK programme. The risk is assigned a risk owner to be reviewed at the Project Control Group meetings.

Deliverability

- The scheme is expected to be delivered using well understood methods of construction.
- The overall package has sub elements that can be delivered quickly, such as the online improvements. subject to approvals.

MC2 – Legal Powers and Consents

Legal Powers

- The Project Control Group is currently exploring the preferred method of implementing the scheme. A report has been commissioned for receipt in March 2014.

Environmental Consents

- The project team will investigate the consents required pending detailed design and timeframe at Outline Business Case.

MC3 – Governance

Governance Structure

- The governance structure of the scheme is summarised in the diagram below:

Management Structure.

Three elements are proposed with roles as shown:

- Project Board comprising:
 - Geoff Hughes (HC) - Chair
 - Andrew Ashcroft, Richard Ball, Steve Burgess, Mairead Lane (HC) – Customers/users
 - Paul Hillman (HA) – Customer/user
 - Andy Walford (Amey) – Supplier
 - Jeremy Callard (HC) - Project manager
 - Kevin Singleton (HC), Yvonne Coleman (HC), Russell Pryce (HC), Lee White (JMP) – project team
- Strategic Reference Group comprising the Board members, Cllrs Hamilton and Powell, Mark Pearce, Tim Harbut, Local Enterprise Partnership representative
- Stakeholder reference group comprising:
 - Environment Agency
 - Natural England
 - Welsh Water
 - English Heritage
 - Department for Transport and Homes and Communities Agency
 - Campaign for Rural England
 - Hereford Chamber of Trade and Commerce

Roles and Responsibilities

- The proposed governance arrangements for the HTSD project have been conceived to ensure project ownership at Cabinet and director level and that responsibility for task delivery can be safely delegated. A particularly important aspect of strategy design and delivery is to ensure that a detailed understanding of existing strategy element performance as well as their future performance and delivery is brought into the project.
 - The Senior Responsible Owner (SRO) will provide a key link between the Cabinet Member, Project Board and Project Team. The SRO is responsible for overall delivery of the HTS.
 - The Project Board will receive regular updates on the project and advise the project team of changes in political
 - The day to day Project Manager (PM) will focus on delivery of the programme with particular focus on managing the technical team. The PM will work with the SRO to deliver each component of the delivery programme.
 - The technical team will be responsible for delivering specific work packages contributing to the overall project delivery.
 - Key stakeholder will feed back into the project team and project board through those channels identified in the Communications Plan.

MC4 – Benefits Realisation

Benefits Realisation Strategy

- *Please set out a brief Benefits Realisation Strategy which summarises:*
 - *What will happen.*
Most of the scheme benefits will occur as the Western Relief Road component is delivered. This infrastructure will provide additional capacity in the highway network decongesting the city centre and unlocking the economic potential of different parcels of land.
 - *Who will be responsible for delivery of the benefits?*
The programme board will be responsible for securing the benefits and keeping stakeholders informed of progress towards delivering its major components.
As each section of the becomes available for traffic, the programme board will initiate projects that realise benefits such as the release of highway capacity on the existing network for public transport, cycling and walking infrastructure, projects that protect the benefits such as parking strategies to maintain low levels of congestion and projects that secure the economic benefits such as developing residential and employment land.
 - *Where it will happen.*
The benefits will happen incrementally as different sections of the WRR are delivered. The pattern of delivery will be refined during technical work which has commenced with a Phasing Study that demonstrates which elements of the WRR release the most highway capacity and facilitate access to the most development land.
 - *When the benefits will occur*
As WRR sections open, commencing in 2018 and continuing throughout the scheme programme to 2022. Within assessment work, the scheme benefits are anticipate to increase with additional economic activity for at least 15 years.

MC5 – Monitoring and Evaluation Strategy

Monitoring and Evaluation

- Please provide an outline of a Monitoring and Evaluation Plan (MEP), focussing on:
 - The key beneficial outcomes of the package are primarily reduced travel times for through traffic which can bypass the city; reduced journeytimes in the city due to through traffic being removed; ability to deliver public transport, walk and cycle infrastructure to increase uptake; and the release of development land for housing and employment. The MEP will measure each of these using travel time surveys and comparing these to 2012 data and model projections; measure the delivery of infrastructure and monitor the delivery of development land by reviewing planning applications and the delivery rate of houses and employment land.
 - The intervention logic for the package, and its primary scheme, is founded on the resistance to development from statutory stakeholders due to the lack of capacity in the transport system.
 - Pre-scheme data has been collected for the development of the Hereford Multi-Modal Model and includes information on traffic flows, journeytimes and congestion. Collecting similar data will continue in the period of the scheme development. The post scheme data will similarly consider

traffic performance metrics.

- Lessons learnt will be captured during the project through processes explained in the project governance section.

APPENDIX A – Appraisal Summary Table for Economic Case

This table below summarises the basic questions and issues that the Appraisal Summary Report (ASR) for the Economic Case should cover, with the potentially relevant WebTAG units highlighted. In order to assist with understanding the potential scheme impacts, more detail on each of the AST categories and sub-objectives can be found in units 3.1 to 3.19 of the WebTAG guidance:

<http://www.dft.gov.uk/webtag/documents/expert/index.php>

AST Category (and WebTAG Units)	Questions / Issues
Economy (3.1, 3.2, 3.5, 3.15, 3.18)	<ul style="list-style-type: none"> • What are the likely sources of journey time impacts that the scheme will deliver for business users and transport providers? • What is the modelling package to be used? • How will future demand for business use be forecast? • What are the reliability impacts of the scheme on business users and public transport services? • What are the impacts on any regeneration areas? • What are the wider impacts on the economy?
Environment (3.3)	<ul style="list-style-type: none"> • Will the scheme affect noise to local receptors as a result of changes to the transport network and levels of demand? • Is the scheme located within, or will it affect, a designated Air Quality Management Area (AQMA)? • Will the scheme construction and / or operation result in a significant change in greenhouse gas emissions? • What are the impacts on the physical and cultural characteristics of the local area and does the scheme affect any designated areas of landscape value? • Are there any impacts on the setting of buildings, structures and open spaces in urban areas which are of high value (in terms of visual appearance and usage by people)? • What are the impacts on historic resources – such as Scheduled Ancient Monuments and areas of high archaeological value? • Will the scheme affect the habitats of protected flora and fauna and impact on wildlife corridors? • Will there be a risk of water contamination and / or an increased risk of flooding as a result of the scheme?
Social (3.1, 3.2, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 3.15, 3.17, 3.18)	<ul style="list-style-type: none"> • What are the likely sources of journey time impacts that the scheme will deliver for commuters? • What is the modelling package to be used? • How will future demand for commuting be forecast? • What are the reliability impacts of the scheme on commuters? • Will the scheme lead to an increase in active travel – in particular walking and cycling?

AST Category (and WebTAG Units)	Questions / Issues
	<ul style="list-style-type: none"> • Is there likely to be a significant change in journey quality as a result of the scheme?
	<ul style="list-style-type: none"> • Will the scheme have any impact on highway safety – in particular predicted numbers of accidents?
	<ul style="list-style-type: none"> • Will the scheme have a positive impact on crime or the fear of crime?
	<ul style="list-style-type: none"> • Will public transport access to services such employment, education, health care, shopping and social networks be enhanced as a result of the scheme?
	<ul style="list-style-type: none"> • Will the scheme change the ability of people on low incomes to afford to travel?
	<ul style="list-style-type: none"> • Does the scheme generate or reduce severance for pedestrians in particular?
	<ul style="list-style-type: none"> • Will the scheme create a facility which, for trips not yet possible or undertaken by other modes, would generate a willingness to pay over and above the expected value of any such use?
Public Accounts (3.1, 3.2, 3.5)	<ul style="list-style-type: none"> • What is the cost of the scheme within the broad transport budget available?
	<ul style="list-style-type: none"> • How will the scheme affect demand for vehicle travel and hence indirect tax revenues (for example from fuel duty)?

The above list is not necessarily exhaustive and, depending on the nature of the scheme, should be discussed with the TOG and ITE in advance.

Appendix B - HTS Draft Programme

START DATE:
01/01/2014

Sheffield Transport Strategy Development and Delivery	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	01-2015	02-2015	03-2015	04-2015	05-2015	06-2015	07-2015	08-2015	09-2015	10-2015	11-2015	12-2015	01-2016	02-2016	03-2016	04-2016	05-2016	06-2016	07-2016	08-2016	09-2016	10-2016	11-2016	12-2016	01-2017	02-2017	03-2017	04-2017	05-2017	06-2017	07-2017	08-2017	09-2017	10-2017	11-2017	12-2017	01-2018	02-2018	03-2018	04-2018	05-2018	06-2018	07-2018	08-2018	09-2018	10-2018	11-2018	12-2018	01-2019	02-2019	03-2019	04-2019	05-2019	06-2019	07-2019	08-2019	09-2019	10-2019	11-2019	12-2019	01-2020	02-2020
	2014	2015												2016					2017				2018				2019				2020																																											
HTS D																																																																										
Agreement to Project Initiation Document	█																																																																									
Workshops to explore strategy development options and	█																																																																									
Commissions to confirm strategy development programme				█																																																																						
Western Relief Road (excluding southern link)																																																																										
<i>Preliminary design</i>								█																																																																		
<i>Pre-scheme data collection (as necessary)</i>	█																																																																									
<i>Outline Business Case</i>								█																																																																		
<i>Public consultation</i>													█																																																													
<i>Statutory powers (if needed)</i>																																																																										
<i>Detailed design</i>													█																																																													
<i>Contractor procurement</i>																█																																																										
<i>Construction</i>																									█																																																	
<i>Post-scheme evaluation</i>																																					█																																					
Public realm, active mode and traffic management scheme for existing route of A43													█																																																													
Public realm, active mode and traffic management scheme for radial A routes within urban area						█																																																																				
Urban traffic control system including local management													█																																																													
20 mph schemes for residential areas								█																																																																		
City wide active travel mode projects	█																																																																									

PROJECT DOCUMENTATION

FEASIBILITY BUSINESS CASE

Hereford City Centre Improvements

Stage 0 Business Case

Purpose of Document

This Feasibility Business Case contains information that describes the justification for setting up and continuing the development of a detailed Business Case for the Hereford City Centre Improvements project. The Business Case is to be submitted to the Capital Strategy Board and if accepted, a more detailed Business Case will be developed.

Objectives

If the Business Case is approved then the project can move into the implementation phase and deliver the following:

Hereford City Centre improvements which comprise refurbishment of the High Town area in line with the Herefordshire Streetscape Strategy.

The refurbishment project involves investment in the High Town public realm in accordance with the adopted masterplan and involves improvements to the public realm with high quality materials and a consistent approach to soft and hard landscaping.

The refurbishment scheme is part of the plan for Hereford to create an attractive, vibrant city centre to help support existing businesses and create new opportunities to encourage more visitors and retailers. They are designed to support the local economy and provide safe and enjoyable places for visitors to and residents of the city centre.

This feasibility business case requests resource to develop a Business Case and deliver these improvements such to a more detailed business case.

Background & Issues

The Old Market development has improved the leisure and shopping experience in Hereford and has brought more people to the city since it opened in May 2014. The refurbishment of Widemarsh Street in 2010 created a popular and attractive link between the old and new parts of the city and the High Town refurbishment will extend this area.

The High Street area of High town has been refurbished to a standard consistent with Widemarsh Street and this work was completed in 2016/2017.

The refurbishment of Commercial Street to a similar standard is ongoing and will be complete by spring 2019.

The next phase of the refurbishment scheme was due to commence in spring 2019. However the delivery of the next phase of the High Town area is now at risk due to Western Power Distribution (WPD) plans for a new substation in the city centre area.

The location of and design of this substation is currently in pre-planning application stage and will be further developed in consultation with HC planning team.

The delivery of a new substation in the city centre area will require works to the electricity network in the city centre area and into St Peters Street. The full extent of this work will not be finalised until the substation detailed design is complete. Until the extent of this work is confirmed there is a risk that any further refurbishment of the High Town area within the current refurbishment master plan would be impacted by future WPD works.

It is therefore proposed that works in the High Town area be suspended until WPD substation works are future developed.

Plans for refurbishment of Broad Street and King Street were developed in 2012/2013 but were not progressed at that time as a result of local business feedback at that time. In recent months the Green Dragon Hotel in Broad Street has been acquired and there are plans for investment in this key city centre hotel.

Herefordshire have been asked to consider investment in the Broad Street / King Street area to complement this city centre hotel refurbishment and to improve this key area of the city adjacent to the cathedral, library, restaurants and businesses.

A preliminary design for the refurbishment of Broad Street and King Street have been developed and this could be consulted on to determine current support for this project and to inform detailed design and delivery.

This request is for the estimated cost of the design, consultation and delivery of the Broad Street / King Street improvements.

Refurbishment of the city centre will support the growth of the economy and will provide a safe and pleasant space for residents and visitors.

1.10. High Level Metrics

Capital cost of project	2019/20	2020/21	2021/22	Future Years	Total
	£000	£000	£000	£000	£000
	1500	2000	2000		5500
TOTAL	1500	2000	2000		5500

1.20. Included in Scope

Preliminary design for the refurbishment of Broad Street have been developed and these could be consulted on to determine support for this project and to inform detailed design and delivery.

Estimated scheme development and construction costs are included in this request outlined in the table above.

1.3. Not included in Scope

Costs submitted are estimated design and construction costs. No land acquisition costs are included in these figures.

Stakeholders

Key groups listed below. This is not a complete list and a stakeholder engagement strategy would be developed should the scheme progress.

Cabinet & Local members

Hereford City Council

Hereford Business Improvement District

Retailers
 Businesses
 Residents
 Hereford Civic Society
 Hereford Vision Links
 Royal National College for the Blind

Dependencies

1.3 Initiatives which depend on this project are:

This scheme could lead to further regeneration projects of city buildings and other public realm schemes associated with the delivery of the NMITE university projects or the Hereford Area Plan.

The improvements will be consistent with and complement the Hereford City Centre Transport Package public realm schemes and Hereford Transport Package active travel projects.

1.4. This project depends on:

The development of the project will involve key city centre stakeholder groups and their input will shape the proposals developed.

Benefits

Hereford City Centre improvements are designed to support the local economy and enhance the retail environment. The refurbishment scheme is part of the plan for Hereford to create an attractive, vibrant city centre to help support existing businesses and create new opportunities to encourage more visitors and retailers. A monitoring plan could be developed with the Hereford BID team to determine if the refurbishment scheme has resulted in increased in footfall and business growth.

Contribution to Strategic Objectives

Refurbishment of the city centre will support the corporate priority to support the growth of the local economy.

Potential Costs and Options for Project

Capital cost of project	2019/20	2020/21	2021/22	Future Years	Total
	£000	£000	£000	£000	£000
	1500	2000	2000		5500
TOTAL	1500	2000	2000		5500

Costs and Timescales to Develop the Full Business Case

The estimated cost for 2019/2020 above would enable the commissioning of technical resource to develop the business case, undertake the detailed design and to consult on the project to determine if the project will proceed to delivery. Estimated construction / delivery costs are set out above to subsequent years.

Risks of not doing the Project

Not progressing this work will reduce the investment in the city centre and this is not consistent with the council's corporate policy to support local economy and growth.

Appendices

Appendix 1 – *Bid Request*

Appendix 2 – Equality and Diversity considerations

To be developed as part of a more detailed business case.

Appendix 3 – Privacy and information security considerations

To be developed as part of a more detailed business case.

Appendix 4 – Sustainability considerations

To be developed as part of a more detailed business case.

PROJECT DOCUMENTATION

FEASIBILITY BUSINESS CASE

Corporate Fleet Procurement

Stage 0 Business Case

Purpose of Document

This Feasibility Business Case contains information that outlines and highlights the physical and operational issues regarding the council's current corporate fleet of vehicles and proposes recommendations to replace the aging stock with new vehicles.

Objectives

If the Business Case is approved then the project can move into the implementation phase and deliver the following:

- Replace the existing corporate fleet (excluding pool cars) with new, fuel efficient vehicles to:
 - Reduce the risk of service disruption and increased costs caused by vehicle break downs
 - Reduce service and maintenance costs
 - Improve the fuel efficiency and reduce CO2 emissions,
 - To deliver procurement savings through a corporate procurement,
 - Mitigate future in year revenue pressures as the existing fleet fails without allocated budget for replacement.
 - To reduce revenue costs by replacing lease vehicles.
 - Develop a financially sustainable vehicle replacement cycle.

Background

The council currently operates 42 vehicles.

This includes 8 pool cars available to all staff and 34 vehicles across the following service areas:

- *Transportation and Access Services;*
- *Waste Management; Bereavement;*
- *Parking; Libraries,*
- *Environmental Health,*
- *Trading Standards,*
- *Pest Control;*
- *Gypsy and Traveller Service;*
- *Home Improvement Agency;*
- *Markets and Fairs*
- *Facilities Management to deliver statutory services.*

The pool cars are jointly managed by the Energy & Active Travel team and Facilities Management with the remaining vehicles managed by the relevant service area.

The majority of the vehicles are included within the public realm contract and are maintained by Balfour Beatty Living Places (BBLP) at the workshop at Unit 3, but there are a number of lease vehicles which are full repairing leases so are outside the Fleet Maintenance annex of the annual plan.

The majority of vehicles are owned by the Council, although 14 vehicles are currently leased.

Of these leased vehicles, 8 are lease only and 6 are full repairing leases.

All of the leases either expire around May 2018 or can be cancelled with minimal charge.

This business case seeks to replace the 34 service vehicles with 30 new vehicles on an invest-to-save basis.

Project Drivers and High Level Issues

The fleet as a whole is reaching a significant age and vehicles are failing and beyond repair, leaving services needing to hire replacement vehicles on an individual basis with expensive lease contracts and no budget to do so.

Historically under the previous vehicle maintenance contract the council paid a set fee for all maintenance and as such assets were typically sweat as there was no additional maintenance cost.

As fleet maintenance is now cost reimbursable under the current Public Realm contract the Council only pays for any work undertaken.

Due to the aging nature of the fleet this is beginning to create a revenue pressure for the centralised maintenance budget.

Whilst the council centralised vehicle maintenance costs in 2014/15, there is currently no budget provision for vehicle depreciation/future replacement which will create additional revenue pressures across service areas in future years as vehicles require replacement.

The proposal is to replace the council's operational fleet which will address the risks and concern relating to the age of the fleet and ensure service delivery.

Replacement of the fleet addresses service pressures and need for individual teams replace vehicles. The fleet replacement identifies potential corporate savings through corporate procurement / standardisation of specification. The replacement also identifies saving in maintenance budgets through the annual plan.

This invest to save proposal seeks to utilise the annual revenue savings generated by this proposal to fund the capital repayments.

Scope

Included in Scope

Purchase of 30 new standardised vehicles to replace the existing fleet

Current Fleet

Not included in Scope

Pool cars

Stakeholders

- *Waste Management*
- *Home Improvement Agency*
- *Pest Control*
- *Libraries*
- *Markets and fairs*
- *Transportation and Access*
- *Facilities Management*
- *Parking*
- *Environmental Health*
- *Trading Standards*
- *Procurement*
- *Bereavement*
- *Licensing and Traveller Services*

Dependencies

Services which depend on fleet vehicles are:

All of the services outlined above are dependent on the fleet vehicles in order to ensure service delivery.

Some examples are outlined below:

- *Transport and Access*
 - In addition to contracting taxi/minibus transport, transportation and access provide in house transport to a range of children and adults with special needs throughout the County.
 - These are statutory services for children accessing education and adults accessing day care provision.
 - Due to the small size and geographical spread of the service reliable, good quality vehicles are essential in being able to deliver a high quality service that parents, students and adults with special needs can depend up on.
 - Like most transport authorities, initial reviews have confirmed that retention of a limited in house fleet for special transport is essential for resilience.
 - The ratio of in house provision to contracted provision is around 1:8
- *Parking*
 - One van is essential for collection of large amounts of cash from the councils on and off-street P+D machines throughout the county. It is also required by staff for maintenance of the machines such as minor repairs and stocking the machines with tickets.
 - A second small vehicle is essential for parking enforcement purposes across the county.
 - Some officers do not have their own vehicle available and there is also a need to carry out some mobile patrols especially as more parking restrictions are being introduced in outer lying areas.
 - There are also times such as when the cash collection van goes in for a service that a replacement van is required as we have to have business continuity
- *Trading Standards*
 - Support the growth of our economy and Reduce anti-social behaviour - The vehicle is used for the enforcement of illegal tobacco where items are seized and for covert checks. Also under the weights and measures act we have a statutory duty to carry out verification and testing of weights and measures equipment such as petrol measures and large weighing machine which require testing equipment to be carried to the place of test.

- Enable Residents to live safely, healthy and independent lives by preventing vulnerable consumers from being exploited by direct assistance and intervention in regard to Rogue Traders
Vulnerable can include the elderly, disabled, special needs, socially excluded and low income families
- **Community Protection**
 - Enable Residents to live safely, healthy and independent lives and reduce anti-social behaviour.
 - The enforcement of fly tipping, littering abandoned vehicles and anti-social behaviour
 - Supporting the improvement of quality of our natural and built environment for the collection of stray dogs.
- **Libraries**
 - Daily deliveries and collections to/from libraries, council sites, partners and traded services, across Herefordshire and its borders:
 - 13 library sites:
 - 4 core libraries, 2 branch libraries, 5 community libraries
 - Central Libraries Unit at Hereford and library store at Rotherwas
 - 10 rural book schemes
 - 150+ housebound customers
 - 32 residential homes and sheltered housing schemes
 - 40 primary schools
 - 12 high schools
 - Archives and Museums
 - County courier to council and partner sites
 - The library vehicles deliver services to some of the most vulnerable residents across the county.
 - The vehicles are in use every day in all weathers and road conditions.
 - The library vans have the highest mileage of any vans in the council fleet.
 - They are all in a very poor condition and have been subject to repeated breakdowns and repairs.
 - This has raised concerns both about the safety of their continued use, and about the economic and practical viability of continuing to repair obsolete vehicles. Because of this, one delivery van has recently been withdrawn from use and the other is likely to follow before the end of the year.
 - The service has had to draw on reserves to hire vans until new ones are purchased, but this is not sustainable in the long-term.
 - In addition, the service is currently relying on council pool cars to deliver books to housebound customers, residential homes and sheltered housing. The cars aren't designed to carry large crates, which leaves staff liable to manual handling injuries. It also means fewer pool cars are available for other staff to use.
 - Because of this, the service has had to decline requests from new home delivery customers and residential homes.
 - A service review has determined that a small van would be most appropriate for these deliveries which often require drivers to access narrow roads in rural areas.

This project depends on:

- The requested capital available to replace the corporate fleet.
- An officer decision report will be required for this project to proceed with procurement and draw down the requested capital.
- The Energy & Active Travel team will work with the Commercial team on the procurement of the new fleet vehicles utilising the Crown Commercial Services procurement framework.

Benefits

The anticipated benefits of the proposed project are listed below:

- Reduction in maintenance and therefore reduction in cost of Balfour Beatty Living Places contract
- Increasing service resilience and cost avoidance of service disruptions caused by vehicle breakdowns and downtimes for repairs
- Reduction in fuel costs and associated carbon emissions across all services with more fuel efficient vehicles
- Cost savings through exiting higher cost vehicle leases
- Reduction in risk (health and safety)
- Improved service reliability and punctuality
- Improved experience for service users
- Reduction in risk of loss of income through non-delivery of traded services (library services to schools and partners)
- Ability to expand services to vulnerable residents and traded services
- Appropriate vehicles for services maximising efficiencies of deliveries and reducing risk of accidents
- Car parking: The benefits of our service having new fleet vehicles are that it would eliminate the need to individually have to negotiate a leased cash collection van, add resilience to the service and minimise officer time and disruption each time existing vehicles break down. The current enforcement van is not considered roadworthy by some officers and in the event of an accident new vehicles would offer more protection

Quantifiable

- Reduced maintenance costs through the Fleet Annex of the BBLP Annual Plan. This is currently estimated within the business case template and is being calculated through the development of the annual plan.
- Fuel efficiencies with new vehicles – estimated at 10% per vehicle
- Reduction in vehicle lease costs – detailed in section 4.1
- Reduction in service disruptions and associated cost avoidance from vehicle breakdowns

Non-quantifiable

- Staff feeling safer in new vehicles; confidence in delivering services, particularly in outlying rural areas
- Less disruption to service delivery. For example the parking enforcement van broke down 3 times last year and impacted service delivery.
- Improved customer satisfaction - service users and the wider Herefordshire public will have confidence that Herefordshire Council is committed to providing the best service possible to children and adults with special needs.

Contribution to Strategic Objectives

<p>Enable residents to live safe, healthy and independent lives</p>	<ul style="list-style-type: none"> • Improved service delivery and better resilience for Social Care Transport helps to build independence and links with the community • Improved service delivery and better resilience for statutory library services serving over 600,000 residents a year. • Improved service delivery for housebound library customers, residential homes and sheltered housing schemes; helping residents to remain independent in their own homes and combating social isolation.
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Keep children and young people safe and give them a great start in life	<ul style="list-style-type: none"> • Improved service delivery and better resilience for Special Education Needs Transport enables children to access specialist education, developing essential life and learning skills for the future. • Improved service delivery for library services to schools, providing resources to support literacy and learning. • Improved service delivery for countywide Bookstart scheme, supporting literacy development for babies and young children through Health Visitors and Children’s Centres
Support the growth of our economy	<ul style="list-style-type: none"> • Improved service delivery and better resilience for services to Community Libraries and Rural Book Schemes in local shops and community centres. • Council savings in relation to current fleet commitments (budget and pressures) will enable re-allocation of funds to support priorities including local economy. • On and off-street parking income is an important source of income to the council which contributes towards the councils services. Enforcement provides an incentive for motorists to comply with parking restrictions ensuring that specific bays are available for those who need them.
Secure better services, quality of life and value for money	<ul style="list-style-type: none"> • Reduced vehicle maintenance costs • Improved Service Delivery & reliability • Reduced carbon emissions • Reduced fuel costs • Improved public relations

Potential Costs and Options for Project

Potential options

1. No nothing

This option has been discounted as the existing, aging vehicle fleet is currently causing service delivery issues for a number of service areas and is also beginning to create a revenue pressure for the centralised maintenance budget.

Additionally, without the creation of a new vehicle depreciation budget to replace vehicles which are at the end of their life, this option will place revenue budget pressure.

2. Lease vehicles

This option was explored in detail in 2017 and has been discounted due to significantly larger financial costs.

3. Purchase vehicles – RECOMMENDED OPTION

As the Council has access to nationally vehicle procurement frameworks this offers strong value for money on vehicle purchasing. .

Additionally, through low cost access to prudential borrowing the Council is able to save against higher rate private financing costs which are integrated into vehicle leasing costs.

The full capital costs and resultant impact on revenue budgets are detailed below.

After the 6 year loan repayment period it is proposed that the Council reviews the future fleet conditional/requirements and to repeat this process in order to create a financially sustainable vehicle replacement cycle

Proposed new fleet

Vehicle	Number	£ per Vehicle	Total £
Ford Transit 350 L2 Diesel FWD H3 Van TDCi 125ps w/Loadlift	1	11,500	11,500
Ford Transit Connect T220 L1 Diesel 1.5 TDCi 100ps Van	9	11,470	103,230
Ford Transit Connect T220 L1 Diesel 1.5 TDCi 100ps Van Powershift	1	11,984	11,984
Ford Transit Courier Diesel 1.5 Tdci Trend Van	4	10,340	41,360
Ford Transit Custom 340 L1 Diesel FWD 2.0 TDCi 130ps Low Roof Van	1	16,556	16,556
Ford Transit Custom 340 L1 Diesel FWD 2.0 TDCi 130ps Low Roof Van w/Dual Side Load Doors	2	16,556	33,112
Renault MASTER - LL35 ENERGY dCi 145 Business L/Roof Luton Loloader	2	23,497	46,994
Toyota Yaris Hatchback Vvt-I Hybrid Icon 5dr CVT Auto [Nav]	1	9,157	9,157
Mercedes Benz Sprinter 514CDi Long diesel high roof basic mini bus 17 seater	6	34,186	205,116
Dacia Duster 4X4	1	15,000	15,000
Ford Transit 2.0 TDCi 130ps H3 Van	1	16,787	16,787
Ford Transit 2.00 TDCi 170ps H3 VAN	1	20,111	20,111
Vehicles only	30		530,907
SPECIALIST ADAPTION FOR VANS – ESTIMATED Need solid bulkheads, Ply or plastic lining and roof vents, shelving (car parks)			10,000
SPECIALIST WHEELCHAIR ACCESSIBLE CONVERSION FOR MINIBUS			106,260
Vehicles and required modifications			647,167
Inflation @3%			19,415
Delivery costs	30	700	21,000
Project contingency @10%			50,000
TOTAL			737,582

Proposed revenue impacts

Revenue budget implications	2019/20	2020/21	2021/22	Future Years	Total
<i>Estimated RCCO – assuming 6year borrowing</i>	125.77	125.77	125.77	377.32	754.64
<i>Estimated reduction in fuel costs</i>	-5.00	-5.00	-5.00	-15.00	-30.00
<i>Estimated reduction in annual maintenance costs</i>	-60.00	-60.00	-60.00	-150.00	-330.00
<i>Reduction in annual lease costs through termination of existing vehicle leases.</i>					
Transportation and Access - School Transport	-40.00	-40.00	-40.00	-120.00	-240.00
Waste Management	-3.90	-3.90	-3.90	-11.70	-23.40
Car Parking	-3.70	-3.70	-3.70	-11.10	-22.20
Gypsy & Travellers service	-2.50	-2.50	-2.50	-7.50	-15.00
Trading Standards + Community Protection	-4.80	-4.80	-4.80	-14.40	-28.80

Pest Control	-7.20	-7.20	-7.20	-21.60	-43.20
Revenue contribution from pool car income if required to cover contingency borrowing if required	-5.00	-5.00	-5.00	-15.00	-30.00
TOTAL	-6.33	-6.33	-6.33	11.02	-7.96

Costs and Timescales to Develop the Full Business Case

Costs: Officer time -

Timescales:

Oct 18	Capital bid submission
Nov/Dec 18	Develop procurement spec and detailed business case
Mar 19	Successful capital bid
Mar 19	Decision report
April – 19	Procurement Exercise
May 19	Contract Award
July 19	Receipt of vehicles

Risks of not doing the Project

The key risks of not doing the project are:

- Decreasing service quality and service failure. The current fleet is aging, vehicles are breaking down or becoming end of life and impacting statutory services.
- The HC fleet maintenance costs will continue to increase, placing increased pressure on the centralised budget within the public realm contract.
- Higher fuel costs and higher CO2 and NOX emissions of older vehicles.
- Increasing costs of individual services being forced to take out expensive lease vehicles one at a time as the fleet fails.
- In addition as vehicles require replacement this will create additional pressure on individual service budgets.
- As the vehicles age, without replacement this will likely increase vehicle down time as they will require more frequent maintenance.
- Parking will have unreliable vehicles resulting in cash not being collected from P+D machines, increased risk of theft from the machines, officers unable to maintain the machines. Enforcement officers may not be able to travel to market towns and outlying areas, loss of enforcement income and service disruption with unreliable vehicles. Service does not have a budget to replace vehicles.

The key project risks are:

- Not securing the required capital allocation
- Inflationary price increases next financial year, although this has been included at an estimated 3% within the business case.

- Service changes that will change the required fleet – this has been mitigated by the joint development of this proposal with each service manager.
- A contingency budget allocation of £50k has also been included within the business case to mitigate against any unforeseen risks.

Appendices

Appendix 1 – Fleet Capital Funding Request - Finance Template (Oct 2018)

Appendix 2 – Equality and Diversity considerations

There are no equality and diversity impacts of this proposed project as the proposed vehicle replacement specification has been developed with service managers in as a like for like replacement of the vehicles currently in operation in order to continue to meet the needs of staff and service users.

Appendix 3 – Privacy and information security considerations

There are no privacy and information security impacts of this proposed project

Appendix 4 – Sustainability considerations

	<i>+ve</i>	<i>-ve</i>
Environmental	Fuel savings Carbon saving Reduction in air pollution Reduced number of vehicles	N/A
Social	Improved resilience to service delivery Improved working conditions for staff operating these vehicles Improved staff safety Safeguarding clients (social care; SEN) and improved service delivery	N/A
Economic	Mitigated future vehicle replacement costs - these will be delivered through revenue savings Reduced financial costs of service disruptions through vehicle breakdowns. Reduced fuel costs through improved fuel efficiency	N/A

PROJECT DOCUMENTATION

Stage 1 Business Case

PC/Laptop Replacement Programme

Business Case

Purpose of Document

The purpose of this document is to set out the justification for the undertaking of a project based on the estimated cost of development and the anticipated benefits to be gained.

The business case is used to say why the forecast effort and time will be worth the expenditure. The on-going viability of the project will be monitored by the Project Board against the benefits identified in this business case.

Objectives

A programme of PC replacement to enable employees of the organisation can operate flexibly and efficiently, replacing out of date equipment that can cope with up to date applications.

Background

- a) A laptop or desktop device enables staff to interact with critical council applications. Old equipment is generally of a specification which is below the minimum standard for the modern applications which run on it. This often results in poor performance and devices becoming frequently unresponsive to the user.
- b) Devices within the current desktop and laptop estate have previously been supported with a 4 or 5 year hardware warranty. The devices scheduled for replacement will be of an age where they are now out of warranty, unsupported and prone to failure.
- c) Older devices have high failure rates. This increases demand on the IT services (to manage device repair and replacement) and impacts staff productivity while devices are exchanged.
- d) Devices which are subject to poor performance will have an impact on staff's experience of using critical council applications which hold citizen information and facilitates service delivery to the public (Mosaic, Tribal, Civica, Unit 4 Business World, e-mail) and could lead to a deterioration in customer service performance.

Project Drivers and High Level Issues

This project is to provide a rolling programme of device replacements for the staff computing across Herefordshire Council. There are currently 1707 devices being used and the programme of replacements will be planned to carry out replacing 25% of the estate each year on a like for like basis.

The 1707 devices are made up of 1103 laptops and 604 PCs. Based on the current cost of these devices and allowing 2% inflation annually, 427 devices will be replaced annually.

Scope

Included in Scope

All laptops and PCs used by Herefordshire Council staff.

Not included in Scope

Any specialist devices which have been purchased individually by teams i.e. devices which are bespoke or not part of the standard estate, e.g. any iPads and mobile phones.

Stakeholders

List the people / stakeholders who will be involved in the development of the Business Case, include details of the project sponsor and any other resource required.

Project Sponsor: xxxx

Senior Supplier: xxxx

Desktop Team Leader: xxxx

List the people / stakeholders who will be consulted during the development of the Feasibility Business Case.

As above and IM&T Board Members

Dependencies

This project will reduce the complexity and size of the Windows 10 project.

Benefits

The anticipated benefits of the proposed project are:

- Maintain staff productivity levels by replacing ageing equipment.
- Support the agile working principles by providing replacement PCs with laptops.

Contribution to Strategic Objectives

This project, by providing the tools for staff to carry out their roles underpins the functions of Herefordshire Council and in doing so will support the strategic priorities. This project specifically supports the objective to secure better services, quality of life and value for money.

Potential Costs and Options for Project

The price of replacement devices fluctuates each year, as technology matures and becomes standard in the industry the point price of devices will potentially reduce, if there are supply issues for any of the components then the price will increase. Consequently, for every year a replacement programme will be developed which will allow for the replacement of as many devices as possible within the budget constraints. The proposed budget will allow for a 25% of all devices to be replaced each year but the actual amount carried out may vary.

A procurement exercise will be carried out to find a suitable supplier from which Herefordshire Council can procure devices. Currently this is undertaken on an annual basis and whilst the prices are usually lower than can be obtained by spot purchasing it is felt that greater savings can be made by carrying out a procurement for four years.

Costs and Timescales to Develop the Full Business Case

Costs will be based on the (listed) resource requirements, and the time period that each resource is required, in order to develop the Full Business Case. Costs would normally include resources for:

- Project manager for the initial procurement
- Technical appraisal and support to support the procurement

- Engineering resource for the device planning and roll out.

Risks of not doing the Project

Replacing devices on ad hoc basis as they fail will have significant impact on the following costs:-

1. The purchase price of each device will be higher if procured only as and when devices are needed. The benefits of a large scale procurement will not be achieved as the suppliers will not be able to plan for the volumes required.
2. Staff using failing equipment will be held up whilst replacements are delivered, this will be done when needed and will not be planned and carried out at a convenient time.
3. Engineers will be needed to prepare and deliver devices at short notice, this is likely to have an impact on other scheduled work which will have to be delayed to accommodate the unscheduled device replacement.
4. If a device fails there is potential for work to be lost on the device, this could be small amounts that the user was progressing at the time of the failure or could be significant if documents had been saved locally and had not been transferred to the network.

Sustainability Considerations

	+ve	-ve
Environmental	e.g. Energy savings Transport savings Paper savings	e.g. Additional Energy costs Transport costs Paper costs
Social	Benefits to: - Individuals - Stakeholders - Council - Local Community	Potential issues and adverse effects for: - Individuals - Stakeholders - Council - Local Community
Economic	Potential increases to revenues Reduction of financial risk Future cost savings	Software costs (initial and ongoing) Storage costs Additional staff costs

PROJECT DOCUMENTATION

Stage 1 Business Case

Dual use of Ledbury Children Centre

Business Case

Purpose of Document

The purpose of this document is to set out the justification for the undertaking of a project based on the estimated cost of development and the anticipated benefits to be gained.

The business case is used to say why the forecast effort and time will be worth the expenditure. The on-going viability of the project will be monitored by the Project Board against the benefits identified in this business case.

Background and Reasons for the Project

Background

In September 2017 Herefordshire Council cabinet agreed a set of measures regarding the future use of children centre buildings ([link](#)). These including a range of action to maximise the use the centres, reduce the cost burden and improve access for users.

Including in the recommendations was the transfer of operation of the children centre to schools where relevant (namely on the school site), with the schools having first refusal to operate the centres. In the case of Ledbury children centre, the schools (Ledbury Primary School) has made it clear they do not wish to take on the children centre due to the cost of operation (currently in the region of £30k per annum).

Therefore the Children Centre implementation board has reviewed the option of the site considering the capacity for additional use.

Simultaneously, it has become clear there is an issue of office use at the Masters House for the East Team and MAO. A small amount of investment is being made to improve the sound proofing of the Masters House, with this project providing additional space to support BWOW objectives.

The project is therefore looking at maximising the space at the Ledbury children centre whilst providing a solution the problem of office space at the Masters House.

Summary of Reasons for the project

- Maximise space on a premise;
- Retain for children centre services whilst providing better value for money in operating the site;
- Address the issue of inadequate office space at the Masters House;
- Meet the objective of BWOW to create positive experience for people working from MAO and within localities;
- Negates the requirement to lease or purchase other premises to meeting office space in Ledbury.

Objectives

The main aims and objectives of the project were outlined in the cabinet report of June 2017:

Therefore, in understanding the factors of change and previous scrutiny / cabinet reports, the principles for the future operation of sites for early years is as below:

- a) Families able to access children centre services through retained sites or via community venues
- b) The buildings see an increased range of uses as a local resource for children, families and wider community use
- c) That facilities are community led including by schools where there is a firm basis to achieve this
- d) That other assets in the community, particularly libraries, leisure centres, schools and nurseries provide universal services for children
- e) That sites are used to proactively support the increased demand for nursery and school places in the county
- f) Where a service, function or office facility is displaced every effort is made for an alternative to be available for affected families
- g) A financial consideration is factored into decision making relating to the wider responsibility of the local authority in meeting its financial obligations and priorities.

Contribution to Strategic Objectives

In relation to the corporate delivery plan the following objectives were outlined in the cabinet report of September 2017 :

The recommendation of this report supports delivery of the council's corporate plan priorities to "secure better services, quality of life and value for money" and "keep children and young people safe and give them a great start in life". Related actions are as follows:

- Work in partnership to make better use of resources, including sharing premise costs through co-location of services and local solutions for community use facilities such as libraries
- Improve the provision of good information and signposting to enable people to support themselves and each other, getting the right help at the right time as needs change
- Reconfigure £3.5m to deliver early years services including children centres, health visiting and school nursing to improve the health, well-being, developmental and educational outcomes of children aged 0-5 years
- Continue to develop a range of provision that can effectively identify and respond to safeguarding risks and needs; from the initial signs of the call for early help to a range of evidence-based interventions for a variety of complex situations
- Promote and enable access to universal opportunities and services for children with disabilities and their families and ensure a range of provisions to meet identified need.

Stakeholders

The key stakeholders of the project with an analysis of their potential role on the project;

Scope

The project would include some internal works to the site to make it fit for use as a dual use location. This includes careful consideration as the centre is used by families and children, though there is capacity due to the changing nature of children centre services.

Work Performed

Activity to date includes:

- Cabinet report on future use of children centre buildings in September 2017;
- Establishment of the Children Centres Implementation Board;

- Programmes and activities to deliver the recommendation of the cabinet report;
- Discussions with Ledbury Primary school to take on the building;
- Review of alternative options;
- Review of the footprint of the building to understand options;
- Consideration of the needs of office space in Ledbury.

A full impact assessment was conducted as part of the September 2017 cabinet report and public consultation. Highest impact on protected categorists is age (children). However, there are no negative effects as children centre services will continue.

Benefits

The benefits are as listed below:

- Maximise use of an underused site, making the most of cost of running the building;
- Enables community activity to continue to service local children and families;
- Retains a location for children centre services in Ledbury (e.g. health visits);
- Addresses the issue of suitability of office base at the Masters House in Ledbury with increased opportunity for BWOW;
- Addresses concerns of school that an external tenant might not be compatible on a school site or be competitive in the case of a private nursery.

Adverse Effects

The adverse effect is:

- This approach does not create a cost saving;
- The school might be in a position to take the site on in 2-3 years;
- Decreases the case of the Masters House being a multi-function sites (though not enough to impact on clawback of lottery funding);
- Future increase use of the children centre could be restricted in using less on the building – though adequate space means this is very low risk.

Options

There are several options as outlined below.

1. Do nothing. These means retaining the building solely for the use of children centre services.
Pros:
 - Does not cause disruption
 - Means that the site is available for alternative use in the longer term if such requirement becomes available.
 Cons:
 - Un-used area not being maximised
 - Difficult to justify costs of operating the building
 - Does not solve the issues of limited office space at the Masters House.
2. Outsource. For the building to be operated by an external provider or part use.
Pros:
 - Could generate an income or cost savings

- Increases the optimal use.
Cons:
- Space is still needed for the children centre services
- Limited income to make it value for money to operate a lease
- School concern over potential competitor (e.g. nursery) or not compatible with the school site.

3. Create dual use.

Props:

- Retains ability to operate children centre services
- Addresses the issues of office space at the Masters House without additional cost
- Compatible use for the site.

Cons:

- A capital expenditure
- No savings or income generation
- Some disruption to relocate the MAO.

Summary of costs for each option

A summary of each option and the relative additional costs to the Council are shown in the table below:

Option	Project costs £'000	Annual on-going costs £'000	Return on investment £'000
Option 1	0	31*	0
Option 2	20	27*	4
Option 3	60	31*	0

*existing budget; **reduced current budget due to lease income.

Summary of benefits achievable from each option

A summary of the benefits from Section 8 achievable for each option is shown below:

Option	Increased fee income	Saving on administration time	Mainstreaming benefits
Option 1	N	N	N
Option 2	N	N	N
Option 3	N	N	Y

Summary of impact and scale of people change for each option (if potentially a decision-making factor)

A summary of the impact and scale of people change for each option may be shown below:

Option	Impact for people (positive, negative, neutral)*	Scale of change (low, medium, high)*
Option 1	Negative Still have the problem of inadequate office space at Masters House in Ledbury	low

Option 2	Negative and Positive Could increase the use but will also impact on availability of space for current use.	low
Option 3	Positive (mainly) Address issue of office space at Masters House. Compatible use.	low

Summary of adverse effects for each option (if and only if this is potentially a decision-making factor)

A summary of the adverse effects of the change for each option may be shown below:

Option	People impacted	Nature and scale of impact
Option 1	None –though continued problem of office space at Masters House for employees.	Non change.
Option 2	Children centre service users.	Depending on the nature of the outsourcing it could be that alternative use is made of the spaces. This would be kept to a minimum.
Option 3	None.	Create a compatible dual use sites.

Costs and timescales of recommended option

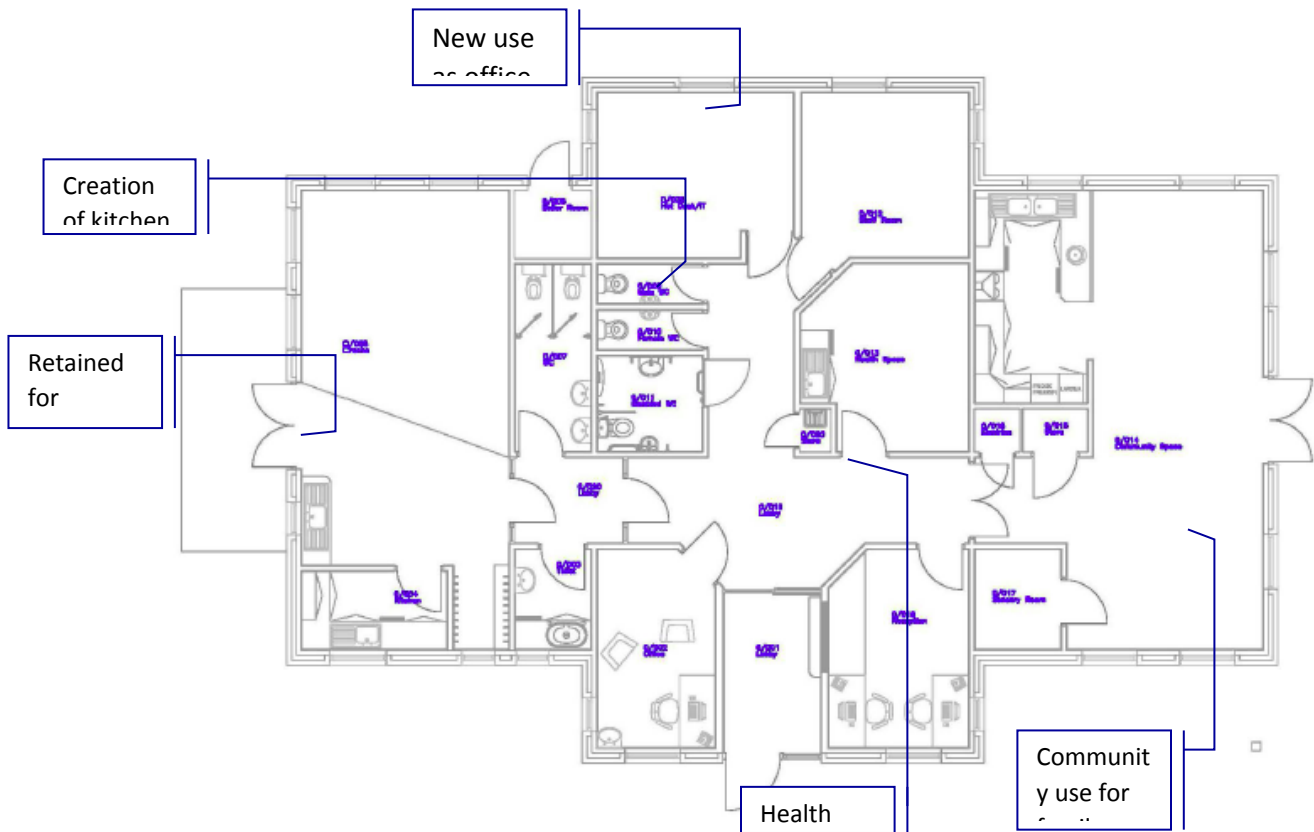
Recommended Option

Option 3 – create a dual use site, that still enables children centre activity and activity by community group organising activities for children and families. Whilst also making best use of an underused site.

Project Implementation Costs – Recommended Option

The costs will be concerned with converting the children centre building based on:

1. Making back offices usable (e.g. additional sockets and desks).
2. Create a small kitchen to be used by the office.
3. Signage and branding.
4. Improve entrance areas.
5. Possible relocation of toilets.
6. Professional fees (10%).
7. IT including wifi.
8. Relocation costs.



The table below shows a summary of the (new and additional) costs of implementing the recommended option. :

Total project implementation costs

	2019/20	Total
	£000	£000
1		
+		
2	Project implementation costs - Revenue	0 0
3	Project implementation costs – Capital	60 0
5	TOTAL FUNDING REQUEST TO WOW Board	60 60
4	HARDWARE FUNDING REQUIREMENT (ICT CAPITAL and wifi included above)	0 0
6	TOTAL NEW PROJECT IMPLEMENTATION COSTS	60 60

o. Summary of ongoing costs against benefits – Recommended Option

The table below provides outlines the viability of the project. It includes a summary of ongoing costs to support the recommended option against anticipated benefits.

It is anticipated to no additional costs or very marginal due to additional use.

		2019/20	Total
		£000	£000
9	Gross identifiable benefits	0	0
10	Additional core salary (permanent staff on-going)	0	0
11	Additional Core Non-Salary (on-going requirement)	0	0
12	Total additional ongoing costs	0	0
	Net Spend Inflow/ (Outflow)	0	0
	Cumulative Net Spend Inflow/ (Outflow)	0	0

Staff Resources and Costs

The following project staff costs have been identified. These are a mix of core-funded roles and non-core funded roles, and project funded backfill of existing roles to free up appropriate resource for the project. The Business Lead role will be performed by Assistant Director Corporate Services (chair of the Children Centre Implementation Board).

Ongoing Service Support Roles As part of management of MAOs. Cleaner already commissioned to manage the building.

Change Management

See above. Some disruption.

Sustainability Assessment

	+ve	-ve
Environmental	Neutral	With more use some minor additional energy used.
Social	Benefits to: <ul style="list-style-type: none"> - Retained used by the community - Retained children centre activity - Additional office space at no additional loss. 	Neutral
Economic	Better use of resources	Neutral

Timescales

The project can be broken into stages:

- Stage 1 – Confirm funding
- Stage 2 – Finalise design with stakeholders
- Stage 3 – Procurement works
- Stage 4 – conduct works
- Stage 5 – Signage
- Stage 6 – Relocation
- Stage 7 – Promotion

Risks

Risks of not going ahead with the project: continued pressure over office use at the Masters House in Ledbury.

Risks that will need to be addressed if the recommended option goes ahead: management of the project to keep to time and cost.

Issues

There is a significant number of important issues which need to be resolved and decisions which need to be made to achieve the successful delivery of the benefits of the project.

Issues:

Available funds. Solution: capital bid.

Obstacles:

- Management of the project. Solution: managed through the Children Centre implication board.

Dependencies

Initiatives which this project depends on are: none.

Other initiatives which depend on this project are: BWOW implementation.

Capital Strategy

2019 – 2030

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1. EXECUTIVE SUMMARY

- 1.1 An effective Capital Strategy is vital to ensure that the capital and revenue expenditure on the asset portfolio is directed efficiently and effectively to support service delivery in line with Herefordshire's priorities. This strategy considers the capital investment needs across Herefordshire including acquisition, replacement and rental of land, buildings, and vehicles etc.
- 1.2 Herefordshire Council has seen a number of schemes like the City Link Road and Development of the Herefordshire Enterprise Zone enable long term plans for future development. This Capital Strategy will link to the Corporate Plan 2016-20 and its four themes, to capital planning and utilisation of resources.
- 1.3 The Capital Strategy will be reviewed annually, identifying and matching resources to deliver service priorities over a three year period. Where possible a longer term view will be incorporated to ensure we have the vision on all future development opportunities. Also to enable long term planning on capital financing through the Treasury Management Strategy to ensure the best utilisation of resources and returns on investment.
- 1.4 Herefordshire Council has set up a Development Regeneration Programme in 2018 with two key partners Keepmoat and Engie that will be looking at a number of key developments over the next eight years to ensure they meet the needs of the population and meet the Council priorities. Another key partner moving forward is NMiTE (New Model in Technology and Engineering), the new Herefordshire University and the Council are keen to support their development in the coming years.
- 1.5 The challenges given to retaining assets will be based on value for money and delivery of the Councils strategic priorities and key service delivery. Surplus properties will either be recycled or disposed of and proceeds will be reinvested.
- 1.6 The Corporate Property Strategy sets out a framework for determining the capital assets needed to enable future service delivery priorities to be realised. Whereas a series of key projects have already been delivered, the capital investment budget will further inform priorities and options for investment/re-investment in assets over the medium term.
- 1.7 The Capital Strategy encourages all areas of the Council to put forward requests for capital funding to ensure assets are adequately invested and development opportunities are considered. However there are limited resources and these schemes may need to be profiled over a number of years where they are to be funded corporately. Invest to save schemes are encouraged to help the future pressures we are facing on revenue budgets with reduction in Government Funding over a number of years which is due to end by 2020/21.
- 1.8 The priority will be to ensure that any new capital scheme will be funded by other external funding sources such as grants, although borrowing will be allowed within the current agreed limits of £6.7m per annum plus any previously approved PWLB provision that has not been used. The £6.7m per annum limit is corporately funded borrowing, borrowing funded from revenue savings will be made available over and above this limit. The Council will always seek external capital funding grants or donations where possible to lower the cost of borrowing but it is essential that resources are used effectively.
- 1.9 The process of allocating finite resources runs alongside delivery of the Medium Term Financial Strategy, through which capital funding, borrowing costs and innovative ways of utilising capital will be captured. The recommendation, scoring and ranking of projects lies with the Capital Strategy Project Board using a range of criteria to evaluate schemes, with referral to Council for approval. However the Council may add new schemes to the capital programme and in future new schemes can be added once approved at any full council meeting.

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1.10 The Capital Strategy aims to encourage innovation and remind officers of their ability to draw down funding to fund creative projects that demonstrate delivery of “spend to save / mitigate”. The governance arrangements in place must ensure robust monitoring to ensure projects deliver in terms of quality, cost and benefits. Following central government austerity measures the Council are keen to promote capital investment to secure future local funding streams, council tax and business rates.

2. INTRODUCTION AND BACKGROUND

- 2.1 This Capital Strategy sets out Herefordshire's approach to capital investment and disposal over both the short and long term, to deliver the core service priorities. The availability of resources to facilitate these priorities is also considered, reconciling the provision of statutory functions, service aspiration and policy context with limited resource availability.
- 2.2 The document moves between the vision of the Council, the overarching policy framework and explains the processes inherent in setting budgets and monitoring the programme. In the ever changing public sector climate, this document will be reviewed annually, but in essence is written to capture the longer term vision of service priorities.
- 2.3 The Capital Strategy links into the main Council strategic documents: Corporate Property Strategy, Local Transport Plan, IT Strategy and Local Development Framework, details are provided in appendix C. It demonstrates how the Council prioritises, sets targets and measures the performance of its limited capital resources to ensure that it maximises the value of investment to support the achievement of its key cross-cutting activities and initiatives.

- **What it intends to do**

- Assist in ensuring spending decisions meet key priorities
- Influence and encourage working with partners
- Encourage improvement and innovation
- Ensure revenue consequences and whole life costs are fully considered including return on investment
- Explains the fluctuating nature of capital funding
- Confirms surplus assets will be recycled or disposed of
- Implementation of three year planning and horizon scanning for longer term priorities.

- **What it sets out**

- Capital priorities and plans
- Links to key strategic documents
- How schemes are identified that meet priorities
- How schemes competing for limited resources are selected
- A summary of the capital programme
- Monitoring processes in place

2.4 The strategic objectives for our corporate assets are to:

- Optimise the contribution property makes to the Council strategic and service objectives. To this end, assets should only be held that meet the objectives of the Council, with clear evidence to demonstrate that they contribute to the key objectives.
- Prioritise investment in our operational assets to meet service delivery needs and to enhance the customer experience. Assets that no longer deliver service priorities will be reviewed and either recycled to facilitate wider community agendas, or disposed of.

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- Seek innovative, value for money solutions, through use of procurement and return on investment to deliver capital projects that satisfy service need.
- Ensure maximum return from our investment property and land holdings
- Use our assets to fund new developments, re-development and urban regeneration
- Ensure that existing and new property assets are managed in an efficient, sustainable and cost effective way in terms of their use of environmental impact and other resources, their property management and other running costs

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3. CURRENT CAPITAL PROGRAMME & LONG TERM PLAN

3.1 The following table details the capital investment by directorate over the next four years, full programme details can be seen in appendix a. The consequences of investment are reflected in both the Medium Term Financial Strategy and Treasury Management Strategy.

Approved Capital Programme

	Prior Years £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s	Total Capital Programme Budgets £000s
Total Adults & Communities	132	3,919	3,976	2,653	1,853	12,533
Total Children's & Families	7,743	3,375	14,887	13,200	1,200	40,405
Total Economy & Place	82,615	58,610	95,464	28,058	197	264,944
Total Capital Programme	90,490	65,904	114,327	43,911	3,250	317,882

Financed by

Capital Receipts	24,755
Grants & Funding Contributions	114,813
Prudential Borrowing	87,823
Funded in prior years	90,491
Total Funding	317,882

3.2 Long Term Capital Programme

Development Partnership

The council has put in place a development partnership between with Keepmoat Homes Ltd and Engie Regeneration Ltd. The partnership will put in place a development and regeneration programme which will deliver housing and regeneration schemes. There is a current capital budget provision to enable the partners to work together to start delivering the programme of work. In appendix b there are details of the current business cases for both Keepmoat and Engie which lists a number of projects that will be considered in the long term. If the housing developments can be delivered and further developments included then the future programme may be funded from future capital receipts. However each project will be subject to the new project approval process that will ensure that all projects will be well defined before being approved onto the programme by Cabinet. There may be the possibility of funding some through the use of external investment from a third party. Although there is always the availability to fund an individual project through borrowing where the project can repay the full costs through a net revenue annual income when the project has been delivered. A decision paper will be sent to cabinet in this instance after a thorough due diligence has been carried out for the decision to be made. Therefore at this time it is difficult to include these projects into future long term budgets but there is a plan of work that will be considered and of course at any time new projects can be added by either partner or the council. Delivery of housing will be aligned to the Local Area Plan.

Infrastructure future plan.

Herefordshire Council are investing in a number of road schemes and over the next few years these schemes will be progressed and included into the capital programme once fully developed and approved. The Hereford Transport Package, is identified as a priority within the council's Economic Vision, Local Plan Core Strategy (LPCS) and Local Transport Plan

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(LTP) and also within the Marches Strategic Economic Plan and Midlands Connect regional transport strategy. The delivery of the bypass will support the growth of the economy and the package of improvements will help residents to live safe, healthy and independent lives.

4. CAPITAL FUNDING STREAMS

4.1 This section explains the source of resources available to fund the capital programme. Currently the majority of funding is allocated from central government, in part to fund specific schemes that deliver their national priorities.

4.2 The following funding sources are available;

Borrowing

- Prudential borrowing (PB), has been allowed since 2004 when government relaxed the rules to allow councils to finance their own capital, providing they could demonstrate affordability to repay the debt and interest. In a time of reduced resources PB may also be used to fund initiatives to deliver future revenue savings that can then fund the annual debt and interest cost. The Council has a number of invest to save schemes currently and there is no limit to the amount of additions to the capital programme in any year where all borrowing costs can be funded from revenue savings, as long as they can show they provide value for money, score highly enough in the review and are approved by Council.

Grants

- Government currently provide many direct grants to fund initiatives that the Council should deliver as part as their statutory duty. The major capital grants are:
 - **Transport Grants** – used to support the Hereford Integrated Transport Strategy capital programme, covering rural transport schemes, and road safety initiatives and highways maintenance. The Department for Transport has a process to allow local authorities to bid for revenue and capital funds to fund sustainable transport schemes.
 - **Basic Needs Funding** - the Government each year provide a grant based on future needs for the Council to provide enough school places.
 - **Schools Capital Maintenance Grant** – is an amount allocated each year to help maintain schools in a good state of repair.
 - **Devolved Formula Capital** – is an amount allocated each year to primary and secondary schools to be spent on priorities in respect of buildings, ICT and other capital needs. It may be combined with capital funding from other sources or saved to fund a larger project.
 - **Disabled Facilities Grant** - contributes towards the cost of providing adaptations and facilities to enable disabled people to continue living in their own homes. The central government grant funding towards this has been protected from cuts by the coalition government in the Corporate Spending Review (CSR), in fact this grant has increased annually.
 - **Broadband** – the Council continues to roll out ‘Fastershire’ to its most rural areas, utilising available grant funding.
- External funding bodies distribute funding for projects that satisfy their key criteria and objectives and the Council secure these via a bidding process.

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Regional Growth Fund (RGF)

- Local Enterprise partnerships (LEPs) will coordinate bids for RGF, they were introduced by the coalition government to replace regional development agencies. Their aim is to provide strategic leadership and long term vision for private sector led economic renewal working in partnership to deliver public service delivery, through the LEP area.

Developer Contributions S106

- Developer contributions continue to support the capital investment need associated with developments throughout the Country.

Capital Receipts

- The Council maintains a register of surplus property assets. These are reviewed by the Corporate Property Board, taking account of the prevailing market conditions.
- The public sector landscape of service delivery is now subject to major change. Annual reviews of the Council operational property portfolio will identify potential opportunities for remodelling and co-location, through alternative methods of service delivery. Some assets will be deemed surplus to requirement, not delivering Council priorities or key objectives, and thus progress through the Disposal Policy adopted in the Corporate Property Strategy.
- The Council must prioritise disposal for capital receipts against competing demands for affordable housing land to build social housing and Community Asset Transfers.
- The disposal of surplus assets is critical to deliver the Councils Capital Strategy. Specifically the delivery of the property maintenance and office accommodation review requires receipts to fund PB costs. Capital receipts are deemed a central receipt and so held corporately to use to deliver wider strategic priorities. Until receipts retained in the capital receipt reserve are allocated into the capital programme they reduce the overall borrowing costs of the Council.

Revenue

- Both revenue budget and reserves can be used to fund the capital programme, either via a one off contribution to fund a project in its entirety or an annual sum to repay PB debt costs. Ongoing use of revenue should be assessed in relation to the impact on council tax via the use of assessing its prudential indicators. Funding is available throughout the year to fund both revenue and capital innovative projects that will deliver future year on year savings.

- 4.3 The table in 3.1 shows the expected resources available to fund the capital programme over the next four years.
- 4.4 The programme is heavily reliant on grants and contributions to fund capital expenditure and these are usually issued with tight timeframes and restrictions attached. The grants may also demand regular monitoring returns to demonstrate the funding has been used in accordance with the plan.

5. CAPITAL SCHEME SELECTION

- 5.1 The capital programme is delivering a number of projects to enable the council to deliver the objectives within the corporate plan 2016-20. Therefore projects that are added to the capital programme are for this purpose and not added as an investment purely to generate income. There are currently no expectations in the MTFs for capital investment to generate a revenue surplus to balance the budget. Although in the long term there are advantages in easing the removal of Revenue Support Grant (RSG) in generating a net revenue position it is not the priority when reviewing projects to add to the capital programme.
- 5.2 Capital funding requests for projects are scored in accordance with a transparent and objective prioritisation policy in line with the following key criteria:-
- a) Consequence of not being included in 2018/19, high score indicates urgency;
 - b) Legal need for inclusion, high score represents a legal need to include;
 - c) Political support secured, high score demonstrates support;
 - d) Linkage to the corporate plan (CP), high score where scheme provides high level of support;
 - e) Funded, high score where the proposal has secured funding;
 - f) Deliverability, high score where the scheme is ready to go;
 - g) Risk, high score if the scheme decreases exposure to risk.
- 5.3 All capital schemes go through a stage process that is detailed in the capitalisation policy, summary details can be seen in appendix d.
- 5.4 Schemes are continually reviewed against evolving priorities and may be subject to change, redesign or cancellation, to ensure they continue to deliver the requirements of the Council and provide value for money.
- 5.5 Capital funding will be initially allocated to Council key priorities, and approved by Council. The strategy confirms that the capital funding requests process ensures provision in the capital programme at any time as long as they are approved at a Council meeting. This is necessary so that services do not feel constrained by a rigid timetable. The prioritisation process uses a capital funding request form which is completed, then ranked and scored by the Capital Strategy Project Board (CSPB), using the criteria set out in 5.2, before presentation through the various channels before Council. The timetable for projects to be added to the capital programme is summarised in the capitalisation policy.

Rationale for Investment

- 5.6 Capital investment is integral to revenue budget forecasting. Capital investment must be directed to obtain maximum benefit from available resources looking at efficiencies, effectiveness, and economically. Revenue implications must be considered for all capital schemes, this could represent the cost of borrowing future running costs and projected benefits.
- 5.7 Funding is available to fund capital investment that gives a clear pay back through revenue budget savings.

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- 5.8 Efficiency and Value for Money is monitored within Directorates. It is secured and demonstrated through utilisation of the Procurement Policies and Framework for managing capital projects.
- 5.9 The council has discretion to make loans for a number of reasons, primarily for economic development. These loans will be treated as capital expenditure. In making loans the council is exposing itself to the risk that the borrower defaults in repayments. The council, in making these loans, must therefore ensure they are prudent and has fully considered the risk implications, with regard to both the individual loan and that the cumulative exposure of the council is proportionate and prudent. The council will ensure that a full due diligence exercise is undertaken and adequate security is in place. The business case will balance the benefits and risks. All loans will be subject to close, regular monitoring.
- 5.10 The capital investment budget will see the regular review of assets to ensure they are still required to deliver Council priorities, alternatively assets may be recycled or deemed surplus to requirement. Sale of assets will deliver revenue savings and generate corporate capital receipts for investment in future capital schemes. Future building requirements will need to assess the concept of sale and leaseback and multi use, shared approach for occupation.

6. CAPITAL MONITORING

- 6.1 Capital investment requirements are significant, however, capital finances are limited and central government current funding levels are expected to reduce. Herefordshire Council must have a prudent approach to capital allocation and monitoring to ensure scarce resources are used to maximum effect.
- 6.2 Due to the significant changes that occur during capital programme implementation and forecasting it is considered prudent to maintain:
 - a reserve list of capital schemes that can be accelerated or delayed as required
 - a contingency sum that should be included in all projects, due to the impact an increase in inflationary capital costs can have over the length of the project.
- 6.3 As part of a project's business case, a thorough option appraisal is carried out and a whole-life costing review is undertaken before a capital scheme is included in the capital programme.
- 6.4 Once a capital scheme is included in the capital programme it is monitored following appropriate project management methodology, using experienced officers in each service area, through a number of project boards.
- 6.5 In addition to significant individual projects, the capital programme also includes the Council's annual Highways and Transportation capital programme of investment. This is guided by the Local Transport Plan to invest in the improvement and maintenance of the local transport infrastructure. Targets relating to highway maintenance standards, road safety and sustainable transport ensure that expenditure is in line with corporate plan objectives and outcomes expected by central government. This programme is managed through the Major Infrastructure Delivery Board and through the commissioning arrangements with Balfour Beatty.
- 6.6 Directorate capital programme monitoring working groups meet monthly to review capital budgets and schemes, feeding issues into the CSPB and reports to Cabinet.
- 6.7 The CSPB includes senior representatives from each service area within the Council. Regularly they discuss the current capital programme focusing on capital schemes and the spend profile to ensure projects are delivered appropriately and on time. This Group also oversees the ranking and recommends capital projects for approval, coordinates external sources of capital finance, capital monitoring processes, monitors the risk register, disseminates best practice and reviews the impact on the Councils VAT partial exemption recovery position.
- 6.8 Feedback from the CSPB is fed into the quarterly finance update report that is presented to Cabinet.

Approved capital programme

	Prior Years £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s	2021/22 £000s	Total Capital Programme Budgets £000s
Adults and Wellbeing						
Disabled facilities grant		1,853	1,853	1,853	1,853	7,412
Affordable Housing Grant		800	800	800		2,400
Community Housing Fund		150	-	-		150
Hillside		250	1,250	-		1,500
Single Capital Pot	19	523	73	-		615
Revolving Loans	99	101	-	-		200
Private sector housing improvements	14	242	-	-		256
Total Adults & Wellbeing	132	3,919	3,976	2,653	1,853	12,533
Children's Wellbeing						
Colwall Primary School	6,430	320	-	-		6,750
Schools Capital Maintenance Grant	797	1,217	1,700	1,200	1,200	6,114
Peterchurch Primary School	7	-	493	5,000		5,500
Expansion for Marlbrook school	153	450	5,538	-		6,141
SEN & DDA school improvements		-	710	-		710
Brookfield School Improvements	6	-	1,298	-		1,304
CYPD's S106	313	392	605	-		1,310
Special Provision Capital Fund		-	333	167		500
Healthy Pupils		-	99	-		99
Individual Pupil Needs		151	120	-		271
Short Breaks Capital		-	118	-		118
Blackmarston SEN	30	55	-	-		85
Replacement Leominster Primary	3	39	-	-		42
Basic Needs Funding		-	2,058	6,833	-	8,891
2 Year Old Capital Funding	5	101	-	-		106
Preliminary works to inform key investment		200	1,815	-		2,015
Temporary school accommodation replacement		450	-	-		450
Total Children's Wellbeing	7,743	3,375	14,887	13,200	1,200	40,405
Economy, Communities and Corporate						
Hereford City Centre Transport Package	32,321	1,342	1,550	5,438		40,651
Local Transport Plan (LTP)		13,539	12,272	12,272		38,083
Fastershire Broadband	16,855	5,000	10,324	2,098		34,277

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Hereford Enterprise Zone	8,318	4,758	2,924	-		16,000
Leisure Centres	9,639	413		-		10,052
Solar Photovoltaic Panels	503	120	1,511	-		2,134
Corporate Accommodation	2,362	509		-		2,871
ECC's S106		756		-		756
South Wye Transport Package	4,978	4,508	17,067	8,250	197	35,000
Marches business improvement grants	415	1,297	788	-		2,500
SEPUBU Grant	-	381	354			735
IT Network Upgrade	209	291		-		500
Property Estate Enhancement Works	826	1,414	500	-		2,740
LED street lighting	5,478	177		-		5,655
Herefordshire Enterprise Zone Shell Store		1,500	5,816	-		7,316
Cyber Security Centre Project		3,500		-		3,500
Development Partnership activities	300	5,300	35,000	-		40,600
Highway asset management		7,290	500	-		7,790
Hereford Transport Package		2,960		-		2,960
Ross Enterprise Park (Model Farm)		800	6,270	-		7,070
PC Replacement	70	290		-		360
Three Elms Trading Estate	(8)	125	358	-		475
Stretton Sugwas Closed Landfill	93	2		-		95
Customer Services and Library	10	123		-		133
Energy Efficiency		35	65	-		100
Strangford closed landfill site	20	11		-		31
Gypsy & Traveller Pitch development	29	331		-		360
Leominster cemetery extension	21	172		-		193
Tarsmill Court, Rotherwas		400		-		400
Children centre changes		370		-		370
Car Parking Strategy	58	188		-		246
Car Park Re-Surfacing		116		-		116
Office and Car Park Lighting Replacement		135	165	-		300
Data Centre Consolidation	124	106		-		230
Hereford Library	(6)	351		-		345
Total Economy, Communities and Corporate	82,615	58,610	95,464	28,058	197	264,944
Total	90,490	65,904	114,327	43,911	3,250	317,882

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Appendix B

Herefordshire Council, Development & Regeneration Programme															
Development and Regeneration Programme Business Plan - Net Cash Flow - Utilising Council Funding															
Third Draft															
30 August 2018															
Project	Type	Total	1	2	3	4	5	6	7	8	9	10	11	12	13
		£m	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030+
Capital Projects Gap Fund Contribution															
Station Approach	Student Accomodation	£15.50	£1.00	£9.00	£5.50										
Country Bus Station	Mixed Use	£30.00		£1.00	£8.00	£15.00	£6.00								
Hereford Football Ground	Accom and ground imp	£18.00		£4.00	£5.00	£2.00	£2.00	£5.00							
Hereford Enterprise Zone	Office and Industrial	£15.00	£2.00	£3.00		£5.00		£5.00							
Ross Enterprise Park	Industrial	£6.05			£0.05	£3.00	£3.00								
Essex Arms Site	NMITE accomodation	£60.00		£10.00	£25.00	£20.00	£5.00								
Hereford Business Quarter	City centre office	£0.10		£0.10											
Leominster Retail	Retail	£15.05		£0.05		£7.00	£8.00								
Business Incubation	Incubator space	£4.05		£0.05		£2.00		£2.00							
Franklin Barnes Building	NMITE or commercial	£2.50		£2.50											
Berrington Street Regeneration	Resi led mixed use	£5.15			£0.15				£2.00	£3.00					
Racecourse, Sport & Leisure	Hotel, conf and leisure	£0.10			£0.10										
Hereford River Quarter	Leisure led mixed use	£2.00				£1.00	£1.00								
Three Elms and Chatsworth Play Fields	Commercial	£5.00			£1.00	£2.00	£2.00								
		£178.50	£3.00	£29.70	£44.80	£57.00	£27.00	£12.00	£2.00	£3.00	£0.00	£0.00	£0.00	£0.00	£0.00
Residential Sites Land Value Contribution		-£77.13			-£2.16	-£5.94	-£3.38	-£3.76	-£6.30	-£8.82	-£7.53	-£4.76	-£4.76	-£4.23	-£25.48
	Total	£101.38	£3.00	£29.70	£42.64	£51.06	£23.62	£8.24	-£4.30	-£5.82	-£7.53	-£4.76	-£4.76	-£4.23	-£25.48
	Cumulative		£3.00	£32.70	£75.34	£126.40	£150.02	£158.27	£153.96	£148.14	£140.61	£135.85	£131.08	£126.86	£101.38

Strategies that Support the Capital Strategy

- **The Corporate Property Strategy**

Contains the Accommodation Strategy for the Council.
It mainly focuses on proposals to:

- Rationalise the current corporate administrative estate
- Introduce better ways of working to drive efficiency, for example home working
- Support the organisation to meet its carbon reduction targets.

The overarching strategy contains a suite of strategies and policies covering:

- Asset Disposal Policy sets out the legal and policy framework about the approach to the disposal of assets. Buildings, where flexible, will be developed into multi use facilities and the overall stock level reduced. The challenges given to retaining assets will be based on value for money and delivery of Council's strategic priorities and key service delivery. Surplus properties will either be recycled or disposed of and proceeds will be reinvested. The disposal of land will be allowed after consideration of sacrificing a capital receipt for transfer of the land for use as social housing.
- Community Asset Transfer Policy complements the Asset Disposal Strategy in that it provides a policy framework to evaluate the benefits of the disposal of assets to the Third Sector at below market value. It underpins some of the stronger and safer communities' work of the Sustainable Community Strategy and provides a vehicle for unlocking the value contained in underutilised surplus public assets. It forms one of the cornerstones of the Total Place Agenda.

- **Local Transport Plan**

This plan covers the policies and delivery plans relating to transport and explains how these contribute to the wider local agenda. It considers the transport needs both of people and of freight and includes the strategic countywide programme of transport infrastructure improvements and maintenance. The aim is to ensure the maintenance, operation, management and best use of the county's transport assets.

Annual funding available for Local Transport has over recent years been in the region of £10 million to support capital maintenance of the highway asset and support road safety and transport network improvements. In future the level of funding for transport capital investment will be constrained, but remain a significant component of the overall capital programme, reflecting the importance of maintaining this important asset and its crucial contribution to the economic vitality of the County.

- **Schools Capital Investment Strategy**

This strategy has been developed in consultation with Schools, Children and Families Service. Its principles support the vision, objectives and targets of the Herefordshire Council. In so doing, it supports and contributes to the Council Capital Strategy. It specifically seeks to ensure that assets that do not support the objectives of the Herefordshire Council are disposed of through sale to realise a capital receipt or through community asset transfer, that investment is clearly linked to specific objectives and targets; and that assets such as schools, children's centres, youth centres and children's multi-agency offices are corporate resources, available to accommodate delivery of wider services to the community from across Herefordshire. The

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strategy seeks to join up future capital funding streams wherever possible to ensure that best value is achieved from the funding available and to maximise the benefits realised from the investment.

- **IT Strategy**

The IT Strategy (currently under review) aims to ensure that Herefordshire Council has a stable, fit-for-purpose and sustainable information, communications and technology platform and service organisation capable of supporting the drive to deliver efficient and effective services to the citizens, directorates, businesses, organisations, members and public sector partners within Herefordshire. It will assist Herefordshire Council to make more flexible use of technology to achieve efficiencies, access services and share workspace and resources with partner agencies.

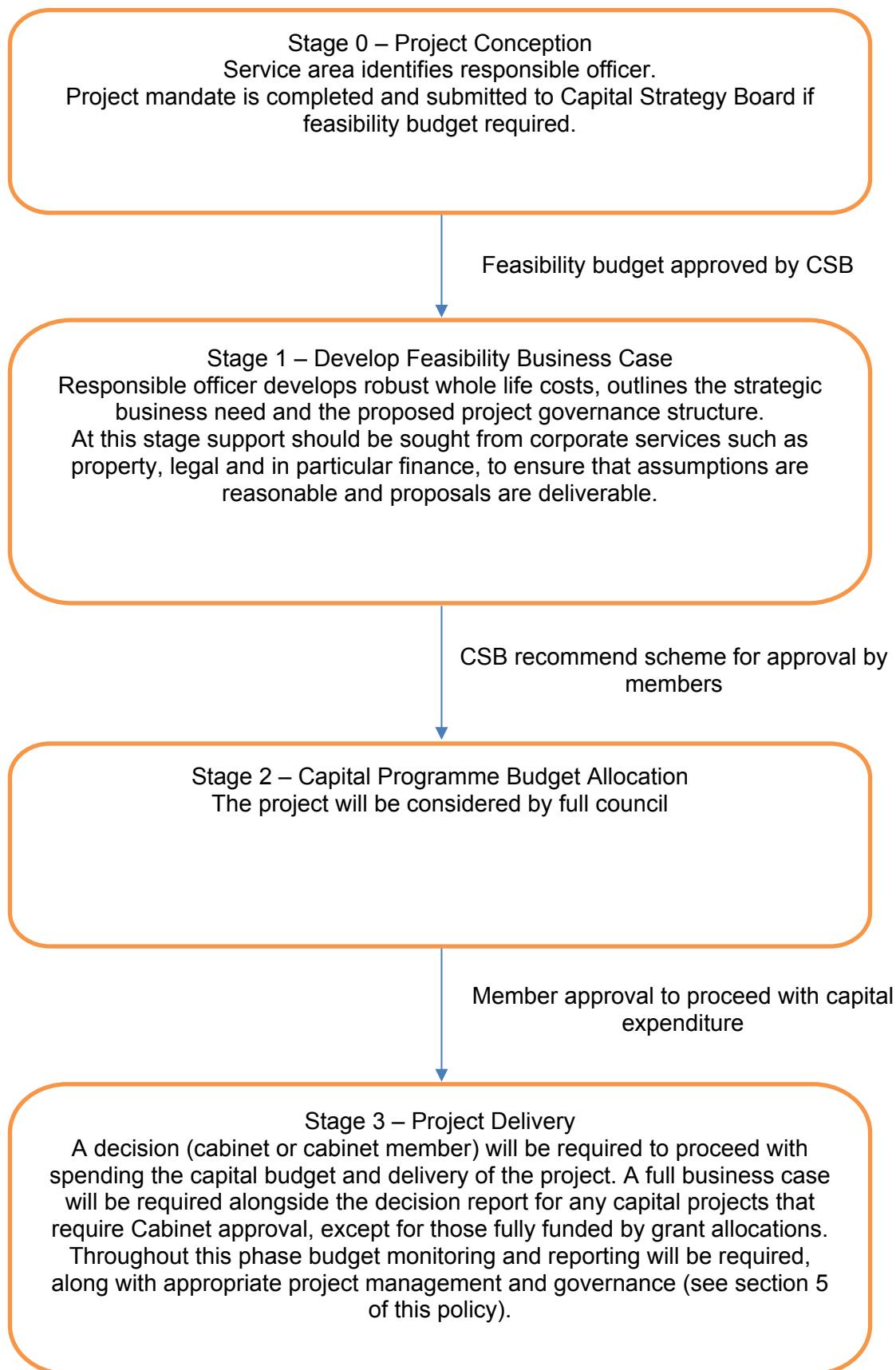
- **Medium Term Financial Strategy**

This document is approved annually, based on the budget setting requirements of the Council and reflects on the strategic and operational intentions over a three-year time frame. It covers the capital programme and funding streams including the affordability of prudential borrowing and use of capital to facilitate revenue budget savings in future years.

- **Treasury Management Strategy**

This strategy sets out the council's overall approach to treasury management operations including the capital programme and links to the borrowing limits, minimum revenue provision in relation to debt repayment and prudential indicators.

The following diagram therefore illustrates the various stages of the approval process:



Treasury Management Strategy Statement 2019/20

Herefordshire Council

Treasury Management Strategy 2019/20

Contents

1. Introduction
2. Summary of Strategy for 2019/20
3. Economic Background and Interest Rate Forecast
4. Capital Financing Requirement
5. Borrowing Strategy
6. Investment Strategy
7. Annual Minimum Revenue Provision Statement 2019/20

Annexs

- a. Existing Borrowing and Investments
- b. Borrowing Maturity Profile
- c. Prudential Indicators
- d. Outlook for Interest Rates
- e. Treasury Management Policy Statement

Treasury Management Strategy Statement 2019/20

1. Introduction

- 1.1 Treasury management is the pursuit of optimum performance in the management of cash flows consistent with managing the associated risks. The council borrows and invests substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to an effective treasury management strategy.
- 1.2 This strategy has been prepared in accordance with the revised reporting due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The capital strategy is being reported separately.
- 1.3 The purpose of this Treasury Management Strategy (TMS) is to approve:
- Treasury Management Strategy for 2019/20
 - Borrowing – Section 5
 - Investments – Section 6
 - Minimum Revenue Payment (MRP) Statement – Section 7
 - Prudential Indicators – Annex C

2. Summary of Strategy for 2019/20

Borrowing

- 2.1 Borrowing is driven by the requirements of the approved capital investment budget. The forecast capital investment budget for 2019/20 indicates £65.1m of capital spend requiring financing from prudential borrowing. As long term borrowing rates are expected to be higher than investment rates actual borrowings will be deferred by utilising cash balances and short term borrowing if required. Long term interest rate forecasts will be constantly monitored to ensure debt need is secured at the best opportunity. If less capital spend is incurred than forecast then the need to borrow will be reduced.
- 2.2 Using current forecasts during 2019/20 the councils underlying need to borrow is expected to increase by £74.1m, as shown in the table below.

	£m excluding PFIs
Estimated council borrowing as at 31st March 2019	165.8

Treasury Management Strategy Statement 2019/20

Capital spend financed by prudential borrowing	65.1
Net change in internal borrowing	15.8
Less minimum revenue provision	(6.8)
Estimated council borrowing as at 31st March 2020	239.9

- 2.3 Short-term borrowing rates are currently, at 1.15%, significantly lower than longer-term borrowing rates (Annex D) and using the long-term analysis, comparing short-term finance with a long-term loan, utilising short term borrowing is shown to be the most cost effective approach. Savings in the early years are currently outweighing additional amounts payable that may fall due in later years. Therefore the council is proposing to continue with its current policy of using short term borrowing to finance the 2019/20 borrowing requirement.
- 2.4 The borrowing budget for 2019/20 includes provision to pay short-term interest costs of up to £0.6m. The budget also includes the interest cost on existing fixed long term borrowing at £5.4m.
- 2.5 This strategy approves a total variable loan stock holding of up to 50% of total loans to minimise the risk of interest rate increases.
- 2.6 The council's exposure to variable rate debt has been discussed with the council's treasury adviser, Link Asset Services, who agree with the council's borrowing policy and the consideration of our interest rate forecasting.

Investments

- 2.7 As a result of current banking regulations which, in the absence of government support, put the council's deposits at risk when banks get into difficulty, the council will:
- Maintain lower investment balances during the year;
 - Keep low but liquid cash balances and invest these mainly in Money Market Funds (CNAV (Constant Net Asset Value), LVNAV (Low Volatility Net Asset Value), or VNAV (Variable Net Asset Value));
 - Maintain counterparty limits with the banks and building societies at prudent levels;
 - Consider other creditworthy investments to increase diversification.
- 2.8 Where non treasury investments are considered a separate report will be presented for approval with any changes that may be required to Prudential Indicators incorporated with an updated TMS if necessary.

Treasury Management Strategy Statement 2019/20

3. Economic Background and Interest Rate Forecast

Economic background

- 3.1 **UK** the Monetary Policy Committee, (MPC), unanimously (9-0) voted to increase the Bank Rate on 2nd August from 0.5% to 0.75%. Although growth looks as if it will only be modest overall at around 1.5% in 2018, the Bank of England's August Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019, albeit there were several caveats – mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.
- 3.2 The Consumer Price Index (CPI) measure of inflation was 2.4% in September and is expected to fall back to the 2% inflation target over the next two years. The MPC has indicated Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for the second half of 2019.
- 3.3 Unemployment has continued at a 43 year low of 4% on the Independent Labour Organisation measure. Wage inflation picked up to 3.1%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 0.4%.
- 3.4 **Euro Zone.** Quarterly GDP growth in the euro area averaged 0.4% during the first half of 2018. That was lower than anticipated and lower than in 2017, when growth averaged 0.7%. That slowdown probably partly reflected temporary factors, including adverse weather in some northern European countries in Q1, particularly Germany and France.
- 3.5 Underlying demand growth in the euro area appears to have remained relatively robust. Quarterly consumption growth was 0.5% in Q1, a little stronger than 2017 rates, while both consumer and business confidence remained strong.
- 3.6 The unemployment rate, at 8.3% in June, is above its estimated equilibrium rate — the rate consistent with stable wage pressures.
- 3.7 The European Central Bank (ECB) made no changes to its policy rates in June or July, and provided guidance in June that rates were expected to remain at present levels at least through the summer of 2019. The ECB also announced an extension to its asset purchase programme to December 2018, at a slower rate of €15 billion per month, reduced from €30 billion currently, and anticipated an end to net purchases after that date, subject to incoming data.
- 3.8 **USA** activity in the US — the UK's second largest trading partner — rebounded strongly from a dip in growth in Q1, expanding by 1% in Q2. GDP growth is expected to fall back in Q3, but to remain robust at around 0.75%. Activity will be supported

Treasury Management Strategy Statement 2019/20

thereafter by fiscal policy, following the personal and corporate tax cuts announced in December 2017, as well as the Bipartisan Budget Act of 2018, which lifted discretionary spending caps by around US\$300 billion over 2018 and 2019, equivalent to around 1.5% of GDP.

- 3.9 The economy in the US is growing at approximately three times the rate of that in the UK. It currently has the lowest unemployment rates in almost 50 years.
- 3.10 There are risks coming through though including higher tariffs that have been implemented or proposed on US trading partners and associated reciprocal measures.
- 3.11 The Federal Open Market Committee (FOMC) has continued to tighten policy, raising the target range for the federal funds rate to between 1.75% and 2% in June. The median projection of FOMC members for the federal funds rate at end 2018 also rose from 2.1% to 2.4%, implying two further 25 basis point increases in 2018, with a further three projected in 2019.

Interest rate forecast

- 3.12 Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years based on an assumption of an agreement being reached on Brexit between the UK and the EU.
- 3.13 Borrowing interest rates are slowly increasing, most recently as a result of the August MPC meeting where the Bank Rate was increased by 0.25% to 0.75%. The policy of avoiding new borrowing by minimising investment cash balances has proved efficient and will continue to be carefully reviewed to minimise the risk of incurring higher borrowing costs in the future.
- 3.14 There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost – being the difference between higher borrowing costs and lower investment returns.
- 3.15 A more detailed interest rate forecast provided by the Link Asset Services is attached at Annex D.

4. Capital Financing Requirement

- 4.1 Capital expenditure can be financed in a number of ways including the application of usable capital receipts, a direct charge to revenue, capital grant or by securing an up-front contribution towards the cost of a project.
- 4.2 Capital expenditure not financed by one of the above methods will increase the capital financing requirement (CFR) of the council.

Treasury Management Strategy Statement 2019/20

- 4.3 The CFR reflects the council's underlying need to finance capital expenditure by borrowing or by other long-term liability arrangements, for example public finance initiatives.
- 4.4 The use of the term "borrowing" in this context does not necessarily imply external debt since, in accordance with best practice, the council has an integrated treasury management strategy. Borrowing is not associated with specific capital expenditure. The council will, at any point in time, have a number of cash flows both positive and negative and will be managing its position in terms of its borrowings and investments in accordance with its treasury management strategy.
- 4.5 The forecast movement in the CFR over future years is one of the Prudential Indicators which can be found in Annex C. The movement in actual external debt and usable reserves (which have a direct bearing on requiring to borrow) combine to identify the council's borrowing requirement and potential investment strategy in the current and future years. The table below summarises the current forecast:-

	31.03.19 Estimate £000	31.03.20 Estimate £000	31.03.21 Estimate £000	31.03.22 Estimate £000
Forecast Capital Finance Requirement (CFR)	320,420	376,593	387,842	385,471
Less: Expected Useable Capital Receipts Reserve	(33,600)	(22,900)	(22,900)	(22,900)
CFR post capital receipts	286,820	353,693	364,942	362,571
Less: PFI and other long term commitments	(53,226)	(51,097)	(49,053)	(47,091)
CFR excluding other long-term liabilities (PFIs)	233,594	302,596	315,889	315,480
Less: Existing fixed long term borrowing (a)	(137,517)	(130,282)	(126,798)	(124,427)
Maximum new borrowing requirement	96,077	172,314	189,091	191,053
Less: Internal borrowing from reserves	(67,800)	(62,700)	(62,700)	(62,700)
Net new borrowing requirement (b)	28,277	109,614	126,391	128,353

Treasury Management Strategy Statement 2019/20

Total Council Borrowing (a plus b)	165,794	239,896	253,189	252,780
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4.6 The above table shows the council's borrowing requirement due to capital expenditure and the refinancing of principal repaid on existing long-term debt.

5. Borrowing Strategy

5.1 At 30 September 2018 the council held £140.3m of long-term fixed rate loans as shown in Annex A.

Objective

5.2 The council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the council's long-term plans change is a secondary objective.

Strategy

5.3 Given the significant cuts to public expenditure and in particular to local government funding, the council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is more cost effective in the short-term to use internal resources and borrow using short-term loans.

5.4 This enables the council to reduce net borrowing costs and reduce its overall credit risk by tailoring the timing of borrowing to minimise cash balances held. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. The council's treasury advisors will assist the council with 'cost of carry' and breakeven analysis. Its output will determine whether the council borrows additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

5.5 Short-term loans leave the council exposed to the risk of short-term interest rate rises; they are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.

Sources

5.6 The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB)
- UK local authorities
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK

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- UK public and private sector pension funds
- capital market bond investors
- Local Capital Finance Company and other special purpose companies created to enable local authority bond issues.

5.7 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback arrangements

LOBO loans

5.8 The council has two LOBO loans (Lender's Option Borrower's Option) of £6m each on which the council pays interest at 4.5%. Every six months, when the interest charges become due, the lenders have the option to increase the interest rate being charged at which point the council can accept the revised terms or reject them and repay the loan. LOBO loans present a potential refinancing risk to the council since the decision to amend the terms is entirely at the lender's discretion.

Debt rescheduling

5.9 The PWLB allows the repayment of loans before maturity by either paying a premium or receiving a discount according to a set formula based on current interest rates. Due to the prevailing low interest rate regime, opportunities for debt rescheduling are likely to be very limited. However, this option will be kept under review and will be considered where this is expected to lead to an overall saving or reduction in risk.

6. Investment Strategy

6.1 The council needs to hold adequate funds to meet day to day liquidity needs, for example salary and creditor payments. The council maintains a cash flow balance of around £15m to cover all contingencies. A cash flow forecast is maintained that includes all known receipts and payments so that the council can take action to ensure that it can meet all its liabilities when they fall due.

Objective

6.2 Both the CIPFA Code and the MHCLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and receiving unsuitably low investment income.

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Following the introduction of MIFID II (The Markets in Financial Instruments Directive), in January 2018, being the framework of European Union legislation for:

- Investment intermediaries that provide services to clients around shares, bonds, units in collective investment schemes and derivatives (collectively known as 'financial instruments'), and
- The organised trading of financial instruments

Herefordshire Council has opted up to "professional status". There are several criteria that must be met to be able to opt up from retail to professional status, with the key one being to have a total investment portfolio of over £10m. Opting up permits uninterrupted advice on as wide a range of investment / debt products that may be considered as part of our Treasury Management process. Our status has been confirmed with all counterparties where this applies. These arrangements will be regularly reviewed as appropriate.

Strategy

- 6.3 Given the increasing risk and continued low returns from short-term unsecured bank deposits, the council will aim to keep its invested funds as low as possible and reduce the amounts invested with banks and building societies. For 2019/20 the council will continue to rely on Money Market Funds which are highly diversified and carry reduced credit risk.

Risk Assessment and Credit Ratings

- 6.4 The council applies the credit worthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising credit rating from three main credit rating agencies (Fitch, Moody's and Standard and Poor's). This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system to which Link Asset Services allocate a series of colour coded bands with suggested maximum durations for investments (as shown in table 2 below).
- 6.5 Typically the minimum credit ratings criteria the council use will be short term rating (Fitch or equivalents) of F1 and a long term rating of A-. There may be occasions when the counterparty ratings from one agency are marginally lower than these ratings but still may be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
- 6.6 The council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- (Fitch or equivalents). Currently these countries are:

AAA

- Australia
- Canada
- Denmark

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- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Hong Kong
- UK

AA-

- Belgium
- Qatar

Approved Counterparties

6.7 The council will invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

		Colour coding or long term rating	£ limit	Time limit
Banks and Building Societies	Term deposits, CDs or corporate bonds	Yellow Purple Orange Blue Red Green No colour	5m 5m 5m 5m 5m 5m nil	5 years 2 years 1 year 1 year 6 months 100 days Not to be used
Council's Banker (NatWest)			5m	Liquid
DMADF	DMADF account	AAA	Unlimited	6 months

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UK Government	UK Gilts	UK sovereign rating	Unlimited	1 year
UK Government	Treasury Bills	UK sovereign rating	Unlimited	1 year
Multilateral development banks	Bonds	AAA	5m	6 months
Local Authorities	Term deposits		5m	1 year
Money Market Funds	MMFs	AAA	5m	Liquid
Other investments:				
Top five UK Building Society		£5m per fund (up to six months' duration)		
Pooled funds		£5m per fund		
Mercia Waste Management (providing finance for Energy from Waste Plant)		£40m over the course of the contract		

Specified Investments

6.8 The MHCLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

6.9 The Authority defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA- or higher.

Non-specified Investments

6.10 Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

Table 3: Non-Specified Investment Limits	Cash limit
---	-------------------

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Total long-term investments	£5.0m
Total investments with unrecognised credit ratings	£5.0m
Total non-specified investments	£10.0m

7. Annual Minimum Revenue Provision Statement 2019/20

- 7.1 Where the council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP). The Local Government Act 2003 requires the council to have regard to the Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in 2018. The broad aim of the Guidance is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. In line with the Guidance, the policy for the 2019/20 calculation of MRP is as follows:

	Indicative 2019/20 MRP charge £000
Supported borrowing	1,316
Prudential borrowing	5,984
Overprovision adjustment	(477)
Finance leases and private finance initiatives	2,129
TOTAL	8,952

MRP on supported borrowing is written down on an annuity basis with an annuity rate of 2%.

MRP on unsupported borrowing incurred before 1 April 2008 will be written down on a straight line basis over the asset life.

MRP on unsupported borrowing from 1 April 2008 onwards is written down on an annuity basis with an annuity rate of 3%.

MRP on assets acquired through finance leases and Private Finance Initiative (PFI) will be equal to the cash payments that reduce the outstanding liability each year.

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Annex A

EXISTING BORROWING AND INVESTMENTS

The overall treasury management portfolio as at 31 March 2018 and for the position as at 7 November 2018 are shown below for both borrowing and investments.

TREASURY PORTFOLIO

	actual	actual	As at	As at
Treasury Investments	31.3.18	31.3.18	30.09.18	30.09.18
	£000	%	£000	%
Banks - rated	4,740	34%	5,000	14%
building societies - rated	0	0%	0	0%
local authorities	5,000	35%	20,000	56%
DMADF (H.M. Treasury)	0	0%	0	0%
money market funds	4,380	31%	10,850	30%
certificates of deposit	0	0%	0	0%
Total managed in house	14,120	100%	35,850	100%
bond funds	0	0%	0	0%
property funds	0	0%	0	0%
Total managed externally	0	0%	0	0%
Total treasury investments	14,120	100%	35,850	100%
Treasury external borrowing				
local authorities	5,000	3%	0	0%
PWLB	131,054	89%	128,266	91%
LOBOs	12,000	8%	12,000	9%
Total external borrowing	148,054	100%	140,266	100%
Net treasury investments / (borrowing)	(133,934)	0	(104,416)	0

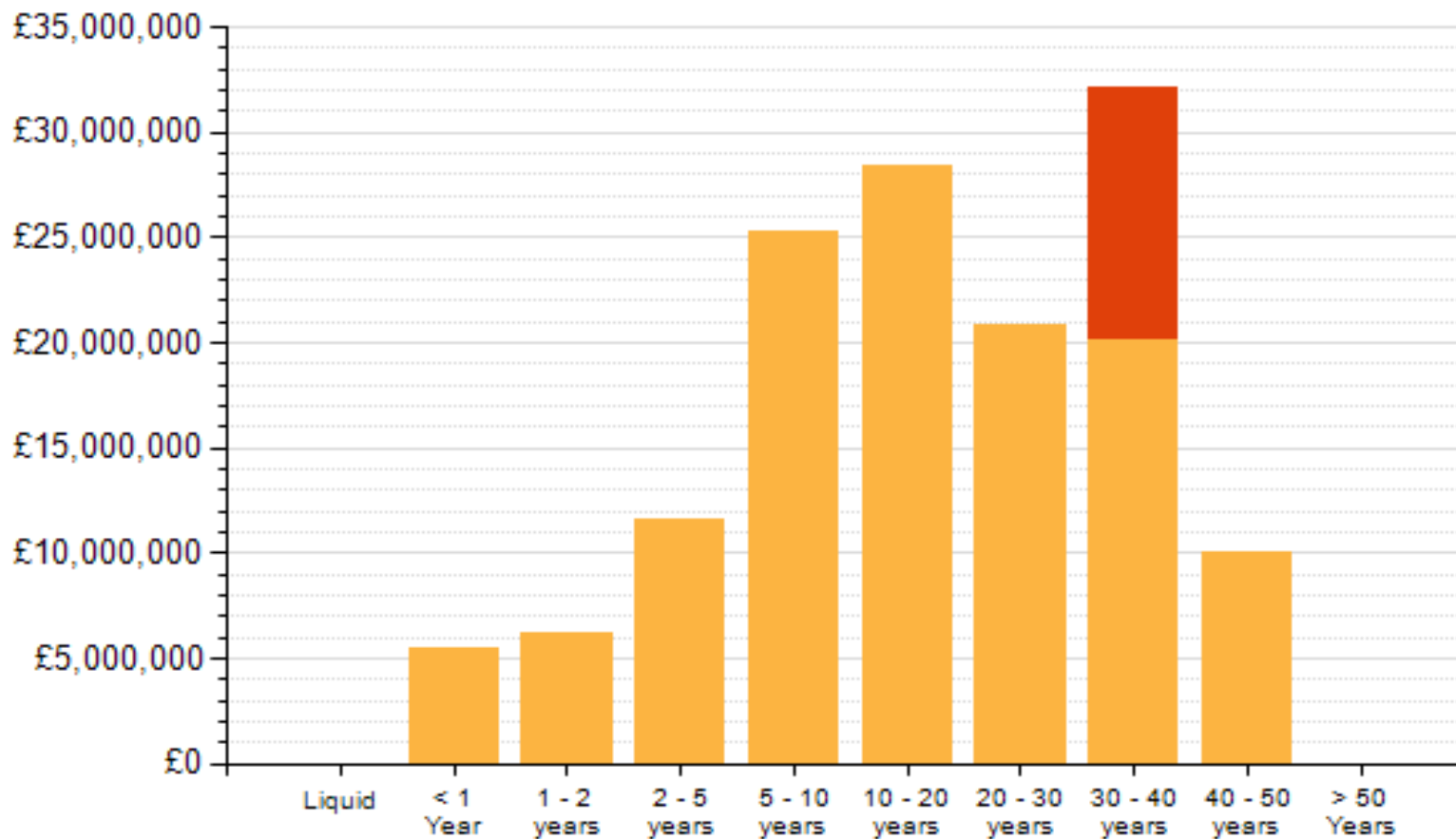
Treasury Management Strategy Statement 2019/20

Annex B

BORROWING MATURITY PROFILE



Loans Maturities by Type



Treasury Management Strategy Statement 2019/20

Annex C

PRUDENTIAL INDICATORS

1. Background

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year for the next three years.

2. Estimates of Capital Expenditure

- 2.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax levels.

Capital Programme	2018/19 £000	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000	Total £000
Existing approvals	65,903	114,327	43,911	3,250	227,391
Expected additional schemes	-	6,700	6,700	6,700	20,100
Total expenditure	65,903	121,027	50,611	9,950	247,491
Funding					
Capital receipts	14,091	10,664	-	-	24,755
Grants & contributions	36,063	45,239	30,313	3,198	114,813
Prudential borrowing	15,749	58,424	13,598	52	87,823
Expected additional prudential borrowing	-	6,700	6,700	6,700	20,100
Total	65,903	121,027	50,611	9,950	247,491

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3. Capital Financing Requirement

- 3.1 The Capital Financing Requirement (CFR) measures the council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing. The table below includes PFI contracts:

Capital Financing Requirement (CFR)	2019/20 Estimate £000	2020/21 Estimate £000	2021/22 Estimate £000
Total forecast CFR	376,593	387,842	387,842

4. Gross Debt and the Capital Financing Requirement

- 4.1 In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.
- 4.2 The Section 151 Officer reports that the council currently has no difficulty meeting this requirement nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

5. Operational Boundary for External Debt

- 5.1 The operational boundary is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational Boundary	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Operational Boundary for Borrowing	330,000	340,000	340,000
Operational Boundary for other Long-Term Liabilities	60,000	60,000	60,000
Operational Boundary for External Debt	390,000	400,000	400,000

6. Authorised Limit for External Debt

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- 6.1 The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
Authorised Limit for Borrowing	350,000	350,000	350,000
Authorised Limit for other Long-Term Liabilities	70,000	70,000	70,000
Authorised Limit for External Debt	420,000	420,000	420,000

7. Ratio of Financing Costs to Net Revenue Stream

- 7.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code and includes both interest payable and provision for repayment of loan principal.

- 7.2 The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Net Revenue Stream	148,987	155,228	161,766
Financing Costs	12,464	12,407	12,471
Percentage	8%	8%	8%

- 7.3 The above table shows budgeted financing costs within the council's medium term financial strategy and reflects the revised MRP policy approved by Council in October 2017.

8 Adoption of the CIPFA Treasury Management Code

- 8.1 This indicator demonstrates that the council has adopted the principles of best practice.

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8.2 The council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices. The council's Treasury Management Policy Statement is attached at Annex E.

9. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

9.1 These indicators allow the council to manage the extent to which it is exposed to changes in interest rates.

	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Upper Limit for Fixed Interest Rate Exposure	100%	100%	100%
Upper Limit for Variable Interest Rate Exposure	50%	50%	50%

10. Maturity Structure of Fixed Rate Borrowing

10.1 The council will also limit and monitor large concentrations of fixed rate debt needing to be replaced. Limits in the following table are intended to control excessive exposures to volatility in interest rates when refinancing maturing debt.

10.2 The maturity of borrowing (as shown in Annex B) is determined by reference to the date on which the loans could be repaid. The council's two LOBO loans could become repayable within 12 months although, if the lenders do not increase the interest rates being charged, which is the current assumption, then the loans could remain outstanding until 2054.

Maturity structure of fixed rate borrowing	Estimated level at 31/03/19	Lower Limit for 2019/20	Upper Limit for 2019/20
Under 12 months	5%	0%	35%
12 months and within 24 months	3%	0%	30%
24 months and within 5 years	9%	0%	25%
5 years and within 10 years	18%	0%	25%
10 years and within 20 years	20%	0%	40%
20 years and within 30 years	15%	0%	40%

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30 years and within 40 years	23%	0%	40%
40 years and within 50 years	7%	0%	40%
Total	100%		

11. Upper Limit for total principal sums invested over 364 days:

- 11.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the council having to seek early repayment of the sums invested.

Upper Limit for total principal sums invested over 364 days	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
	£m	£m	£m
Authorised counterparties	5	5	5

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Annex D

**OUTLOOK FOR INTEREST RATES
(FORECAST & ECONOMIC COMMENT PROVIDED BY TREASURY ADVISORS)**

	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Base Rate (%)	0.75	1.00	1.00	1.00	1.00	1.25	1.25	1.50	1.50	1.50	1.75	1.75	2.00
PWLB Rates (%):													
5 years	2.10	2.20	2.20	2.30	2.30	2.40	2.50	2.50	2.60	2.60	2.70	2.70	2.80
10 years	2.50	2.60	2.70	2.70	2.80	2.90	2.90	3.00	3.10	3.10	3.20	3.20	3.20
25 years	3.00	3.00	3.10	3.20	3.20	3.30	3.40	3.50	3.50	3.60	3.60	3.60	3.70
50 years	2.80	2.80	2.90	3.00	3.00	3.10	3.20	3.30	3.30	3.40	3.40	3.40	3.50
The above PWLB rates are noted by Link Asset Services as being their “central” or most likely forecast, however, they also note that there are upside and downside risks to their forecast.													

Forecast:

- The council’s treasury advisors forecast the bank base rate to stay on hold until June 2019 at which point small stepped increases are anticipated. Capital Economics forecast that interest rates will increase more rapidly.

Council budget:

- As can be seen from the table above, the council’s treasury advisors central forecast is for the Bank Base Rate to remain at 0.75% for the first quarter of 2019/20 possibly increasing to 1.00% for the remainder of the financial year. The council’s short-term borrowing budget has been based on a rate of up to 1.5% which should incorporate sufficient headroom to accommodate any unexpected changes in the Base Rate.

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- The investment budget is based on the majority of funds being held in instant access accounts generating low returns, currently budgeted at 0.5%.
- Should the Bank Base Rate increase sooner or more rapidly than forecast the increased yield on investments will partly offset any increase in short-term variable borrowing rates.

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Treasury Management Strategy Statement 2019/20

Annex E

TREASURY MANAGEMENT POLICY STATEMENT**1. Statement of Purpose**

- 1.1 Herefordshire Council adopts the recommendations made in CIPFA's *Treasury Management in the Public Services: Code of Practice*, which was revised in 2017. In particular, the council adopts the following key principles and clauses.

2. Key Principles

- 2.1 Herefordshire Council adopts the following three key principles (identified in Section 4 of the Code):
- The council will put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of its treasury management activities.
 - The council will ensure that its policies and practices make clear that the effective management and control of risk are prime objectives of its treasury management activities and that responsibility for these lies clearly with the council. In addition, the council's appetite for risk will form part of its annual strategy and will ensure that priority is given to security and liquidity when investing funds.
 - The council acknowledges that the pursuit of best value in treasury management, and the use of suitable performance measures, are valid and important tools to employ in support of business and service objectives, whilst recognising that in balancing risk against return, the council is more concerned to avoid risks than to maximise returns.

3. Adopted Clauses

- 3.1 Herefordshire Council formally adopts the following clauses (identified in Section 5 of the code):
- The council will create and maintain, as the cornerstones for effective treasury management:
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
 - Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the council. Such amendments will not result in the organisation materially deviating from the Code's key principles.

- Full council will receive reports on treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the

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year, a mid-year review and an annual report after its close.

- The responsibility for the implementation and regular monitoring of treasury management policies and practices is delegated to Cabinet and for the execution and administration of treasury management decisions to the Chief Officer-Finance and Commercial, who will act in accordance with the organisation's policy statement and TMPs and, if he or she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
- Overview and Scrutiny Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

4. Definition of Treasury Management

4.1 Herefordshire Council defines its treasury management activities as: -

'The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

5. Policy Objectives

- 5.1 Herefordshire Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the council, and any financial instruments entered into to manage these risks.
- 5.2 Herefordshire Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

6. Non-treasury investments

- 6.1 Herefordshire Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries and investment property portfolios.
- 6.2 Herefordshire Council will ensure that all investments in the capital programme will set out, where relevant, the risk appetite and policy and arrangement for non-treasury investments. The risk appetite for these activities may differ from that of treasury management.
- 6.3 Herefordshire Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisations risk exposure within its annual statement of accounts.

Budget consultation 2019/20

Outcome report

Version V1.0
Herefordshire Council Intelligence Unit

November 2018

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If you need help to understand this document please call the Research Team on 01432 261944 or e-mail researchteam@herefordshire.gov.uk

Key findings:

- 39 per cent of respondents thought the council's proposal to increase Council Tax by 4.9% is about right, while 49 per cent thought it is too much and 12 per cent thought it is too little.
- While 25 per cent of respondents agreed with the allocation of Council tax spend as set out in the budget till receipt, 56 per cent did not. There was a broad range of views about alternative ways of allocating resources.
- 37 per cent of respondents supported the council increasing its borrowing requirement by £22.3m to increase the level of investment in the county, 15 per cent supported borrowing more, and 48 per cent supported borrowing less.
- 49 per cent of respondents supported 'keeping the maximum discount of 84%' for the low income households Council Tax discount, 12 per cent supported increasing the discount and 39 per cent supported reducing the level of discount.
- With regard to the council's award of business rate discounts to small businesses, 44 per cent supported to 'continue to award the same level of business rate discount', compared to 32 per cent supported 'increasing the availability of business rates discount' and 24 per cent supported 'reducing the level of discount'.
- 78 per cent of respondents agreed with the proposal to use £1.6m to employ more children's social workers and to support more help for children, young people and families at an early stage.

Introduction

The consultation on Herefordshire Council's budget for 2019/20 ran Thursday 5 July 2018 to Friday 21 September 2018. This report presents the key points from the analysis of standard responses received to the consultation questionnaire.

Methodology

The budget consultation questionnaire was designed and quality assured by a project team. The questionnaire was published on the Herefordshire Council website and residents were invited to complete it online. A printable version was made available on the website for residents who preferred to download, print and complete the questionnaire. The consultation was promoted on the council's social media sites (Twitter and Facebook). And was also promoted to a wide range of key stakeholders and groups.

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

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

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

There were a total of 225 responses to the questionnaire, of which 219 were submitted online and six were completed paper copies.

Results

The following analysis represents 225 responses received to the consultation questionnaire. Appendix A contains the responses received e-mails to the consultation. The analysis of free text comments and suggestions to the questionnaire are included in this report. The full list of comments and suggestions can be found in appendix C.

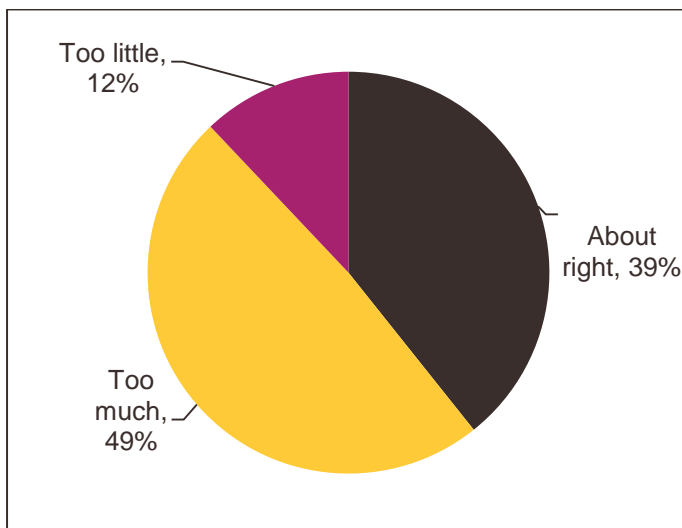
Q1. What do you think about our proposal to increase Council Tax by 4.9% in 2019/20?

39 per cent of respondents thought the council's proposal to increase Council Tax by 4.9% is about right, while 49 per cent thought it is too much and 12 per cent thought it is too little.

Table 1: Respondents to Q1

	Number of respondents	Percentage of respondents
About right	88	39%
Too much	109	49%
Too little	27	12%
Total answered	224	100%
Not answered	1	

Figure 1: Percentage of respondents to Q1



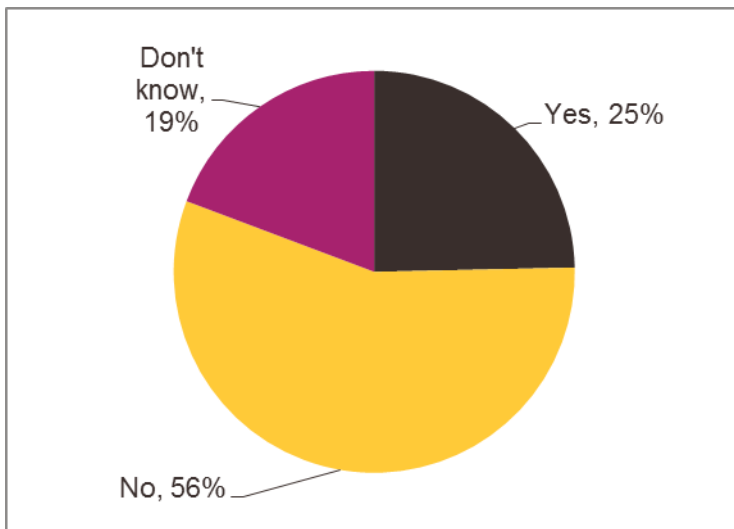
Q2. Do you agree with the allocation of Council Tax spend as set out in the budget till receipt? This includes a 4.9% increase for 2019/20.

While 25 per cent of respondents agreed with the allocation of Council tax spend as set out in the budget till receipt, 56 per cent of respondents did not. 19 per cent of respondents said they 'don't know'.

Table 2: Respondents to Q2

	Number of respondents	Percentage of respondents
Yes	55	25%
No	125	56%
Don't know	43	19%
Total answered	223	100%
Not answered	2	

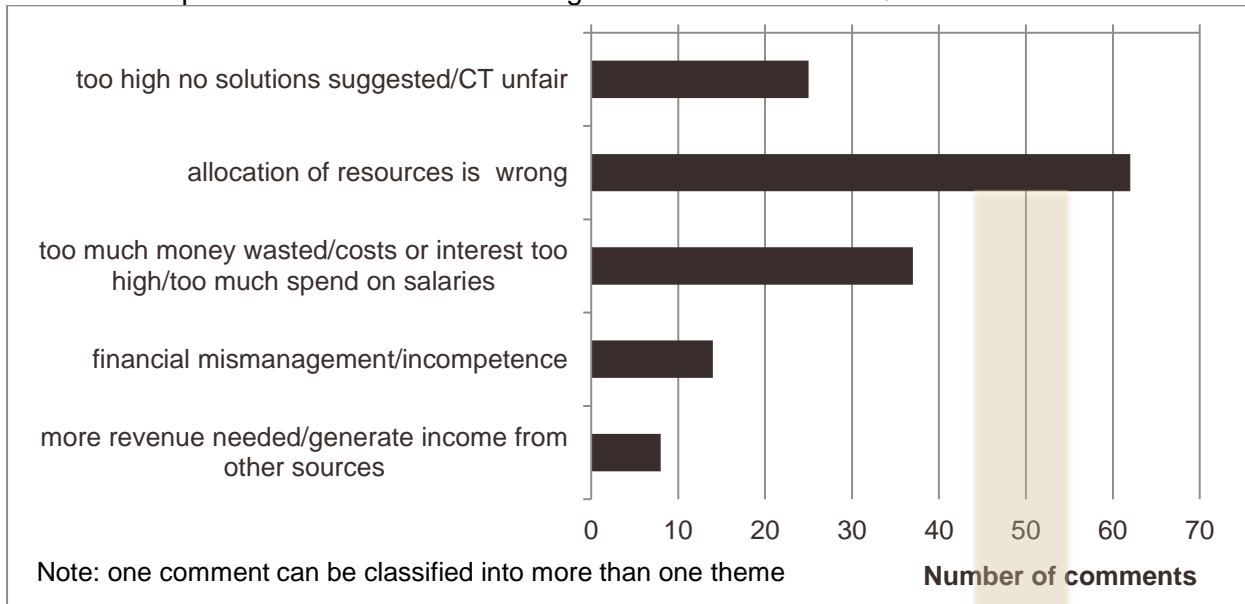
Chart 1: Percentage of respondents to Q2



If not, please explain why:

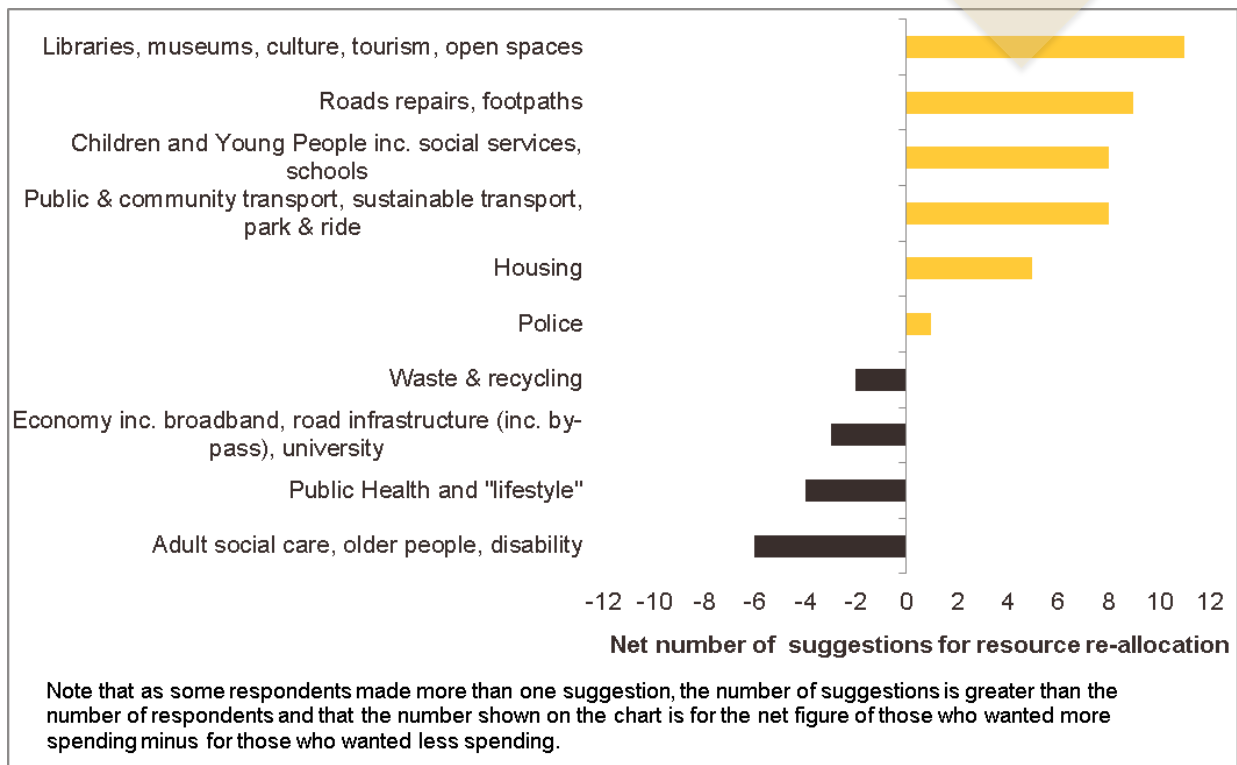
Respondents were asked to explain why they do not agree with the Council Tax allocation for 2019/20. There were 112 comments provided, the broad themes emerged from these comments as follows:

Chart 1a: Proportion of broad themes emerged from comments to Q2a



The comments of those respondents who indicated they felt the allocation of resources is wrong were analysed further to see which areas they felt should have more or less spent on them. The results were as follows:

Chart 1b: suggestions for resource reallocation



Please see appendix C for the full list of comments.

The council intends to invest over £48m in capital projects, such as improving Herefordshire’s roads and transport network, developing facilities for business to establish and grow in Hereford and Ross-on-Wye, improving schools and supporting delivery of housing.

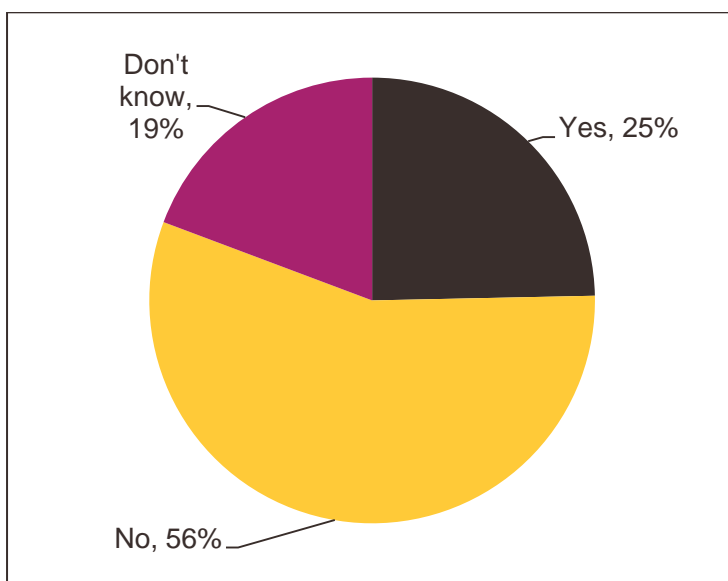
Q3. To support this investment we intend to borrow £22.3m, with repayment costs incorporated into household Council Tax. Do you:

37 per cent of respondents supported the council increasing its borrowing requirement by £22.3m to increase the level of investment in the county, and 15 per cent supported borrowing more. 48 per cent supported borrowing less.

Table 3: Respondents to Q3

	Number of respondents	Percentage of respondents
Support the council increasing its borrowing requirement by £22.3m as proposed?	82	37%
Think that the council should borrow more than proposed to increase the level of investment in the county?	33	15%
Think that the council should borrow less, and reduce its investment in the county?	105	48%
Total answered	220	100%
Not answered	5	

Chart 2: Percentage of respondents to Q3



If borrow more, what should the extra borrowed money be spent on?

Of the respondents who provided a meaningful suggestion, two fifths would support investing on 'infrastructure', a fifth would support investing on 'public transport', a sixth for 'library/museums/tourism' or 'children's services'. There were also suggestions for investing in 'affordable housing, 'new university' and 'health improvement services'.

If borrow less, what investment should be cut?

A third of respondents who provided a comment suggesting a 'cut' to investment have suggested that council should cut down investment on 'proposed bypass and/or on new roads and transport network', a fifth suggested reducing expenditure, a sixth suggested reducing investment in 'housing'. Cutting down investment on 'economy and businesses', 'schools' and overall investment in 'Hereford' were also suggested.

Please see appendix C for the full list of comments.

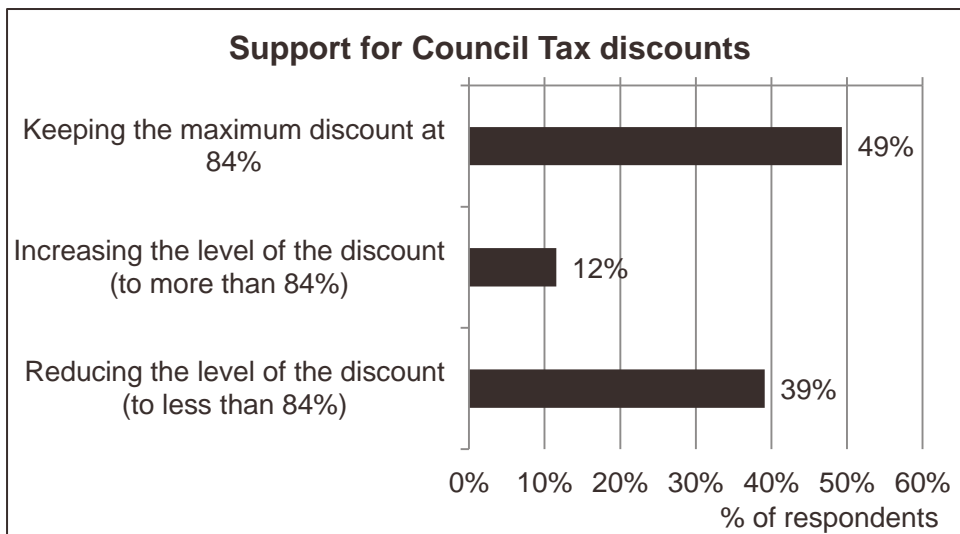
Q4. The Council Tax Reduction scheme currently allows for households on low income to have their Council Tax discounted by a maximum of 84% of the amount payable. Would you support:

'Keeping the maximum discount at 84%' is supported by 49 per cent of respondents, while 12 per cent would support 'increasing the level of discount' and 39 per cent would support 'reducing the level of discount'.

Table 4: Respondents to Q4

	Number of respondents	Percentage of respondents
Keeping the maximum discount at 84%	111	49%
Increasing the level of the discount (to more than 84%)	26	12%
Reducing the level of the discount (to less than 84%)	88	39%
Total answered	225	100%

Figure 2: Percentage of respondents to Q4



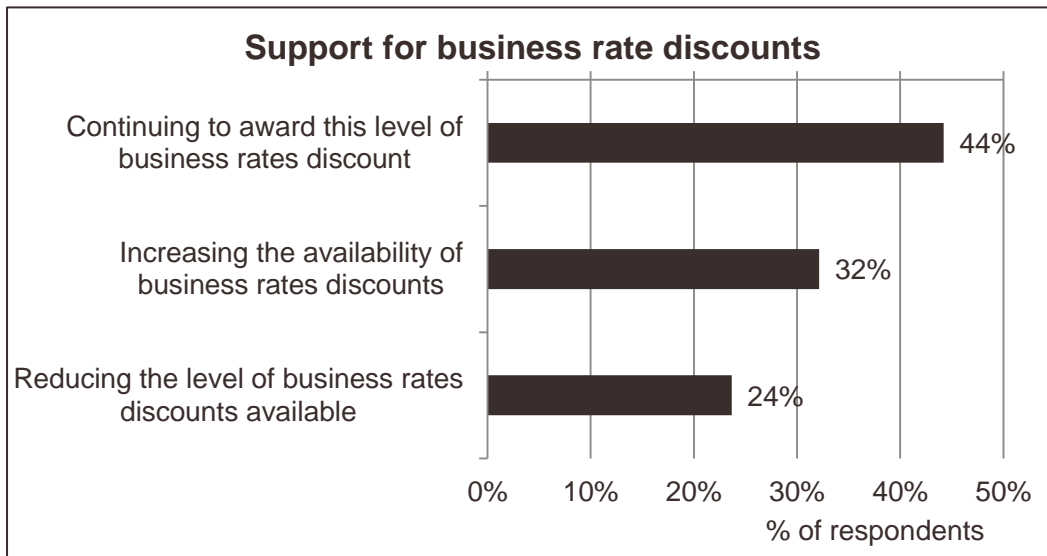
Q5. The council awards approximately £18.7m of business rates discounts in a year, including £8.4m awarded to small businesses. Would you support:

44 per cent of respondents supported to continue to award the same level of business rates, while 32 per cent supported increasing the availability of business rates, and 24 per cent supported a reduction in the level of available business rates discounts.

Table 5: respondents to Q5

	Number of respondents	Percentage of respondents
Continuing to award this level of business rates discount	99	44%
Increasing the availability of business rates discounts	72	32%
Reducing the level of business rates discounts available	53	24%
Total answered	224	100%
Not answered	1	

Figure 3: percentage of respondents to Q5



The caseloads of social workers who work with children, young people and their families to keep them safe are of concern to us. In order to reduce these workloads and the chance of children and young people being at risk because of them, we are proposing to use £1.6m to employ more children’s social workers and to support more help for children, young people and families at an early stage.

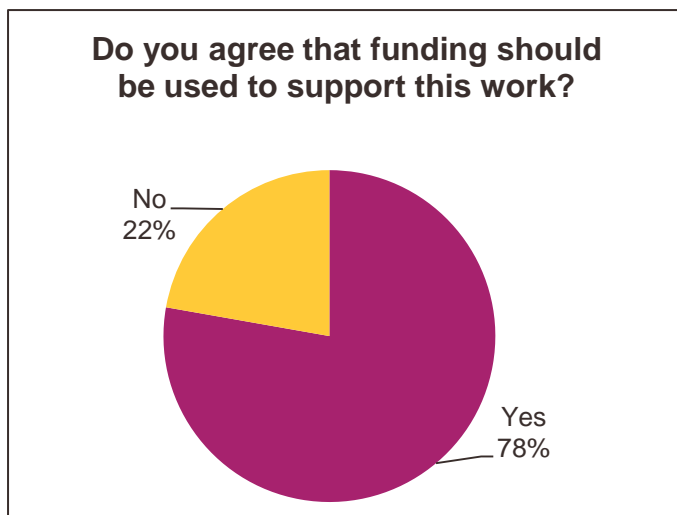
Q6. Do you agree that funding should be used to support this work?

78 per cent of respondents supported the proposal to use £1.6m to employ more children’s social workers and to support more help for children, young people and families at an early stage – table 6

Table 6: respondents to Q6

	Number of respondents	Percentage of respondents
Yes	175	78%
No	50	22%
Total answered	225	100%

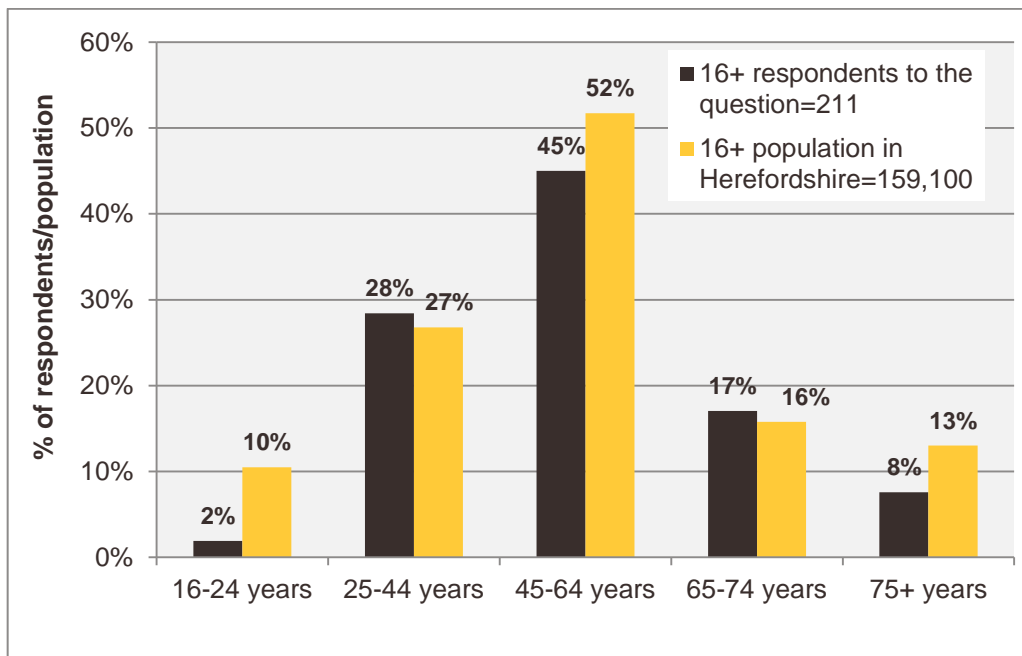
Figure 4: percentage of respondents to Q6



Respondent profile

- Two per cent of respondents represented an organisation or a group while 98 per cent were individuals. Three organisations identified themselves as:;
 Kingstone Academy Trust
 Bosbury and Coddington Parish Council
 Hereford and South Herefordshire Green Party
- 181 respondents provided their full postcode - please see map (appendix B- map of respondents to consultation)
- 53 per cent of respondents to the survey were males, 40 per cent were females, and 7 per cent preferred not to say.
 (Herefordshire population profile: 50 percent to 50 percent)¹
- 25 per cent were aged 65 years or over, 45 per cent were aged 45-64 years, 28 per cent were aged 25-44 years and two per cent were 24 years or younger. People aged 24-64 years were largely over represented in the consultation.

Chart 4: Age distribution of survey respondents and Herefordshire population



¹ The Population of Herefordshire 2018 (<https://factsandfigures.herefordshire.gov.uk/media/60636/population-of-herefordshire-2018-v10.pdf>)

- 13 per cent of respondents' day-to-day activities were limited a little or limited a lot because of a health problem or disability which has lasted, or is expected to last, at least 12 months.
- 94 per cent of respondents identified themselves as English, Scottish, Welsh or British; five per cent identified themselves as another national identity.
- Of the respondents who answered the question about their ethnicity, 96 per cent identified themselves as 'white' and three percent as 'other white'. This composition is slightly different to the adult population ethnicity profile of the county, where five per cent were 'other white' and two per cent were 'non-white' (2011 Census).

Appendix A: Nonstandard/other responses

Appendix B: Map of respondents to consultation

Appendix C: List of comments

Appendix D: The questionnaire

Email responses from residents

Email 1:

Companies such as Balfour Beatty to make a profit for their shareholders, not to enhance the lives of residents. In this rural county their lack of expertise in tree work and general care for the rural environment is all too obvious.

If the council ran its own in house workforce it would provide local jobs and that element of profit margin would be saved.

Distance travelled is a big factor in this county; employ local people in the market towns to care for the environment and facilities such as toilets.

We are a tourist destination for people keen to escape urban areas and experience old world charm so spend more on Tourist Information to promote what we have

Instead of intricate paving schemes in the heart of Hereford, spend more on plain tarmac so that our charming lanes and few main roads can be driven along smoothly and people do not trip over numerous potholes. Does the County Hospital send you details of the number of casualties they treat? Broken hips are the beginning of the end for many elderly people – this county has more than most authorities.

<name removed>

Email 2:

1. I refer to the consultation "till receipt" included in the consultation.

In the list of items 'Other income to supplement council tax' I would expect to see some income from Business Rates, Revenue Support Grant and possibly from the Energy from Waste scheme?

(In the presentation you show an expected income of £36m from business rates - a third of the income from Council Tax. Admittedly RSG is tiny.)

2. Can you explain why in the presentation of the budget for 2018/19, it showed that the savings expected from EC&C in 2019/20 were £1.060m, and in the presentation of the 2019/20 budget this time, the same directorate is expected to make savings of £2.017m.

For example, are you proposing to make additional cuts (£225m) to Public and Community Transport that were not originally projected for 2019/20?

And why the savings from Corporate in 2018/19 budget presentation were £1.2m and are now £0.5m?

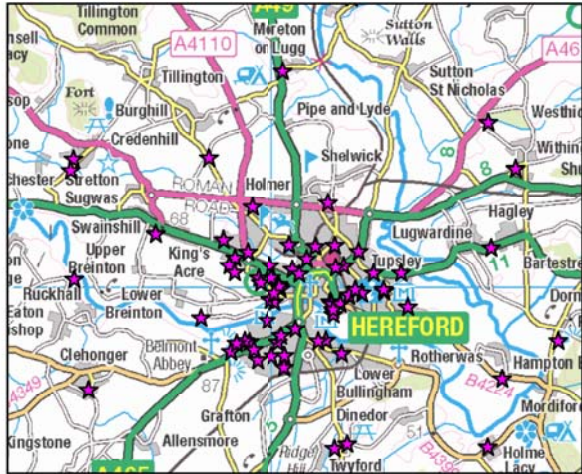
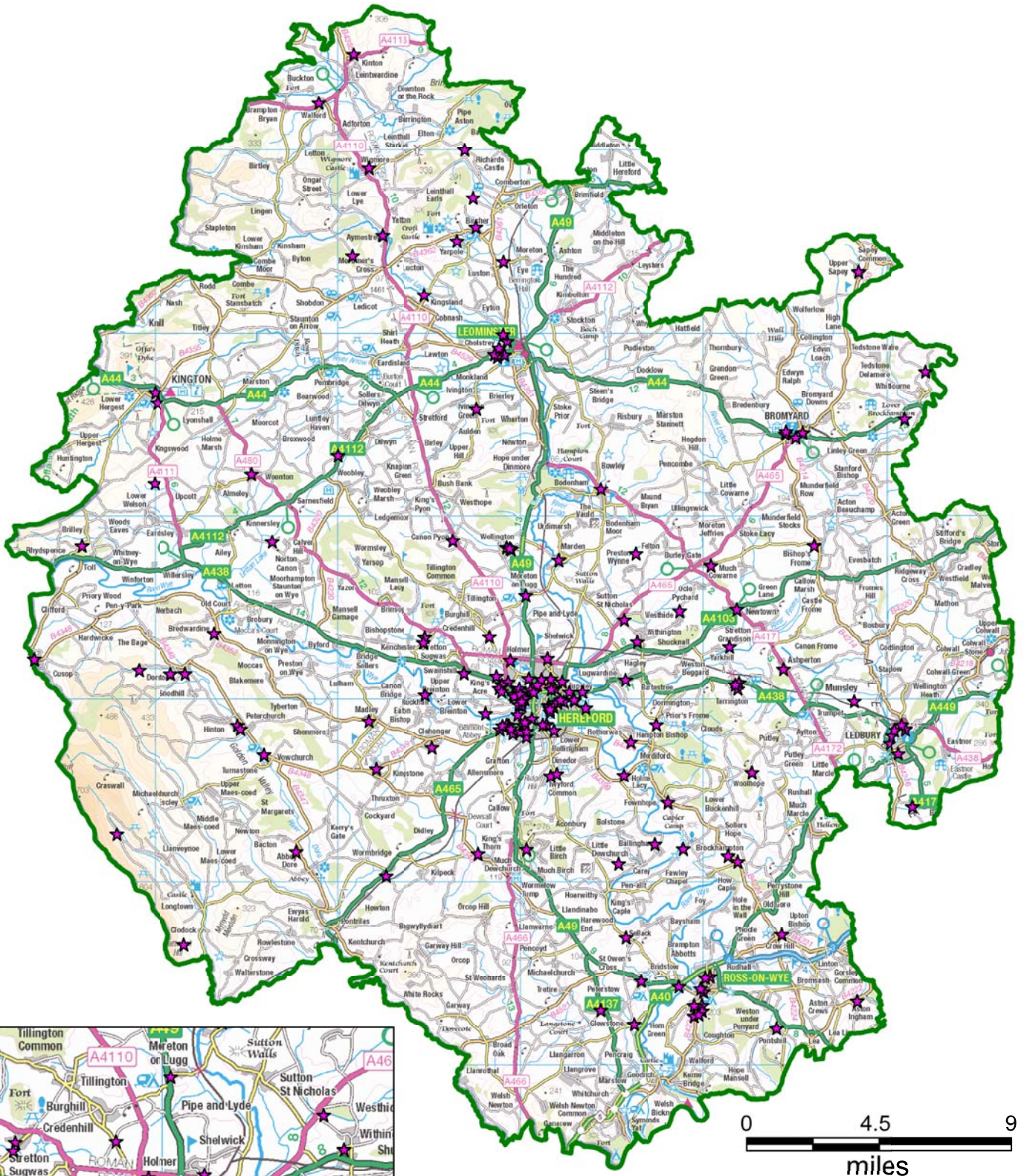
3. The Corporate Plan for 2016-2020, shows a base budget of £141m for 2019/20. This consultation has a figure of £145.4m. Why has the budget increased?

4. The MTFS Capital Programme shows a spend of £10.341m on the Local Transport Plan in both 2018/19 and 2019/20. What is this expenditure for?

5. The MTFS Capital programme for 2019/20 shows zero spend on other schemes less than £500k. Is this realistic?

Thank you

<name removed>



**Budget and priorities
consultation 2018 respondents**



Intelligence Unit
Herefordshire Council
Pough Lane
Hereford
HR4 0LE

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Appendix C: List of comments

Introduction

This report shows the comments made by residents to budget consultation 2018 questionnaire. Some of the comments have been edited to preserve anonymity, where this has been done the changes are marked within < >. Any remarks added by data entry personnel are shown in parenthesis, for example [comment illegible].

Note: Some of the comments refer to the statement number in the questionnaire. Where necessary, please refer to the consultation questionnaire.

Q2. Do you agree with the allocation of Council Tax spend as set out in the budget till receipt? This includes a 4.9% increase for 2019/20. If not, please explain why:

Comments:
Not enough is spent on fixing the county's roads nor on the library and museum's service
Need more road maintenance, hence answer to question1
Not enough is spent on providing affordable housing for local residents. In particular in rural villages where young families are being pushed out by market forces and buyers that come to the county from afar. It is an absolute disgrace that Herefordshire does not help its own young working families to get on the housing ladder. If private enterprise is not willing to provide affordable housing due to profit margins, perhaps the council should consider building its own housing to provide for its residents.
You waste too much money on non-essentials
Money not being put into early intervention and charities offer services for much lower rates why is this?
Your questionnaire assumes I agree with the method of collecting tax i.e. Council Tax. It is unfair regressive and there are not enough bands so that wealthy householders pay more
Economic growth is a priority for the council yet there seems to be a lack of investment; shouldn't investment in this area be presented as providing for our children's future? On the subject of protecting our children - when are the council going to get to grips with their finances. They have a research team that forecasts need, a finance team which allocates budget, and a management team that seem to overspend in this area. One of them must be wrong in what they do!!
Childrens Services require more spending helping young people in the care system and those that support them. The budget is stretched far too thinly and I would like to see the budget doubled
Too high
Start saving before spending and pay cuts up the top would help
The continuous cuts to services and rewritings regulatory criteria to reduce expenditure is not the best approach. The undefined level of savings and the means of achieving them is just wishful thinking.
I'd like to see far more spent on broadband rollout, and roads (repairs, snow clearance etc.); and much less on lifestyle services, schools and buses.
You need to lower your running costs and spend less on vanity projects and more on economic development

239

Comments:
Make cuts to staffing and executive pay
Some of your costs are simply too high. Why do we insist on having libraries, when most people read / buy books online now (if you do keep them, they should be part of other buildings / community hubs). Why are we paying towards planning when it's a chargeable service? Why do we pay so much for council office / administration / IT costs, these should be a lot lower and would be if you ran yourselves like a proper business.
Herefordshire residents are already paying the highest Council Tax I the UK, and have consistently and persistently shouldered the burden.
No faith in HC councillors or staff to properly consider such matters.
Too little spent on housing
Insufficient funding for child protection, e.g. early intervention, buses and community transport for isolated and deprived rural areas, roads, health in terms of preventative measures, support for elderly in their own homes and local government running costs appear high
Too greater spend on social care
Paying Hoople too much... Capital finance ill thought through... Should not have wasted do much on Blue school house... Broadband is private enterprise, not a utility. Why spend public money on it?
Far too much spent on local government running costs as a percentage of the whole, with too much time, effort and money being spent on vanity projects e.g. the bypass, a proposed university, etc.
Cost of local government running costs is too high, e.g. council overspend on Blue school House and not taking responsibility. Council is not fit to manage a budget
Children with disabilities' education are at crisis point. Families and/or carers are at crisis point. The number of profoundly disabled children is increasing. Special schools are bursting at the seams.
Where's the public transport support? I want to use a bus instead of my car all the time! What about community transport? Help that, too!
You do not spend the money wisely
Why is so much going on interest and debt repayments and so little on investment in economic growth?
Council control libraries and they are the future for our children. Increase share of funding
No arts provision. Nothing much for libraries. Herefordshire is a cultural desert - risks become very small minded, etc.
Too much for schools
More income could be achieved from car parking and investment property. Election, governance & legal costs could be reduced.
Running costs to high and low value from Roads & Bridges charges

Comments:
Suggest reduce lifestyle services (paying for people to do something they could do for themselves). Spend something on Tourist Information services.
Too much on substance abuse, sexual health and other Nanning services
I feel the council rewards its 'top' staff with large salaries when we have a history of failing the county with services that continually dwindle. Not to mention the underquote on the new building on Blue school Street! The amount of money that had been spent on the council offices and continual refurbishment is also disgraceful frankly. No accountability springs to mind.
More should go to the police.
"Roads, bridges and care of...", "Housing", and "Child protection" should be invested in more.
If you didn't waste money and overspent on things that would help with ensuring better management of tax payers money
more funding for sustainable transport solutions including buses and park and ride for the city
Nearly 40% of the allocation is 'looking after adults' - we should expect families to do more to support their loved ones, not the state. Also, the allocation against IT, Transactions & Billing seems high compared to Staff & Administration costs
Too little money is spent on maintaining public rights of way. In particular it is very short-sighted and counter-productive to close the P3 scheme, as using local contractors is far more cost-effective than using BBLP
Too much spent on capital finance
Child protection is totally out of control a complete shambles that needs scrapping.
Too much spending on adult social care and elderly. More should be done for the social responsibility of the families of these people to pay
I think more should be spent on affordable housing and less on bin collection. More emphasis should be made of community spirit, people do not have disposable income as they used to fund things like the new roads that do not provide that much function.
<u>Too much being spent on financing. Cut costs rather than borrow each year! (yes that includes those individual bottles of water at each meeting and the taxis)</u>
More funds need to be allocated to children with disabilities and additional needs given the rising costs.
We pay too much to Herefordshire Council for a bad service now
More should be spent on Broadband and less on economic regeneration.
This is not clear. More focus on prevention e.g... lifestyle
Annual inflation is not 4.9%
Social care should be paid for by the people who use it, it is expected for us to fund our own social care, I cannot afford to pay for other people's as well

Comments:
Because it is not affordable to me. Why does bin collection and environment cost so much, is this due to lack of efficient commissioning of service? It's not fit for purpose. Why is so much allocated to schools when parents are still asked to contribute so much financially additionally. Too much funding is allocated to preventative measures for smoking and has been the case for several years, what about other preventative measures and dropping the smoking. There is no rural transport and as they are run by private companies, why is this subsidised through the Council Tax. Too much money is allocated to people with disability which if invested in the community and voluntary sector organisations directly could lead to a reduction in this extortionate allocation. Why is more money not allocated to Looked after children, they are the real in need and poorly served.
Please invest more in health improvement and lifestyle services - this will reduce our costs and improve our wellbeing and health for the future
Borrowing so much is not prudent. The interest payments just mean that we have to pay higher Council Tax
I don't see why drug addiction & sexual health should have twice the allocation of resources as libraries and records. That seems very unbalanced.
Too much spent on substance abuse and sexual health
More money should be allocated to rural transport, housing, economic development and libraries, records and customer services and less should be spent on lifestyles services and I.T.
Salaries are too high for Directors in Council. Do not spend on stopping smoking campaign. Care for older people - families need to contribute more.
too much waste in council spending
Apart from the budget till receipt trivialising important decisions, it does not provide enough information. The expenditure on Hoople appears excessive, economic development and regeneration is not broken down. Why is "environment" lumped in with bin collections - what on earth does that mean? Why are elections, governance and legal services lumped together? Capital finance and interest payments are excessive and given the low level of reserves, the Council should not take on any further capital expenditure commitments. Much greater transparency and consultation is needed.
Year on year we are asked to pay way over the rate of Consumer Price Index (CPI) inflation; my pension is not keeping up with these rises and it is not fair.
I think it is too little. Everything requires more funding.
Unless incomes go up by 5% how can people afford a 5% Council Tax increase?
More should be spent on funding public services such as museums, galleries, records and libraries as well as open spaces.

Comments:
Why Election and Governance costs are over four times staff costs? Why is so many locum staff employed at extortionately high agency rates? Why do the Council find it so hard to recruit and retain good experienced staff in social care teams across Adults and Childrens Services?
It is too big an increase for the services we get and too costly for struggling households
This is way above inflation
Insufficient information. Headings too broad
Stop the unnecessary by-pass and you can spread the saving without such an increase or so much borrowing - it is criminal to suggest borrowing more when you're wasting what you have
I think there should be more funding available for the public realm, open spaces, roads etc.
More needs to be spent on maintaining our roads as they are now in a shocking state. A quick repair job is not the answer or do we all have to buy rough terrain vehicles.
Libraries are the future for children, underfunded. Something only the council can do.
The spend on schooling looks high, until you see the central government income also. The net spend is comparably small. More needs to be spent on schooling - this is the future. There is both income and expenditure from capital financing interest. Assuming that the interest income is at a lower % than the interest expenditure, this appears wasteful.
How have you come to a figure of a 4.9% increase? Our family's wages have only increased 1% per year for the last decade with a pay freeze the year before that and we are a band D. 4.9% increase in a year is ridiculous.
I absolutely reject the need for the by-pass and am therefore totally against the Council borrowing millions of pounds to pay for it. I do not live in any of the residential areas affected by it, but I do travel into Hereford every day. The bypass is NOT needed, what is needed is a better internal traffic infrastructure for getting children to school - during school holidays there is hardly any problem at all. Plainly not all the traffic during the holidays will be using the by-pass, which shows how little actually would.
Car parking?
10% of Council Tax spent on disabled. Who probably make up 1% or less of population
Would like to see a bit more spent on buses, community transport, libraries and customer services and a bit less on running costs (admin, property maintenance)
It is difficult to come to a conclusion without comparisons to previous years or against other similar authorities. It seems that caring for disable adults costs twice as much as residential care for old people. Is this reasonable? Probably it is but without further breakdown of how the money is spent, I can't come to any conclusion.
Unfair that houses in higher Council Tax bands should pay 2or 3 times more than lower tax band households
Burdensome to already cash strapped residents whilst we are paying too much for IT (Hoople)

Comments:
More needs to be allocated to children's and adult social care services. Less money should be spent on commercial ventures
4.9% increase it far too much
We already pay enough for too little!
It is too big an increase for the services we get and too costly for struggling households
I disagree with the amounts being borrowed for new road schemes including the Hereford bypass. Like Nottingham council you could tax work place car parks to invest in safe Active travel especially safe routes to school, bus subsidies & comprehensive segregated cycle network across Hereford. Best use of public health grants.
It is more than twice the rate of inflation. Pensioners will not be able to afford to stay in their own homes they have worked all their lives for.
as the amount of money spent is too high and results are too small no increase if needed if procurement is done correctly
More needs to be spent on preventative services-which can only happen if there is an increase above 4.9%
Too much spent on disabled, debt repayment, and buses
Too much being spent on children in care. Too many in care given population
I think it would be possible to further reduce/sell off the council's buildings estate. It is difficult to assess whether the proportionate spend is appropriate without more detail. You do appear to be spending a colossal amount on debt interest payments - is this normal or a symptom of previous financial mismanagement?
I have had enough of my bill going up as I cannot afford it and have no access to council run services so do not benefit from any of it.
Too much
families are already struggling
I am on slightly above average wages that have been frozen for 2 years then a 1% pay raise for the past 3 years, the majority of people cannot afford their bills as they are with food and housing inflation continuing to rise from 2.3-5.6% over the past few years. We have already had a rise this past year of 4.9% which is frankly crippling most people on top of inflated costs and this would finish our family off without exaggeration.
Too much on children in care - this is not good for the children whose life chances are low
Too much is being spent on debt repayment and interest. Scale back capital investment to reduce these charges. Increase the allocation of funding to Children's Services and to Buses and Community Transport
you waste money and overspend on project , no accountability on over spending on projects like blue school street
Local salaries are not increasing at this rate

Comments:
No one's wages has gone up by that amount.
I don't agree with increase as a whole. There is an increase every year, yet the levels of services decrease every year.
Too many cuts in essential services and too much money spent and planned on vanity projects and expensive private consultants like wasp and Balfour Beatty. This stuff should be done in house and people's needs prioritised over and above expensive privatisation. Follow Liverpool and take the running of services in house with proper expert's whi have our real needs at heart, not profit for multinationals.
No money should be spent on building new roads and more spent on improving public transport and encouraging cycling/walking in safe spaces.
I do not agree with the increase. How on Earth can a Conservative administration justify tax increases?
Not enough for children's services
I am on a fixed pension income from 34 years of full-time work, and have truly grafted to pay off my mortgage; hence I am fundamentally opposed to the continuing drawdown on Council Tax-paying householders to pay for adult social care costs ad infinitum. If your view of the welfare state is take care of all, forever, costs irrespective, -then pay for it from Council borrowings with interest rates so low. For so long.
Debt repayment and interest payments should be reduced, by reducing capital spend on road building. More money should go to Buses and Community Transport and Looking after Children. Further comments / observations. 1. No income is shown on the Till Receipt from Business Rates and Revenue Support Grant 2. Can you explain why in the presentation of the budget for 2018/19, it showed that the savings expected from EC&C in 2019/20 were £1.060m, and in the presentation of the 2019/20 budget this time; the same directorate is expected to make savings of £2.017m. For example, are you proposing to make additional cuts (£225m) to Public and Community Transport that were not originally projected for 2019/20? And why the savings from Corporate in 2018/19 budget presentation were £1.2m and are now £0.5m? 3. The Corporate Plan for 2016-2020, shows a base budget of £141m for 2019/20. This consultation has a figure of £145.4m. Why has the budget increased? 4. The Medium Term Financial Strategy (MTFS) Capital Programme shows a spend of £10.341m on the Local Transport Plan in both 2018/19 and 2019/20. What is this expenditure for? 5. The MTFS Capital programme for 2019/20 shows zero spend on 'other schemes less than £500k'. Is this realistic?
Less should be spend on governance. Additionally, the council should not give in to pressures around road maintenance, verges etc. Providing education, care and services to our children, vulnerable people and older people should take priority. We should absolutely focus on infrastructure which brings revenue into Herefordshire and focus funding on prevention to reduce future demand. Pot holes can wait!
More on roads resurfacing, more on libraries, more on public transport, Less on economic development and regeneration.

Comments:

Not enough on roads, repairs & need for Leominster bypass, Excessive pollution unacceptable. Not enough on Libraries/Museum/archives

Q3a. To support this investment we intend to borrow £22.3m, with repayment costs incorporated into household Council Tax. If borrow more, what should the extra borrowed money be spent on?

Comments

Bus services, library and museums

bus services

Social housing and infrastructure

A detailed plan for transport especially in Hereford, which doesn't rely on a bus based system. The condition of the existing network is very poor and needs a dramatic new approach to restoring its condition.

Infrastructure

Public transport - buses to rural communities

To make sure that the above is actually completed.

Cultural provision, support for craft workers, investment in people and place - and much, much less spent on senior and middle management pay - cut the top not the bottom.

More radical thinking in our transport infrastructure at county and city level which would encourage more businesses to relocate. e.g. properly upgraded, fast, trunk roads to Hereford from M50 and Worcester; segregated cycle paths from outlying villages into Hereford city, free/cheap shuttle buses within the city to reduce car movements.

Improving the public right of way network to make it more accessible and to repair numerous bridges which are in poor repair. If these problems are not addressed the Council's fixed assets will further deteriorate

Road network needs a massive amount spent on it.

Roads, children, hospital

Projects like the university and further investment in roads like the proposed bypass

Comments
museums & libraries, public transport
Better support for Third Sector projects, schools and staff
Resurfacing roads
investment in resources for the new influx of residents and students to the County - Museums and libraries and similar tourism / enrichment activities
child health, adult mental health services, care agencies
Developing more facilities in Ledbury to allow existing businesses to expand and new businesses to be attracted to Ledbury. PS: The arithmetic on page 8-savings required is not correct. The total savings should read £6,267,000 not the figure of £5,267,000 shown. A considerable difference.
Infrastructure expenditure is declining significantly from 2018-2020. The base is hardly one of over-investment. I support more investment in infrastructure, schools and roads - but not council offices.
Borrowing is cheap at the moment. Do it now while rates are low. Don't forget North Herefordshire....
Herefordshire university & Healthy Lifestyles
More infrastructure. More housing.
Education, new council housing

Q3b. To support this investment we intend to borrow £22.3m, with repayment costs incorporated into household Council Tax. If borrow less, what investment should be cut?

Comments
fire most of them at Plough lane
Economic development and IT, transactions and billing
I do not believe taxpayers' money should be used to promote private enterprise in the county. It is not for local government to intervene and subsidise private firms or entice them with business rate cuts.

Comments
all non-essential spend such as social care which should come out of central gov. funds
I think that you need to be more specific about what these projects are. Then I can make a real decision. Borrowing is something we should look to reduce, not increase and expect us to pay for mismanaged money
Supporting delivery of, presumably private, housing shouldn't be something that my tax money is going on. I don't see how taking out loans is sustainable funding for the council.
They shouldn't sold everything as they would have funds if they waited and save the borrowing just going to get more and more as they haven't got as much income coming in
Stupid kerbs in hi town, stop moving offices every 2 minutes, stop wasting money paying 10 men to do a job when only 2 work.
Borrowing is simply disguising the Council spending beyond its means. Cut schools and housing delivery but maintain investment in roads.
New university
To date there are no projects run competitively all go to Balfour Beatty Living Places (BBLP) why are tax cows being used to fill there trough
I don't think you should cut investment into the county, as this is highly needed, however I don't see why households should pay for it. Shouldn't the repayment costs be covered by the investment you bring into the county instead?
Stop all the ridiculous vanity projects. Reduce the number of councillors and staff. No more new housing. Let market town councils do their own funding
schools
The proposed bypass scheme
Investment too Hereford and Ross focussed
New Road allocation and the building of executive homes
Anything that is not a legal requirement should not be funded
Salaries for managers in the Council should be frozen and when officers are replaced, get rid of the six-figure salaries. Stop building of new roads, repair those we have and invest in park and ride, cycling and pedestrian infrastructures instead.

Comments
I don't think the council is capable of managing a decent sized capital project and should refrain from wasting any more public money.
Borrowing will simply add to the cost of debt, which is already at 7.5% of your "budget till receipt", you are simply pushing the financial problems of the Council forward to the next generation.
Facilities for business, a general heading which could be anything. Hereford Councils recent big projects appear to be reckless and beyond comprehension
Investing in pointless roads that serve only to increase congestion
The western bypass. For heaven's sake, it's a rubbish idea. Invest in public transport, turning space above shops into flats, reduce waste in the city and towns
Stop spending most of the money in the mid to south part of county. There is a large part of Herefordshire North of Dinmore
None. Make savings elsewhere. Investment shouldn't be the first thing to be cut.
Concentrate on maintaining existing services rather than having these capital projects.
Stop building bypass road
Get better value for investment
Over staffing and overpaying council officers who care nothing for the county unless it lines their pockets. I.E. allowing Herefordshire to disappear under acres of plastic sheeting
From all plans.
No. Comment on this
Why invest in Ross as you are not investing in the other Market Towns? Would excluding Ross mean you borrow less?
land, whilst only supporting public housing
Developing facilities for business
The so called by pass.
All should be cut equally
I do not agree the Council's spend on its proposed SLR or by-pass roads. Instead it should invest convincingly in modal shift to low carbon and active transport
Make wiser decisions. Spend less on silly little things like cycle path signs, stop executive expense waste don't spend millions on office upgrades. Need I continue?
If you haven't got it don't spend it on projects, people should always come first

Comments
New Roads/bypass
central government should be funding care of elderly, not local councils
Make sure that capital spend is necessary, will the by Really reduce city traffic?
Improving schools and delivery of housing. Schools are allowed to close when they have been in existence for 5 years with little support. There is no point in investing in housing when you are not investing in the infrastructure which needs to accompany it. Investment into business is only aimed at private businesses and not enough for the smaller businesses. Seeing as the new bypass will take years to build why the increase now?
That's your job, not mine. But I'm not at all convinced that the famous link road is money well spent.
Consultations. These are very expensive and every week there seems to be a new one for something. I have also noticed that if a consultation produces a result the council doesn't like another one is set up.
Concentrate on Hereford. Ross on Wye is just a small town - no investment needed. Make sure the bypass around Hereford actually happens!
spend more wisely, stop waste
I assume the investment includes expenditure on the bypass - perhaps the bypass should be re-visited
Plans for new roads, opening up the areas for new housing development with no corresponding provision of services - in particular health, hospitals, education and public transport. Absolutely no further borrowing.
Delivery of excessive amounts of housing that are swamping small villages and where there is no work for those who can afford to buy those new houses.
None. This money should be collected by increasing Council Tax.
I think that we should not borrow the capital because it will cost us more in the longer term in interest repayments. In my opinion, we should save until we can afford this investment.
I disagree that borrowing less necessitates a reduction in investment in our county, and strongly object to the leading wording of this question. I believe in raising sufficient funds from Council Tax revenues to finance public services and capital projects.
That is for councillors to decide
Focus business in Hereford rather than Ross on Wye
The council should prioritise its investment and reduce its borrowing to avoid problems in the future.
This bypass waste of money

Comments
This is a slanted question with misleading optional answers, i.e. investment in the county is not only borrowing especially when that includes the bypass.
The proposed bypass is a waste of money, more needs to be done to support sustainable transport
How dare you borrow more and charge us more for something we neither want nor need. In school holidays we can sail through town without the hold ups, which proves it is not the through traffic causing the problem. If you must borrow then improve the infrastructure not waste it on a white elephant and one or two Councillors personal ambition & pride!
Reduce the spend on business facilities
Focus on schools and housing
Councillors pay at the top. Stop proposed road across Kings Acre and reroute it somewhere off Roman Road/Stretton Sugwas road to make better use of that investment.
Bypass
Businesses can find other ways to gain investment.
The loan for building the by-pass should be cut. The consultation was a farce - the man in charge said it didn't matter what the outcome was; the by-pass will go ahead anyway (nowhere near his house of course!). I live further away from the city than he does but travel in every day - during the busy times. Borrowing millions to pay for what I think is his personal ambition is abhorrent - I wish I had never voted for him and certainly won't again!
Less money on roads and transport and supporting business
Supporting delivery of housing - developers make enough money on new homes and shouldn't require the help of the council
Roads and schools
My concern is not with the amount of money to be borrowed but where it is to be spent. From what I have been able to determine, plans involve mainly Hereford with some investment in Ross and Leominster. It is unclear how the market towns and rural areas will benefit yet their residents will be expected to pay for the borrowing. I would like to see increased investment in the county not just in the county town.
Herefordshire's roads and transport network
commercial ventures; consultants fees; factor in savings on interest on borrowing
Make savings elsewhere
The authority keeps on borrowing and hiking up the Council Tax so that we end up paying for the investment. A more community and holistic approach is needed to find out exactly where residents think their money should be spent.
Doesn't need to borrow less if more thought was considered from public before decisions were taken. Not a good question for public to answer.

Comments
The council should prioritise its investment and reduce its borrowing to avoid problems in the future.
Investment in the Hereford bypass which has no business case & makes congestion worse. Will worsen the average spend in the city centre decreasing the vibrancy of the Commercial sector. Cycling cities have a higher local spend per head of population so investment in a cycling network would support the city & tourism businesses.
New road building
The council has a huge income from Council Tax; I think it should be spent more wisely. Why new council offices, again? Works on Commercial Road when it has so recently been paved...
to date Hereford transport policy is a joke until this is sorted no further money should be borrowed
The endless cycle of more housing, more roads, more demand for services, more need to invest, more debt has to end eventually and the longer it takes the more painful it will be - if you haven't got the money don't buy it.
Get central government to distribute tax more fairly throughout the UK. Londoners have a far better standard of living subsidised by Europe and central government.
Houses
Reduce building of houses from 2020 when funding removed. Herefordshire's roads and transport network needs improving first, spend money on maintaining current infrastructure
The council should reduce its role in economic development & leave this to the private sector
Building the Hereford Bypass and the Southern Link Road
Salaries for Directors in Council e.g. <name removed> should be reduced significantly. Stop lining the pockets of council employees and look after the residents better
Concentrate on roads, and housing, then you're income will rise because you will be able to collect more Council Tax due to move housing.
There is a great deal of wastage by the council services. Services should be brought back in house as other Counties are finding out. Balfour Beatty are taking us all for fools as did Jarvis and Amey. Learn from your mistakes. Don't borrow more as that just leads to more being paid out in extortionate interest charges
These are unaffordable vanity projects. Investment is needed now in safe active and public transport. This would reduce congestion, improve our health, reduce crime and mental health and improve economics and social mobility. Affordable homes are needed now and city regeneration should be worked on with owners of derelict buildings and brownfield sites required to redevelop or sell up for this purpose of affordable homes.
Business development and growth. New road building. You cannot have infinite growth on a finite planet. More roads = more traffic. This has been proven time and time again.

Comments
The taxpayer should not be expected to subsidise private enterprise.
Social care. Housing delivery - developers should slim their profits to pay a % more for essential associated infrastructure, or there should be less housing - period.
Investment in road building (Hereford Bypass specifically) should be cut.
land and property
Disagree with this. If it is not viable for the private sector it is inappropriate for local government.

Budget consultation 2019/20

The questionnaire

Our budget proposals for 2019/20 have been prepared against the backdrop of the government's continuing austerity programme. Grants from central government have been drastically cut in recent years and will be almost eliminated by 2020. Council Tax and business rates currently meet around 40% of the council's annual costs and fund many services across the county, from waste collection and road maintenance to looking after vulnerable children and adults. Therefore, Council Tax would need to be raised by 4.9% to balance the budget for 2019/20. This includes a 2.9% increase in the core Council Tax and the 2% adult social care precept. The impact of this increase on a Band D property is £5.90 per month.

Your Council Tax funds many services across the county, from waste collection and road maintenance, to looking after vulnerable children and adults. Each year we set a budget to decide how much we're able to spend on services for Herefordshire residents and businesses for the next financial year.

Q1 What do you think about our proposal to increase Council Tax by 4.9% in 2019/20?

- About right
- Too much
- Too little

Q2 Do you agree with the allocation of Council Tax spend as set out in the budget till receipt at the end of this document? This includes a 4.9% increase for 2019/20.

- Yes
- No
- Don't know

If not, please explain why:

The capital programme - the money the council expects to spend on key infrastructure projects over the coming year - supports delivery of the council's priorities. The current 2019/20 capital programme is over £48m. This money can also be used to invest in and maintain roads, land and property. The council can use its powers to borrow funds to fund significant capital investment.

Q3 The council intends to invest over £48m in capital projects, such as improving Herefordshire's roads and transport network, developing facilities for business to establish and grow in Hereford and Ross-on-Wye, improving schools and supporting delivery of housing. To support this investment we intend to borrow £22.3m, with repayment costs incorporated into household Council Tax. Do you:

- Support the council increasing its borrowing requirement by £22.3m as proposed?
- Think that the council should borrow more than proposed to increase the level of investment in the county?
- Think that the council should borrow less, and reduce its investment in the county?

If borrow more, what should the extra borrowed money be spent on?

If borrow less, what investment should be cut?

The council awards approximately £24.8m of Council Tax discounts in certain circumstances, such as a disabled person or carer discount. We also have the power to offer a Council Tax Reduction scheme to those on low incomes and in 2017/18 we awarded these households a discount of around £10.7m.

Q4 The Council Tax Reduction scheme currently allows for households on low income to have their Council Tax discounted by a maximum of 84% of the amount payable. Would you support:

- Keeping the maximum discount at 84%?
- Increasing the level of the discount (to more than 84%)?
- Reducing the level of the discount (to less than 84%)?

The council has the power to award business rates discounts, such as to small businesses, charities and businesses in rural locations.

Q5 The council awards approximately £18.7m of business rates discounts in a year, including £8.4m awarded to small businesses. Would you support:

- Continuing to award this level of business rates discount?
- Increasing the availability of business rates discounts?
- Reducing the level of business rates discounts available?

The caseloads of social workers who work with children, young people and their families to keep them safe are of concern to us. In order to reduce these workloads and the chance of children and young people being at risk because of them, we are proposing to use £1.6m to employ more children's social workers and to support more help for children, young people and families at an early stage.

Q6 Do you agree that funding should be used to support this work?

- Yes No

About you

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

- Organisation or group Individual

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

If you are responding as an individual please answer the following questions about yourself. This information helps us to understand the profile of respondents and whether views vary amongst different groups of people across the county. It will only be used for the purpose of statistical monitoring, treated as confidential and not used to identify you.

What is your full postcode?

At birth, were you described as....?

- Male Intersex
 Female Prefer not to say

What is your age band?

- 0-15 years 25-44 years 65-74 years
 16-24 years 45-64 years 75+ years

Do you have a disability, long-term illness or health problem (12 months or more) which limits daily activities or the work you can do?

- Yes No Prefer not to say

How would you describe your national identity? (Please tick all that apply)

- English Scottish Welsh
 Northern Irish British Irish
 Other

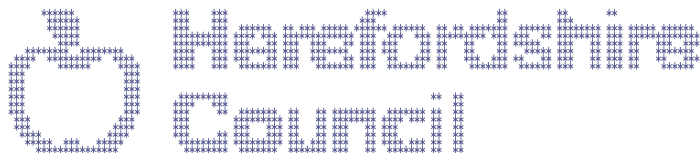
How would you describe your ethnic group?

- White British/English/Welsh/Scottish/Northern Irish
- Other White (please specify below)
- Any other ethnic group (please specify below)

Thank you

You can complete this questionnaire online at: www.herefordshire.gov.uk/budgetconsultation but completed hard copies can be sent to:
Herefordshire Council Research Team, Freepost SWC4816, PO Box 4, Hereford, HR4 0BR

Any information you provide will be held and used in accordance with the Data Protection Act 2018. The information you provide will not be shared with any third parties, but where appropriate, it will be used to support the planning of services and the continuous improvement of various functions. For further information, please visit Herefordshire Council website.



Charges per month (average Band D property) 2019/20

** Daily life **	#
* * Bin collections and Environment	13.46
* Roads, bridges and care of public spaces	7.08
* Schools and education	98.11
* Buses and community transport	6.27
* Libraries, records and customer services	1.28
** Looking after adults **	
* Older People in residential / nursing care	12.16
* Older people supported at home	8.58
* Disabled adults	25.86
* Lifestyles services (substance abuse, sexual health)	2.64
* Health improvement (Public Health nursing, health checks, smoking cessation)	5.61
* Housing	0.52
** Looking after children **	
* Child protection	3.68
* Children in care	12.63
* Children with special needs	3.22
** Local government running costs **	
* Election, governance and legal services	3.18
* Directors & Staff costs	0.64
* Organisational administration	1.39
* IT, Transactions and billing (Hoople)	5.17
* Insurance and property maintenance	4.96
* Capital finance - Debt repayment	7.83
* Capital finance - Interest payments	10.24
** Economic growth **	
* Economic development and regeneration	1.24
* Broadband - rural rollout	0.13
* Planning	0.34

** VOUCHER **	
** Other income to supplement council tax **	
* Investment Property income	-2.92
* Car parking	-5.26
* Capital finance - Interest received	-2.01
* Public Health grant	-7.70
* National Education funding	-96.98

TOTAL TO PAY (per month) £121.36

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Meeting:	General scrutiny committee
Meeting date:	Friday 30 November 2018
Title of report:	Work programme
Report by:	Governance services

Classification

Open

Key decision

This is not an executive decision.

Wards affected

Countywide

Purpose and summary

To review the committee's work programme.

Recommendation(s)

THAT:

- (a) the draft work programme as set out at appendix 1 to the report be approved, subject to any amendments the committee wishes to make;
- (b) the committee determines any other matter in relation to the appointment of task and finish groups their chairmanship and any special responsibility allowance or the undertaking of a spotlight review; and
- (c) the committee decides whether there is any matter for which it wishes to exercise its powers of co-option.

Alternative options

- 1 It is for the committee to determine its work programme to reflect the priorities facing Herefordshire. The committee needs to be selective and ensure that the work programme is focused, realistic and deliverable within existing resources.

Key considerations

Draft work programme

- 2 The work programme needs to focus on the key issues of concern and be manageable. It must also be ready to accommodate urgent items or matters that have been called-in.
- 3 Should committee members become aware of any issue they think should be considered by the Committee they are invited to discuss the matter with the Chairman and the statutory scrutiny officer.
- 4 The draft work programme is attached at appendix 1.

Constitutional Matters

Task and Finish Groups

- 5 A scrutiny committee may appoint a task and finish group for any scrutiny activity within the committee's agreed work programme. A committee may determine to undertake a task and finish activity itself as a spotlight review where such an activity may be undertaken in a single session; the procedure rules relating to task and finish groups will apply in these circumstances.
- 6 The relevant scrutiny committee will approve the scope of the activity to be undertaken, the membership, chairman, timeframe, desired outcomes and what will not be included in the work. A task and finish group will be composed of a least 2 members of the committee, other councillors (nominees to be sought from group leaders with un-affiliated members also invited to express their interest in sitting on the group) and may include, as appropriate, co-opted people with specialist knowledge or expertise to support the task. In appointing a chairman of a task and finish group the committee will also determine, having regard to the advice of the council's monitoring officer and statutory scrutiny officer, whether the scope of the activity is such as to attract a special responsibility allowance.
- 7 The Committee is asked to determine any matters relating to the appointment of a task and finish group and the chairmanship and any special responsibility allowance or undertaking a spotlight review including co-option (see below).

Co-option

- 8 A scrutiny committee may co-opt a maximum of two non-voting people as and when required, for example for a particular meeting or to join a task and finish group. Any such co-optees will be agreed by the committee having reference to the agreed workplan and/or task and finish group membership.

- 9 The Committee is asked to consider whether it wishes to exercise this power in respect of any matters in the work programme.

Tracking of recommendations made by the committee

- 10 A schedule of recommendations made from April 2017 and action in response to date is attached at appendix 2.

Forward plan

- 11 The constitution states that scrutiny committees should consider the forward plan as the chief source of information regarding forthcoming key decisions. Forthcoming decisions can be viewed under the forthcoming decisions link on the council's website:

<http://councillors.herefordshire.gov.uk/mgdelegateddecisions.aspx?XXR=0&DAYS=28&RP=0&K=0&DM=0&HD=0&DS=1&META=mgdelegateddecisions&V=0>

Community impact

- 12 The topics selected for scrutiny should have regard to what matters to residents.

Equality duty

- 13 The topics selected need to have regard for equality and human rights issues.

Resource implications

- 14 The costs of the work of the committee will have to be met within existing resources. It should be noted the costs of running scrutiny will be subject to an assessment to support appropriate processes.

Legal implications

- 15 The council is required to deliver an overview and scrutiny function.

Risk management

- 16 There is a reputational risk to the council if the overview and scrutiny function does not operate effectively. The arrangements for the development of the work programme should help mitigate this risk.

Consultees

- 17 The Chairman and Statutory scrutiny officer meet on a regular basis to review the work programme.

Appendices

Appendix 1 – draft work programme

Appendix 2 – schedule of general overview and scrutiny recommendations made and action in response 2018/19.

Background papers

- None identified.

General Scrutiny Work Programme 2018/19

Meeting/items	Purpose	Comment	Notes
<ul style="list-style-type: none"> 28 January 2019 			
Task and Finish Group report – highway maintenance – pothole repairs	To consider the Group's report.		
Peer Review	To receive an overview with particular reference to the relationship with town and parish councils and the partnership with the voluntary sector where their work meant a reduction in the need for statutory services.		
(tbc 1st week March 2019			
<ul style="list-style-type: none"> Hoople Service Level Agreement 	To review performance and comment on the agreement for the forthcoming year.		
Unallocated			
	Waste Disposal Contract review (t&f) in preparation for end of current contract in 2023	Summer 2019 options available for consideration	
TBC	Performance indicator - killed and seriously injured on roads (will involve partner agencies)		Possible task and finish topic.

			<p>Road maintenance/verge maintenance chairman of road safety partnership</p> <p>Check with Chairman of Road Safety partnership as witness.</p> <p>Highways England</p> <p>Balfour Beatty</p> <p>Police</p> <p>NHS</p>
One off spotlight: All aspects of enforcement (parking/planning/environmental health)		<p>Too broad</p> <p>Summer onward Parking supply/enforcement/charges</p>	<p>Suggested this is too broad.</p> <p>Summer onward - Parking supply/enforcement/charges could be considered.</p>
Planning Policy (Hereford Area Plan/Rural Area DPD/Core strategy late 2019)			
<p>Unallocated cross-cutting review suggestions</p> <p>Support for voluntary sector</p>		<p>View expressed that this might be worth progressing given reference in corporate peer challenge.</p>	<p>Peer challenge extract</p> <p>The Council has a stated intent to build community resilience but needs to further articulate what this means and how it will be supported in a strategic and coordinated way. The relationships with parish and town councils will have an important role to play. Alongside</p>

			<p>this, the Council should consider other options for connecting and assisting residents and communities to support each other, including the role of ward councillors, digital technology and the voluntary and community sector. We recognise that different areas of Herefordshire will not suit a ‘one size fits all’ approach; nevertheless, the Council’s engagement and resilience activity needs to be part of a coherent framework that is developed and delivered in partnership with others.</p> <p>Proposal</p> <p>Consider in light of response to peer challenge.</p>
<p>TBC</p>	<p>From GSC 18 July</p> <p>A high level members briefing seminar for all members on understanding the process of delivering a new road scheme be provided, from which councillors can disseminate that understanding to members of the public and the information be placed on the council website; (d) detailed proposals on the active travel measures come back to the committee</p>		

	<p>for their own scrutiny once a decision on a preferred route has been taken, with identification of those active travel measures that can go ahead regardless of delivery of the by-pass at the appropriate time;</p> <p>(e) detailed proposals on the biodiversity measures come back to this committee for their own scrutiny once a decision on a preferred route has been taken with a detailed design at an appropriate time; and</p> <p>(f) a range of discretionary powers to compensate households impacted by the proposed route are considered and options are presented back to this committee at the appropriate time.</p>		
TBC	Minerals and Waste Panel Report on draft Minerals and Waste Plan		
TBC	Community Safety		
Keepmoat Homes Ltd and Engie Regeneration Ltd Contracts	Presentation is to be given to all Members on the contracts.	September 2019	Presentation held 31 July 2018

(Also suggestion of importance of good design as per council motion 7 March 2014.)	Consider whether any issues warrant scrutiny following that seminar (at which standards inc design) could be addressed.		
Water Quality – (mindful of role of Nutrient Management Board)	Update seminar for Powys and Herefordshire members to be held. Await outcome of seminar on 28 September 2018.		Anything?
<ul style="list-style-type: none"> • Planning enforcement – consistency /S106 agreements 	Briefing note requested.		Briefing note then possible scrutiny 6-12 months???
<ul style="list-style-type: none"> • Use of Green space – keeping people well and looked after – note CCG interest in this 	Considered this was a county-wide issue. Clarification to be sought.		Check briefing note
<ul style="list-style-type: none"> • Commissioning and procurement 	Briefing note requested.		
<ul style="list-style-type: none"> • Policing – checking policing cover given shift of resources by PCC to urban setting 	Clarify respective roles of Police and Crime Panel and Scrutiny Committee. Subject to that, issue invitation to police and Crime Commissioner to attend.		
<ul style="list-style-type: none"> • Scrutiny of the traffic management in and around Commercial Street/Aylestone Hill 	No Scrutiny consideration at the current time but kept under review.		Briefing note at end of year

<ul style="list-style-type: none"> • Council's policy on roadside verges grass cutting and what changes in policy may be appropriate. 	Briefing note requested.		
<ul style="list-style-type: none"> • Annual review of earmarked reserves 	Following consideration by cabinet on 28 June, agreed briefing note would be prepared on progress.		
<ul style="list-style-type: none"> • Review of Economic master plan. • Implications of new university (note member seminar 5 October) 		Summer 2019 – how devt working	
<ul style="list-style-type: none"> • Consider Development Partnership Outline work programme 		Summer 2019 – how devt working	<p>To include Edgar Street Stadium.</p> <p>14 November 2016 Committee requested further report setting out the long term proposals for the Edgar Street stadium following an appraisal by the football club, council and potential development partners of the options.</p>

Schedule of General Overview and Scrutiny Committee recommendations made and action in response (May 2017 on)

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Meeting	item	Recommendations	Action	Status
11 July 2017	Sustainable modes of travel to school strategy	That (a) the strategy should clearly link targets to the strategy’s aims and objectives and ensure that it showed how actions can deliver on those objectives;	Cabinet response 18 January 2018 The table setting out targets will be updated to demonstrate show the link to objectives. (Page 16)	Completed
		(b) the wording in relation to the vacant seat payment scheme should be modified	The table setting out targets will be updated to demonstrate show the link to objectives. (Page 16)	Completed
		(c) the strategy should contain a clear timetable for review of the strategy;	Timetable for review has been added. (Page 19)	Completed
		(d) the executive should again be asked to request schools to update their school travel plans making clear to them the potential benefits to schools of doing so and drawing on the support of councillors who are school governors to encourage this work to take place;	In addition to officers promoting up to date travel plans and providing support directly to schools, local members will also be engaged to promote travel plans in their local communities. (Included in Action Plan at page 16)	Completed
		(e) officers be requested to liaise with public health colleagues to	Liaison between officers has commenced with officers from public health and this is enabling	Completed

		assist in the development of effective targets;	closer coordination between the SMOTS and public health objectives. (Included in the Action Plan at page 16)	
		(f) the executive be asked to ensure that relevant council held data is actively shared with schools to prompt them to share their own data for the SMOTS;	Any data relevant to the SMOTS will be made available to schools and will be used to help encourage schools to engage in travel planning.	Completed
		g) the executive be requested to explore means of data collection for the SMOTS, to seek to secure more robust data to inform policy and assist in prioritising actions, with regard also being had to NHS data;	The SMOTS has been updated to include the most recent robust school travel data set (Page 9). The action plan addresses how we will explore additional data sources, including NHS data to assist with implementing the SMOTS (Page 16).	Completed
		(h) accident information in the strategy and methods of data collection should be clarified;	Accident information is collected by the police using their own reporting system. The accident data is then passed over to the Department for Transport for release to the public. Detailed methodology on how this happens can be found on the Government's website on the link: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/259012/rrcgb-qualitystatement.pdf	Completed
		(i) the executive be requested to seek support from local MPs to assist in resolving transport issues and that their attention	A letter was sent by Cabinet Member for Transport and Roads and from the Cabinet Member for Young People and Children's Wellbeing and reply received.	Completed

		should be drawn to the value that Plasc surveys had previously been in assessing needs;		
		(J) the executive is requested to ensure that the SMOTS makes clear the evidence used to inform the strategy, the efforts made to secure evidence and any deficiencies in collecting evidence;	Amended within the strategy. (page 9)	Completed
		(k) the executive be requested to ensure that the capacity and performance measures in the Sustrans contract are aligned to the strategy;	We will review the Sustrans contract to ensure the contract goals will be compatible with the SMOTS. (Included in the Action Plan at page 16) Sustrans contract was reviewed and found to be compatible with the SMOTS.	Completed
		(l) the executive is requested to ensure that an implementation plan translating strategy into action was developed to accompany the strategy;	An implementation plan will be developed for delivery to a pilot school by 2019. (Page 16) This is being developed in line with schools and a letter is being drafted to members to request support to promote the message to schools.	
		(m) the Sustrans contract was part way through its duration yet the	The Sustrans delivery project was taken into account when developing the SMOTS.	Completed

		strategy had not been published. The relationship of that work to the strategy needed to be considered to ensure that that work contributed to the delivery of the strategy; and		
		(n) the Statutory Scrutiny Officer be informed of the annual review of the action plan and following consultation with the Chairman and Vice-Chairman consider whether there are any material matter requiring consideration by the Committee.	The annual review is being finalised with a copy made available to the Statutory Scrutiny Officer upon finalising.	
	Herefordshire local flood risk management strategy	That (a) the strategy should recognise the importance of clear and effective communication of responsibilities in respect of all relevant parties;	Response considered by cabinet 28 September 2017 <i>a: Accepted – there is already a section on communication (7.2) which addresses this point</i>	Completed
		(b) the executive be advised of the importance of preparing a joined up implementation plan;	<i>b Accepted – this will form part of the action plan.</i>	Completed
		(c) careful consideration be given to how land use and management affect flood risk, ways of educating people on this point and developing mitigating measures;	C Accepted – this is already covered under section 10, particularly these summary actions: Work collaboratively through the Natural Flood Management Partnership for the River Lugg and Wye to deliver the Wye Nutrient Management Plan and influence land use and management practices to reduce the risk of flooding and deliver wider	Completed

			environmental benefits; and Work with landowners, communities, Town and Parish Councils, NFU, the Country Land and Business Association (CLA) and other similar organisations to promote changes in agricultural land management practices, which can reduce the impact of flooding and provide opportunities to incorporate wider benefits.		
		(d)	a public facing document be produced setting out what to do in the event of flooding and relevant legal remedies for those affected;	d Accepted – this will form part of the non-technical summary (easy reference guide summary document).	Completed
		(e)	BBLP be requested to seek information from lengthsman and local councillors on local conditions and identified flood risks as a matter of course; and	e Accepted – this will be captured within the 'Water on the Network' Annex of the Annual Plan.	Completed
		(f)	the Statutory Scrutiny Officer be informed of the annual review of the action plan and following consultation with the Chairman and Vice-Chairman consider whether there are any material matters requiring consideration by the Committee.	Action plan received and to be considered.	
21 August 2017	West Mercia Police and	RESOLVED:	That a draft submission to cabinet be circulated to members of the committee for	Response submitted. Submission to PCC made by Executive opposing PCC proposal.	Completed

	Crime Consultation on Fire Governance	comment and the statutory scrutiny officer authorised to finalise the submission on the committee's behalf following consultation with the chairman and vice-chairman of the committee.	Home Office approve PCC proposal 26 March 2018.	
11 September 2017	Travellers' Sites Development Plan Document	RESOLVED: That (a) the executive be recommended to consider whether an additional temporary stopping place should be identified;	Cabinet Response 28 September 2017 (a) The occurrences of unauthorised encampments across the county will continue to be monitored and this information will feed into future reviews of the GTAA and be a relevant factor in consideration of the need to review the DPD. The effectiveness of providing the temporary stopping place at Leominster will also be monitored.	Completed
		(b) co-operative working with neighbouring authorities should be pursued;	(b) Agreed, local planning authorities are required to cooperate with neighbouring authorities, engage constructively, actively and on an ongoing basis with regard to relevant strategic matters under the Localism Act.	Completed
		(c) clarity be provided on how the TSP would operate in practice, including protocols for the allocation of places on the site including the management of different families, so that there is a clear public understanding;	c) it would be beneficial to expand on the text in paragraph 4.20 – 4.25 to clarify the purpose and characteristics of this type of site. This will now refer to a management policy that will explain how the temporary stopping place will be managed by the Licensing, Traveller and Technical Support team. A management policy for the site will be produced in consultation	Completed

			with the Police to ensure that a fair, transparent and accountable method of allocating pitches on the temporary stopping place is set out. The lengths of stay for each encampment will be negotiated on a case by case basis but will not exceed 14 days.	
		(d) consideration be given to specifying when a review of the policy should be conducted;	(d) Response – Agreed, it is recommended to strengthen section 7 to refer to a five yearly review of the accommodation requirements of travellers. It is also recommended to include reference to the monitoring of the effectiveness of the policies through the Annual Monitoring Report using the following indicator: <ul style="list-style-type: none"> • The amount of new traveller pitch commitments and completions. Finally it is recommended that the records of both unauthorised encampments and turnover of site kept by the council are reviewed to help monitor the effectiveness of the policies.	Completed
		e) dialogue continue with the Showmans' Guild to identify an appropriate site to meet their needs;	e) Response – Agreed, officers will continue to engage with the Showmans Guild in order to help identify and bring forward sites to meet the identified requirement. The progression of the draft plan to adoption will not prevent such a site being brought forward during the plan's lifetime.	Completed
		f) the scope to acquire land for sites by	f) Response - Legal advice has been sought on the suitability of this process in	Completed

		<p>Compulsory purchase order to increase the options and select sites in the most suitable locations be explored;</p>	<p>relation to this matter. CPO could be used in the context of gypsy and traveller sites and there are several acts which enable public bodies to compulsory purchase land for a particular purpose but they would have to justify and demonstrate that the required criteria have been fulfilled. Before a CPO can be implemented, the acquiring authority will have to justify it to the Secretary of State and must be able to demonstrate (in respect of the CPO):</p> <ul style="list-style-type: none"> o that it is authorised by statute to purchase land compulsorily for a particular purpose and the CPO is necessary to achieve this purpose; o there is a compelling case in the public interest that sufficiently justifies interfering with the rights of those with an interest in the land affected; o the provisions of Article 1 (protection of property) of the First Protocol to the European Convention on Human Rights 1950 (and if a dwelling), Article 8 (protection of a person's home), should be taken into account <p>Therefore at this stage it is not recommended that the CPO process be pursued to identify land whilst there are options available to meet the requirement in the GTAA.</p>	
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		(g) site allocation policy on residential sites should be clear;	g) Response - Site allocation policy is not a matter for the DPD. There is an existing Gypsy and Traveller Site Allocation and Management Policy for Herefordshire 2015 which covers the existing residential sites managed by the council. However to aid a comprehensive picture to be provided, a document explaining the management and pitch allocation policy relating to the management of the Temporary stopping place will also be produced to accompany the DPD though the publication and examination processes.	Completed
		(h) officers be requested to ensure that existing sites are appropriately managed and maintained and that appropriate resources are in place for both capital improvements and maintenance.	h) Response – the management of the sites and allocation of resources are not matters for the DPD. Revenue and capital requirements for existing or planned sites in the council’s ownership will be considered and prioritised through the council’s normal budget planning process, and sites will be managed in accordance with the relevant policies	Completed
11 September 2017	Youth Justice Plan 2017-2018	RESOLVED: That (a) the Youth Justice Plan (at appendix A to the report) be endorsed and submitted to Cabinet for recommendation to full Council for approval; (b) the Cabinet Member (young people and children’s wellbeing) be asked: (i) to request the West Mercia	Reported to Cabinet 28 September 2017 Response: Resolutions are for the cabinet member young people and children’s wellbeing to consider as the plan is developed for 2018/19 (Annual report now made to Children and Young People’s Scrutiny Committee – see 17/9/2018)	Completed

		<p>Youth Justice Service Management Board to review the process for preparing the Youth Justice Plan in order to permit the scrutiny committee to comment on next year's plan at an earlier stage so that its comments can be taken into account in the plan's preparation;</p> <p>(ii) to request that an evaluation of informal disposals be included in next year's plan;</p> <p>(iii) to request that next year's plan be drafted so as to enable performance year on year to be compared;</p> <p>(iv) to request that mindful of the fact that the low numbers of offenders in Herefordshire can distort statistical comparison with other authorities information be presented within the Plan in a way that enables the circumstances of the Herefordshire cohort of offenders and performance of the service in addressing their needs to be assessed and compared year on year; and</p> <p>(c) a briefing note be requested setting out: how the statistics quoted at paragraph 2.4/2.6 of</p>		
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		the draft plan compare in full with the 2016/17 plan; and also providing clarification on the operation of transition protocols and reassurance that there is a seamless and fully effective transition from youth to adult services.		
13 November 2017	Construction and Facilities Management Services to Herefordshire Council	<p>RESOLVED:</p> <p>That (a) a further report/scoping statement be presented to the Committee to enable it to decide how it wishes to be involved in any further consideration of this matter and to what timetable and to include a review of matters of concern identified during the debate; and</p> <p>(b) officers be requested to be mindful of the importance of communicating any contractual changes to those potentially affected by them.</p>	<p>Cabinet decision 12 April 2018: Contract agreed for one year from 1 September 2018 to 31 August 2019.</p> <p>Deleted from work programme - 8 October 2018</p>	Completed
13 November 2017	Task and Finish Group Report:	<p>RESOLVED:</p> <p>That (a) the findings of the task and finish group report: devolution be approved for submission to the executive with the addition</p>	<p>Cabinet considered on 15 February 2018.</p> <p>Recommendations accepted.</p>	Completed

	Devolution	<p>of reference to exploring the possibility of forming connections with non-contiguous areas with shared values and interests; and</p> <p>(b) the Committee be advised of the executive's response.</p>		
1 December 2017	Call-in of cabinet member decision in respect of charity shop waste disposal	<p>RESOLVED:</p> <p>(a) (i) there was inadequate evidence on which to base a decision and that not all relevant matters were fully taken into account; and</p> <p>(ii) the decision is disproportionate to the desired outcome; and</p> <p>(b) the decision be referred back to the Cabinet Member – contracts and assets and he be asked to reconsider it, reviewing: · the reputational implications for the Council, · the charity shop waste disposal policy as set out at appendix 4 to the report prior to the policy being implemented, such review to include the cost of administering the proposed policy and its enforcement;</p>	<p>Cabinet Member Decision 5 February 2018.</p> <p>Original decision confirmed</p>	Completed

		and actively considering partnership working to minimise waste tonnage from charity shops, and with the request that he consider an exemption for local county based charities that help to fulfil the council's corporate objectives.		
13 December 2017	Setting the 2018/19 budget and updating the medium term financial strategy	RESOLVED: That (a) the budget papers should make more open and transparent use of the public consultation responses in the commentary;	Cabinet response 12 January 2018. http://councillors.herefordshire.gov.uk/mgAi.aspx?ID=48062#mgDocuments Consultees section of the report enhanced in response to this feedback	Completed
		b) a clearer narrative be provided on how the 3% uplift in the precept for adult social care is proposed to be used;	Paragraph 21 has been expanded to include this	Completed
		(c) as part of the review of the constitution it be recommended that all three scrutiny committees are able to review the budgets of their directorates, with all recommendations being fed in to the General Scrutiny Committee before submission to Cabinet;	This has been referred to the audit and governance committee for their review	Completed
		(d) that there be ongoing review of the deliverability of the looked after children budget, with reports provided every 2 months to the Children and Young People Scrutiny Committee accompanied by a profile of how savings are projected throughout the year with this information	To be added into the committees work plan	Completed

		also to be made available to Group Leaders for their performance challenge meetings;		
		(e) a clear breakdown of how income from car parking is being spent on transport services is shown in the budget papers for council together with a breakdown of the ECC 12 directorate efficiency savings.	Attached at appendix 7 to cabinet report	Completed
13 December 2017	Proposed 2018/19 capital bids and approval	RESOLVED: That it be recommended that the council makes funding available to enable the model farm development at Hildersley, Ross-on-Wye to proceed.	(Cabinet report 12 January 2018 para 27) A new line has been added to Appendix 1 for funding towards the development partnership activities with the detail of the activity to be provided as part of the approval to spend decision. In addition the committee asked for clarity on the proposal scores and funding, additional tables have been included in paragraphs 8 and 13 to provide this detail.	Completed
13 December 2017	Public Accountable body for NMiTE	RESOLVED: That (a) Council be recommended to put in place a robust and appropriate governance framework to supervise the discharge of its responsibility as the accountable body itself, or delegate this role to a Committee/Sub-Committee providing sufficient detail on the mechanism by which this role is to be discharged is provided to any such body to enable it to fulfil its role;	Responses submitted to Cabinet on 14 December 2017 http://councillors.herefordshire.gov.uk/ieListDocuments.aspx?CId=251&MId=6424&Ver=4 Concluded that the functions of the Audit and Governance Committee already covered assurance. Report to be made to Audit and Governance Committee in July 2018. Annual report to A&G on discharge of accountable body role expected.	Completed
		(b) the wording of paragraph 23 in the report to the Committee	b- the risk identified is the ability for the Department of Education to require a	ongoing

		<p>mirrored at paragraph 23 of the report to Cabinet on 14 December 2017 in relation to risk management be reviewed and amended as appropriate; and</p>	<p>clawback of funds. Such a provision has not currently been included in the revenue grant determination letter but provision is contained in relation to the capital grant. The circumstances where such clawback can be required will need to be clarified with the Department and if there is any provision this will need to be reflected in the drawn down agreement with NMiTE to ensure that the council is able to clawback monies paid to NMiTE where ineligible funds have been released. Any risks in relation to clawback of the Local Enterprise Partnership funding for the project are mitigated through payment of grant being made against defrayed costs only and therefore ineligible expenditure will be discounted before any grant is released. The council should only be responsible for repayment where there is a failure as accountable body in making appropriate checks</p>	
		<p>(c) subject to the above, Cabinet be advised that the Committee supports the proposal that the council acts as accountable body for public funding to support establishment of a new university in Hereford, provided assurances are given that no costs will be incurred by the Council.</p>	<p>C - the chief finance officer will ensure that costs incurred in providing the accountable body role are recovered from the grant funding allocated to the project.</p>	Completed
29 January	Herefordshi	RESOLVED:	Additional communications resources have been	Completed

2018	re Council public Realm Service Report	That (a) the Council as client and BBLP as contractor consider how communication with parishes and ward members can be improved without incurring material cost;	employed by BBLP and HC to improve communications with all stakeholders.	.
		(b) the Council as client and BBLP as contractor be requested that in presenting information on performance for publication actual numbers should be provided alongside the %ages in the report to provide improved public understanding of the amount of work being carried out and outcomes delivered, with consideration also being given to disaggregating the data to present it along urban and rural lines, again without incurring material cost;	Strategic and operational performance indicators are under review to ensure that they continue to present the outcomes being achieved through the Public Realm services contract and reflect the change in investment made by the council through that contract.	Completed
		(c) the executive be recommended to consider whether funding can be made available to support the lengthsman scheme;	Under consideration in line with changes in the funding environment, results will be captured in the coming year's Annual Plan.	ongoing
		(d) the executive be recommended to consider whether a discretionary fund can be established to which parishes with fewer resources available to them could apply to support part/match funding of schemes;	Under consideration in line with changes in the funding environment, results will be captured in the coming year's Annual Plan.	ongoing

		(e) the executive be recommended to continue to explore all external funding opportunities to support road maintenance;	No further Highway maintenance bid opportunities have materialised from DfT yet. Background work on bid content is underway. Evidence is being prepared for the Transport Select Committee's inquiry into the funding for and governance of Local Road maintenance.	ongoing
		(f) the executive be recommended to consider allocating 1% of the Council's core budget increase to highways maintenance to continue the long term investment in the network;	Under consideration	ongoing
		g) the executive be recommended that sums secured from legal proceedings in relation to the Amey contract should be allocated for highways maintenance;	To be considered in the forthcoming Capital Programme allocations	Ongoing
		(h) the Council as client and BBLP as contractor be requested to ensure that parish councils are aware that salt deposits are available to be delivered to parishes if they apply;	Pre-season communications are underway.	Completed
		(i) the Council as client and BBLP as contractor be requested to review the snow contractor system to ensure that operatives have appropriate equipment available to them;	The winter service plan and associated operational arrangements have been the subject of review.	Completed
		(j) the executive be requested to review whether the claims management system in relation to damage to vehicles as a result of road defects is working fairly and	To be progressed	Ongoing

		appropriately;		
		(k) the executive be requested to give further consideration to how landowners can be encouraged to discharge their riparian responsibilities;	Work on this has been initiated	ongoing
		(l) the executive be requested to reappraise the classification of category 1 and 2 defects and whether the approach to the repair of potholes is satisfactory; and	This is the subject of detailed consideration in the review of the Highway Maintenance Plan.	ongoing
		(m) action to be taken on behalf to the Committee to engage with parish councils possibly through a spotlight review to provide the Committee with a representative picture of views across the county and demonstrate to parish councils that account is being taken of their views.	Task and finish review has been planned and information sought from parish councils.	ongoing
9 April 2018	Future delivery of museum, library and archive services	RESOLVED: That (a) the case for bringing the first floor room in Hereford library into use should be set out in more detail for cabinet to consider, including an assessment of community benefit;	Response in Cabinet report 28 June 2018 Agreed. Appendix 3 includes business case profile with community benefit and options.	Completed
		b) cabinet is requested to ensure that whilst recognising the need for services to be sustainable any proposals should aim to preserve and/or enhance quality of services and provide for their development;	Agreed. Included in recommendation to retain service standards for any contracted service and short-term savings have minimum impact on quality of service.	Completed
		(c) the resource implications of the report to cabinet should be expanded and clarified in relation to the impact of charitable relief;	Agreed and additional information included in the resources section:	Completed

		(d) the option of not outsourcing the services should be fully explored in the cabinet report;	Agreed. The alternative options to recommendations included in the report, also refer to appendix 2 for profile of services	Completed
		(e) the different nature of the three services should be fully recognised and taken into account in considering future options in whatever process is pursued	Agreed.	Completed
		(f) the legal implications section of the report should be reviewed to ensure it fully reflects provisions relating to archives;	Agreed and additional information included in the legal section.	Completed
		(g) income generation opportunities should be explored including charges for those using archive services and the scope for shared use of council buildings with commercial and charitable operations;	Agreed and reflected in the recommendations.	Completed
		(h) the opportunity to secure income from those storing records at HARC but not making them available for public use be explored; and	Agreed. Reflected in the recommendation in first making records available to the public and charging as an option.	Completed
		(i) the breakdown of the various usage figures in the report should be revisited and clarified for cabinet.	Agreed. See appendix 2 for full range of usage figures.	Completed
2 July 2018	Work Programme	Various Actions relating to work programme agreed		Completed

18 July 2018	Hereford Transport Package	That (a) the executive be recommended: I. that Natural England and Highways England are requested that they make a consultation response on the route selection, if they wish;	Cabinet response 27 July: Accepted. Both Natural England and Highways England were invited to provide a response to the consultation and sent reminders of the opportunity to do so. We will continue to engage with both organisations and ask that they provide a response during the phase three consultation.	Completed
		II. the landlord and the operators of Hereford Community Farm be asked if they would be prepared to write a statement as to the impact of the preferred route on the deliverability of their service;	Accepted. This will be done as part of the phase three consultation and any submission will inform the equality impact assessment.	Completed
		III. presentations delivered to the scrutiny committee be made publicly available with the cabinet member papers; and	Completed	Completed
		IV. it be ensured that all reports presented to cabinet are formally signed off by BBLP, to provide assurance;	Completed	completed
		(b) the executive be advised that the committee feels able to support the proposed red route based on the current evidence presented, subject to the above recommendations;	Reported to Cabinet 27 July 2018.	ongoing

		(c) a high level members briefing seminar for all members on understanding the process of delivering a new road scheme be provided, from which councillors can disseminate that understanding to members of the public and the information be placed on the council website;		ongoing
		(d) detailed proposals on the active travel measures come back to the committee for their own scrutiny once a decision on a preferred route has been taken, with identification of those active travel measures that can go ahead regardless of delivery of the by-pass at the appropriate time;	Reflected in Work programme	ongoing
		(e) detailed proposals on the biodiversity measures come back to this committee for their own scrutiny once a decision on a preferred route has been taken with a detailed design at an appropriate time; and	Reflected in Work programme	ongoing
		(f) a range of discretionary powers to compensate households impacted by the proposed route are considered and options are presented back to this committee at the appropriate time.	Reflected in work programme	ongoing
8 October 2018	Economic Development Strategies	RESOLVED: That (a) the executive be encouraged to ensure that in developing the strategic	Submitted to executive.	ongoing

	Review	economic plan the plan includes more detail on market towns, supporting service centres and the voluntary sector and energy projects and reflects the unique selling points of the county; and		
		b) the Director of the LEP be invited to discuss with the Statutory Scrutiny Officer when it might be timely for the Committee to give consideration to progress on the strategic economic plan or other Marches LEP matters and the Statutory Scrutiny Officer be authorised following consultation with the Chairman and Vice-Chairman to put forward any matters requiring consideration by the Committee as part of its work programme.		ongoing