Herefordshire Council

To: All members of the Council

Corporate Support Centre
Paul Walker - Chief Executive

our ref:	Council - 11 February 2022
contact:	Matthew Evans, Democratic Services
telephone:	01432 383690
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3 February 2022

Dear Councillor,

You are hereby summoned to attend the meeting of the Herefordshire Council to be held on **Friday 11 February 2022** at the Three Counties Hotel, Belmont Road, Belmont, Hereford, HR2 7BP at **10.00 am** at which the business set out in the attached agenda is proposed to be transacted.

Yours sincerely

C Ward

Claire Ward
Solicitor to the Council

Working in partnership for the people of Herefordshire
The Shire Hall, St. Peter's Square, Hereford HR1 2HX
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Herefordshire Council

AGENDA

Council

Date:	**Friday 11 February 2022**
Time:	**10.00 am**
Place:	**Three Counties Hotel, Belmont Road, Belmont, Hereford, HR2 7BP**
Notes:	Please note the time, date and venue of the meeting. Please access the following link for the live webcast of the meeting: [Budget Meeting, Council - Friday 11 February 2022 10.00 am - YouTube](#) For any further information please contact: **Matthew Evans, Democratic Services** Tel: 01432 383690 Email: matthew.evans@herefordshire.gov.uk

If you would like help to understand this document, or would like it in another format or language, please call Matthew Evans, Democratic Services on 01432 383690 or e-mail matthew.evans@herefordshire.gov.uk in advance of the meeting.

Agenda for the Meeting of the Council

Membership

Chairman	**Councillor Sebastian Bowen**
Vice-Chairman	**Councillor Kema Guthrie**

Councillor Graham Andrews	Councillor Paul Andrews
Councillor Polly Andrews	Councillor Jenny Bartlett
Councillor Chris Bartrum	Councillor Christy Bolderson
Councillor Dave Boulter	Councillor Tracy Bowes
Councillor Ellie Chowns	Councillor Pauline Crockett
Councillor Gemma Davies	Councillor Barry Durkin
Councillor Toni Fagan	Councillor Elizabeth Foxton
Councillor Carole Gandy	Councillor John Hardwick
Councillor John Harrington	Councillor Liz Harvey
Councillor Jennie Hewitt	Councillor Kath Hey
Councillor David Hitchiner	Councillor Phillip Howells
Councillor Helen I'Anson	Councillor Terry James
Councillor Peter Jinman	Councillor Tony Johnson
Councillor Graham Jones	Councillor Mike Jones
Councillor Jim Kenyon	Councillor Jonathan Lester
Councillor Trish Marsh	Councillor Bob Matthews
Councillor Mark Millmore	Councillor Jeremy Milln
Councillor Felicity Norman	Councillor Roger Phillips
Councillor Tim Price	Councillor Ann-Marie Probert
Councillor Paul Rone	Councillor Nigel Shaw
Councillor Louis Stark	Councillor John Stone
Councillor David Summers	Councillor Elissa Swinglehurst
Councillor Paul Symonds	Councillor Kevin Tillett
Councillor Diana Toynbee	Councillor Ange Tyler
Councillor Yolande Watson	Councillor William Wilding

Agenda

| | | Pages |

(The meeting will be preceded by thought for the day.)

1. APOLOGIES FOR ABSENCE

 To receive apologies for absence.

2. DECLARATIONS OF INTEREST

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

3. MINUTES   11 - 22

 To approve and sign the Minutes of the meeting held on 28 January 2022.

4. CHAIRMAN AND CHIEF EXECUTIVE'S ANNOUNCEMENTS 23 - 26

 To receive the Chairman and Chief Executive's announcements.

How to submit questions

The deadline for submission of questions for this meeting is:

5:00 p.m. on Monday 7 February 2022.

Questions must be submitted to councillorservices@herefordshire.gov.uk. Questions sent to any other address may not be accepted.

Please note: *questions to the budget meeting of the Council must relate to items on the agenda.*

Accepted questions and the response to them will be published as a supplement to the agenda papers prior to the meeting. Further information and guidance is available at https://www.herefordshire.gov.uk/getinvolved.

5. QUESTIONS FROM MEMBERS OF THE PUBLIC

 To receive questions from members of the public.

6. QUESTIONS FROM MEMBERS OF THE COUNCIL

 To receive any written questions from members of the Council.

7. 2022/23 COUNCIL TAX REDUCTION SCHEME   27 - 44

 To approve the Council Tax reducation scheme for 2022/23.

8. 2022/23 CAPITAL INVESTMENT BUDGET AND CAPITAL STRATEGY UPDATE 45 - 292

 To approve the capital investment budget and capital strategy for 2022/23 onwards.

9. 2022/23 BUDGET SETTING   293 - 422

 To approve the 2022/23 budget and associated medium term financial strategy and treasury management strategy.

10. PAY POLICY STATEMENT   423 - 434

To approve the pay policy statement 2022.

The Seven Principles of Public Life

(Nolan Principles)

1. **Selflessness**

   Holders of public office should act solely in terms of the public interest.

2. **Integrity**

   Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. **Objectivity**

   Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. **Accountability**

   Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. **Openness**

   Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. **Honesty**

   Holders of public office should be truthful.

7. **Leadership**

   Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

The Public's Rights to Information and Attendance at Meetings

In view of the continued prevalence of covid-19, we have introduced changes to our usual procedures for accessing public meetings. These will help to keep our councillors, staff and members of the public safe.

Please take time to read the latest guidance on the council website by following the link at www.herefordshire.gov.uk/meetings and support us in promoting a safe environment for everyone. If you have any queries please contact the Governance Support Team on 01432 261699 or at governancesupportteam@herefordshire.gov.uk

We will review and update this guidance in line with Government advice and restrictions. Thank you very much for your help in keeping Herefordshire Council meetings a safe space.

YOU HAVE A RIGHT TO: -

- Attend all Council, Cabinet, Committee and Sub-Committee meetings unless the business to be transacted would disclose 'confidential' or 'exempt' information.

- Inspect agenda and public reports at least five clear days before the date of the meeting.

- Inspect minutes of the Council and all Committees and Sub-Committees and written statements of decisions taken by the Cabinet or individual Cabinet Members for up to six years following a meeting.

- 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.

- Access to a public register stating the names, addresses and wards of all Councillors with details of the membership of Cabinet and of all Committees and Sub-Committees.

- Have access to a list specifying those powers on which the Council have delegated decision making to their officers identifying the officers concerned by title.

- Copy any of the documents mentioned above to which you have a right of access, subject to a reasonable charge (20p per sheet subject to a maximum of £5.00 per agenda plus a nominal fee of £1.50 for postage).

- Access to this summary of your rights as members of the public to attend meetings of the Council, Cabinet, Committees and Sub-Committees and to inspect and copy documents.

Recording of meetings

Please note that filming, photography and recording of this meeting is permitted provided that it does not disrupt the business of the meeting.

Members of the public are advised that if you do not wish to be filmed or photographed you should let the governance services team know before the meeting starts so that anyone who intends filming or photographing the meeting can be made aware.
The reporting of meetings is subject to the law and it is the responsibility of those doing the reporting to ensure that they comply.

The council may make an official recording of this public meeting or stream it live to the council's website. Such recordings form part of the public record of the meeting and are made available for members of the public via the council's web-site.

Public transport links

The three counties hotel is accessible by bus; bus stops in each direction are positioned on the Belmont Road at the front of the hotel.

Herefordshire Council

Minutes of the meeting of Council held at Three Counties Hotel, Belmont Road, Belmont, Hereford, HR2 7BP on Friday 28 January 2022 at 10.00 am

Present: **Councillor Sebastian Bowen (chairperson)**
                  Councillor Kema Guthrie (vice-chairperson)

Councillors: Graham Andrews, Paul Andrews*, Polly Andrews, Jenny Bartlett, Chris Bartrum, Christy Bolderson, Tracy Bowes, Ellie Chowns, Pauline Crockett, Gemma Davies*, Barry Durkin, Toni Fagan, Elizabeth Foxton, Carole Gandy, John Harrington, Liz Harvey, Jennie Hewitt, Kath Hey, David Hitchiner, Phillip Howells, Helen I'Anson, Terry James, Peter Jinman, Tony Johnson, Mike Jones, Jonathan Lester, Trish Marsh, Bob Matthews, Mark Millmore, Jeremy Milln, Felicity Norman, Roger Phillips, Tim Price, Probert, Paul Rone, Nigel Shaw, Louis Stark, John Stone, David Summers, Elissa Swinglehurst, Paul Symonds, Kevin Tillett, Diana Toynbee, Ange Tyler, Yolande Watson and William Wilding

*present as a virtual attendee

Officers: **Chief Executive, Director of governance and law and Interim Head of Legal Services**

22.   APOLOGIES FOR ABSENCE

Apologies were received from Councillors Dave Boulter, John Hardwick, Graham Jones and Jim Kenyon.

23.   DECLARATIONS OF INTEREST

Councillor Kevin Tillett declared an other interest in the *fireworks and animal welfare* motion at agenda item no 10; as a member of the RSPCA and a trustee of the Herefordshire branch of the RSPCA.

Councillor Elissa Swinglehurst declared an other interest in the *water protection zone for River Wye system* motion at agenda item no. 10; as the chair of the nutrient management board.

There was one further declaration of interest at the meeting, please see minutes 31 below.

24.   MINUTES

RESOLVED: That the minutes of the meeting held on 8 October 2020 be confirmed as a correct record and signed by the Chairman.

25.   CHAIRMAN AND CHIEF EXECUTIVE'S ANNOUNCEMENTS

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

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

A copy of the public questions and written answers, together with supplementary questions asked at the meeting and their answers,   is attached to the Minutes at Appendix 1.

27. **QUESTIONS FROM MEMBERS OF THE COUNCIL** (Pages 11 - 12)

A copy of the Member questions and written answers, together with supplementary questions asked at the meeting and their answers, is attached to the Minutes at Appendix 2.

28. **REVIEW OF THE STATEMENT OF COMMUNITY INVOLVEMENT (SCI)**

Council considered a report by the cabinet member finance, corporate services and planning to approve the adoption of Herefordshire Council's revised statement of community involvement (SCI). The cabinet member finance, corporate services and planning introduced the report and proposed the recommendation in the report. She outlined a proposal that scrutiny undertake a review of public engagement in respect of the policy update associated with the SCI and whether any improvements to consultation with the local community could be utilised more widely across the council for other consultation exercises.

The cabinet member infrastructure and transport seconded the recommendation in the report.

Council debated the report and the following action was raised during the debate:

- Further scrutiny of the SCI would be considered during work programming of the General Scrutiny Committee.

The recommendation in the report was put to the vote and was carried.

RESOLVED: That:

(a) The revised Herefordshire Council Statement of Community Involvement (at appendix 1), be approved.

29. **RETENDER OF EXTERNAL AUDIT CONTRACTS**

Council considered a report by the chairperson of the audit and governance committee to approve the retender of the external audit contract as recommended to Council by the audit and governance committee. The chairperson of the audit and governance committee introduced the report and proposed the recommendations in the report.

The vice chairperson of the audit and governance committee seconded the recommendations in the report.

Council debated the report and the following action was raised:

- A written note would be provided to all members concerning the role and purpose of the external audit function.

The recommendations were put to the vote and were carried unanimously.

RESOLVED: That:

    a) **Council approves the preferred method for re-procuring external audit services; and**
    b) **Elects to join the Public Sector Audit Appointments body.**

30.   LEADER'S REPORT

Council received and noted the Leader's Report which provided an update on the work of the cabinet since the previous ordinary meeting of Council in October 2021. The Leader presented his report to Council.

Council questioned the Leader and the following actions were raised:

- To produce a letter to all head teachers from the Leader of the Council and the Chief Executive to thank them for the work they have undertaken during the pandemic.
- To discuss with the Chair and Vice Chair of Children's Scrutiny the process in place for the conduct of exit interviews with social workers.
- To investigate if the new household grant can be awarded retrospectively to households no longer covered by the Gigaclear programme.
- To include detail of the planning requirements for the installation of telegraph poles (to support fibre broadband infrastructure) in the next version of the Leader's Newsletter.
- To raise a query of the planning department if notification had been received of the intention to erect telegraph poles in Ross-on-Wye.
- To provide a written response to the question as to whether a report would be provided of the financial implications of decapitalisation as a consequence of the cancellation of the West Bypass scheme.

31.   NOTICES OF MOTION UNDER STANDING ORDERS

Motion – Water Protection Zone for River Wye System

Councillor Louis Stark proposed the motion.

Councillor Toni Fagan seconded the motion.

Council debated the motion. In summary there was significant concern expressed for the risk posed to the river Wye system from pollutants and support for the engagement and consultation proposed in the motion to press for a water protection zone of the river Wye system.

An alteration to the motion was proposed to amend the term *re-engage* to *press* in the recommendation, as follows: *So this Council urges the executive to press both the EA and NRW.* The alteration was accepted by the proposer and seconder of the motion.

The motion, subject to the alteration above, was put to the vote and carried.

RESOLVED: That:

Our rivers are under attack:
- **45000 fish dead from a pollution incident in the River Llynfi – a Wye tributary – and NRW unable to bring a prosecution against those responsible;**

- **Raw sewage continues to pour in to our rivers unchecked with the Government failing to provide strong and consistent leadership on it;**
- **Intense agricultural practices continue to expand with the impact of excessive phosphates and nitrates leaching through the soil in to our rivers;**
- **The EA remains thinly spread and unable to cope with the challenge it faces here;**

What should the Council do:
- **Put polluters on notice that we are serious about enabling effective action to be taken against their practices;**
- **Build on our previous Council motion to investigate bathing status for our rivers – a good start but not a complete answer;**
- **Push for a comprehensive regulatory framework for the medium term that would envelop our river systems in a protective cloak and give the EA and NRW real teeth to enforce it;**

So this Council urges the executive to press both the EA and NRW, consulting Powys and Monmouthshire CCs and other interested parties as necessary, to press for nothing less than a Water Protection Zone (WPZ*) for the whole of the River Wye system.

This should include pushing both Agencies for work to start asap on detailed modelling to demonstrate the need for a WPZ, in order to put a business case to DEFRA; Also for funding for this work to go ahead; And for the Executive to provide regular reports to Council on progress.

Motion – Fireworks and Animal Welfare

Councillor William Wilding moved the motion.

Councillor John Harrington seconded motion.

An alteration to the motion was proposed to replace all mentions of *silent* fireworks to *low noise* fireworks in the motion. The alteration was agreed by the proposer and seconder of the motion.

Councillor Peter Jinman declared an other interest in the *fireworks and animal welfare motion* at agenda item no 10; as a member of the British Veterinary Association and a practicing vet.

Council debated the motion and there was division in the membership of Council. Support for the motion was expressed to limit the harmful impacts of fireworks on livestock and domestic pets. Opposition to the motion was expressed citing a lack of evidence to establish the severity of the impact of fireworks on animals.

An alteration to the motion was proposed to revise clause 5 of the motion to; *Ask the Executive to investigate the feasibility of implementing a formal consent regime for the use of fireworks on sites in Council ownership.* The alteration was agreed by the proposer and seconder of the motion.

The motion, subject to the alterations above, was put to the vote and was carried.

RESOLVED: That:

This Council therefore resolves to ask the executive to:

1. **Encourage organisers of public firework displays to use 'low noise' fireworks, and where large displays are planned, to notify Herefordshire Council's Safety Advisory Group at least two months in advance to allow for advertisement in the interest of public protection and animal welfare;**

2. **Actively promote a public awareness campaign about the impact of fireworks on animal welfare and vulnerable people – including the precautions that can be taken to mitigate risks;**

3. **Write to the UK Government urging them to introduce legislation to limit the maximum noise level of fireworks to 90dB for those sold to the public for private displays and for fireworks to specify noise levels on their labelling;**

4. **Encourage local suppliers of fireworks to stock 'low noise' fireworks for public display;**

5. **Ask the Executive to investigate the feasibility of implementing a formal consent regime for the use of fireworks on sites in Council ownership.**

The meeting ended at 1.44 pm   **Chairperson**

Agenda item no. 5 - Questions from members of the public

Question Number	Questioner	Question	Question to
PQ 1	Mr McKay, Leominster	Is good that you are seeking a deferral or cancellation of the 2026 deadline. An Evidence Base could be expected to reveal that 1950's Government guidance requiring Parishes to provide the information did not cover procedures to be followed when anomalies occurred on parish boundaries, for "Public Carriage Road or Cart Road or Green Lane mainly used as Footpath - CRF, or Bridleway - CRB." but did not provide any guidance on how these non-statutory terms should be shown, and left a gap in the records as did not include lanes other than those mainly used as footpath or bridleway, nor do Parishes who provided the information appear to be aware of the 2026 deadline. So may I suggest your discussions with the Minister seek a deferral or cancellation based upon Evidence that records are complete and not time alone?	Cabinet member infrastructure and transport

Response:
Thank you for your question Mr McKay, I share your concerns regarding the Definitive map 2026 'cut-off date' I will continue to lobby central government to try and find pragmatic and sensible solution to ensure Herefordshire communities are not disadvantaged by this arbitrary date, and will take your suggestions on board. Officers will also be raising this matter through their regional and national networks.

Question Number	Questioner	Question	Question to
PQ 2	Mr Gillam, Peterchurch	The recent report from the House of Commons Environmental Audit Committee recommends that "New poultry farms should not be granted planning permission in catchments exceeding their nutrient budgets." They also highlighted what we all know, namely that "Intensive livestock and poultry farming is putting enormous pressure on . . . the River Wye." Will the council therefore immediately announce a clear policy of a moratorium on building or enlarging IPUs in the Wye catchment? If not, why not?	Cabinet member finance, corporate services and planning

Response:
I thank Mr Gillam for his question, I welcome the Environment Audit Committees fourth report on River Quality which made important recommendations for the Wye. I want to clarify, one of the report's recommendations to which Mr Gillam helpfully draws attention. The report recommended that councils consider *"refusing planning permission for new intensive poultry units where the proposed development would exceed the catchment's nutrient budget, unless evidence is presented of robust mitigation plans in place that are demonstrably effective in reducing the accumulation of phosphate and nitrate loads in soils and river sediments within sensitive areas in the catchment.*' I agree the cumulative impact of all agricultural development should be considered carefully through the planning process. However, I do not believe it would be lawful or wise to introduce a blanket moratorium because we are required to consider each planning application on its individual merits.

I will ask officers to consider whether a nutrient budget could be developed for the catchment, and if so over what areas of the county that budget could be applied and, for areas where it should not be applied, what forms of robust mitigation would alternatively be appropriate and acceptable. Before bringing forward any recommendations, I would also want to consult with stakeholders.

That said, and relevant to this issue, we are currently producing a Supplementary Planning Document that will look at Agriculture and how we implement the complicated policy framework surrounding it.

Supplementary Question:
Thank you for your reply. You say that it would not "be lawful or wise to introduce a blanket moratorium" on IPUs that are the real source of the problem, yet for two years the Council have had a moratorium on housing development in place. Can you please explain this inconsistency? You also refer to a Supplementary Planning Document that the council are producing, can you provide a definite date by which that will be published? Its been promised for two years already. We already have the evidence from Natural England and APIS data that shows that the nutrient budgets are being exceeded in the Wye, can you please explain why you then need to "ask officers to *consider* whether a nutrient budget could be developed for the Wye catchment"?

Response from Cabinet Member Finance, Corporate Services and Planning:
The public frustration regarding increasing pollution in rivers was acknowledged. A moratorium on new development in affected areas was currently in place with objections from Natural England to development without mitigation of pollution through the treatment of sewage. A supplementary planning document concerning IPUs was expected to be coming forward for consideration before the end of the 21/22 financial year. A written response would be provided covering all the issues raised in the supplementary question.

PQ 3	Ms Albright, Leominster	*On behalf of The Herefordshire Construction Industry Lobby Group:* Would Herefordshire Council consider writing to NE, EA and NRW formally asking how they intend to incorporate the data and recommendations from the RePhokus academic study into phosphate pollution in the Wye and the Environmental Audit Committee report on River Quality which specifically addressed the Wye Catchment? It is crucial to know if the agencies have a timescale to prepare a Phosphate Action Plan with the requisite agricultural actions as directed by the Wild Justice Pre Action Protocol letter recently sent. The recommendations from experts are clear and leading ecologists have suggested that time is running out for us to be able to restore and protect our incredible river and soils.	Cabinet member infrastructure and transport

Response:
Thank you for your question. As you are aware there is regular contact between the Council and our statutory partners the Environment Agency, Natural England, Natural Resources Wales on many issues. I am happy to ask the direct question you raise, it is a valid one and extremely pertinent.

One of the recent findings in the Environment Audit Committee Report on Rivers was concerns from various sectors over the quality of the evidence base used for apportioning sources of Phosphate Pollution. Herefordshire Council and its partners are committed to an evidence based approach and wants to see widespread public engagement in improving the evidence base and action planning so that it commands widespread acceptance across all sectors. I can confirm that high level discussions have been commenced with our partner organisations to seek agreement on a shared way forward in the coming weeks and months. I will report further on this when we have reached agreement with our partners on a way forward.

Supplementary Question:
HCILG are surprised that your response also refers to 'concerns from various sectors' regarding the independently produced apportionment figures for the Wye.

The recently completed RePhokus study, supported by the Wye and Usk Foundation, showed that 71% of the total phosphate loss to water in the Wye Catchment comes from the agricultural sector - which is an increase on the SAGIS apportionment of 65% and on the original 50:50 apportionment used to justify the housing moratorium in 2019.

Your response seems to casts doubt over the current scientifically prepared apportionment and subsequent recommendations - but without providing robust alternative evidence. HCILG are concerned that sense of doubt inadvertently undermines, at a very late stage, the valiant efforts of dozens of passionate people, across all sectors, who are working together to create a plan that can restore The Wye as the clock runs down.

Are Herefordshire Council saying that they do not have confidence in the apportionment and data currently provided or in the recommendations made by the EAC report and RePhokus documents, and therefore they have plans to collect and submit their own data and apportionment instead? If so a timescale for this would be useful as it will be needed urgently to inform actions going forward. Time is not on our side.

Response from Cabinet Member Infrastructure and Transport:

It was acknowledged that the response to the question had contained a poor choice of words. The response had intended to explain that the data from agencies had not been adequate and tribute was paid to the work of citizen scientists and the work they undertook.

PQ 4	Mr Wood, Hereford	I would like assurances from Cllr Harrington that funds will be set aside in 2022/23 for improvements to Herefordshire's pavement network. I am a wheelchair user who regularly has to risk my safety when travelling around the city using the roads as my pavement due to the lack of drop curbs on some of the county's pavements. Please can Cllr Harrington look at this issue with matter of urgency so that the lives of wheelchair and mobility scooter users are not put at risk any longer?	Cabinet member infrastructure and transport

Response:

Thank you for your Question. The council does not have a specific budget for improvements to crossing points, public realm schemes are identified in advance and cover a wide range of assets including footpath and carriageway maintenance. The council will always look to improve the assets as issues are identified and as resources allow.

I have asked officers to arrange to meet with you so that you can identify any specific concerns which can be inspected, this would inform the council's Annual and Forward programme for delivery as budget and resources become available. We could also discuss developing a broader programme of how we could make our City (and towns) as friendly as possible for all users, paying special consideration to wheelchair users. It is something we should be aspiring to be better at.

Supplementary Question:

Following your response to my original question Please can you assure the public who use wheelchairs and mobility scooters that Herefordshire Council will consult us when creating new road and pavement networks in the future to ensure that they continue to be accessible for us?

Response from Cabinet Member Infrastructure and Transport:

It was explained that consultation was conducted with stakeholders and the questioner was welcome to join the group stakeholders who would be consulted. Officers of the council would be undertaking visits around the county to investigate the issues raised.

Agenda item no. 6 - Questions from members of the Council

Question Number	Questioner	Question	Question to
MQ 1	Councillor Nigel Shaw, Bromyard Bringsty	For some years I have been trying to expedite the developer promised pedestrian improvements that relate to the Porthouse Rise development in Bromyard. Eventually planning permission was given with the works to be complete by 21st March 2022. Despite several requests to officers and cabinet members for assistance in chasing these works (29/07/21; 06/09/21; 26/10/21), which were to be provided by our preferred developer, Keepmoat, there has been a resounding lack of response. On 26th October I suggested that reluctantly I would raise the matter as a question at full council if I continued to get no response. As I currently see no action being taken I now raise this question and ask what action you intend to take to ensure the delivery of the promised works by the developer so that my residents can walk and cycle safely?	Cabinet member infrastructure and transport

Response:

Thank you for your question Cllr. Shaw and I am sincerely sorry that you have had to ask it repeatedly without a satisfactory answer, that is simply not good enough – and I take responsibility for failing to follow up on the promises to provide clarity that I received at various times. This question cuts across both my area of responsibility and those of my colleague, the Cabinet Member for Finance, Corporate Services and Planning and we have discussed this matter and would let you, as the Local Member, and residents, know that the Council are pursuing the pedestrian/cycle improvements with the developer Keepmoat through Planning/Development Management processes and we are currently considering what enforcement action may be appropriate.

If the proposed delivery doesn't come to fruition the council will work with the Local Member and Town Council to deliver through S106. The delivery will be challenging due to land ownership which is outside of the control of the council.

The council will keep the Local Member and Town Council informed of progress - and will respond in a clear and timely manner whenever requests for updates are required. I have also asked for officers to give you a briefing on the matter.

My apologies again Cllr. Shaw for the length of time it has taken to respond to your enquiries, I sincerely hope that will not be repeated.

Supplementary Question:

It was questioned how the matter could now be taken forward?

Response from Cabinet Member Infrastructure and Transport:
The member would be invited to a briefing concerning the issue.

Chairman's Announcements – Council Meeting – 11 February 2022
Events attended by the Chairman since the last
Council meeting on 28th January 2022

6th February – Festal Evensong to celebrate Her Majesty's Platinum Jubilee

Herefordshire Council

Chief Executive's announcements
Full Council 11 February 2022

As all Plan B restrictions have now been lifted by government, we continue to see high case numbers across the community and support outbreaks within schools. We encourage everyone to wear masks as a matter of personal choice, to help limit the spread of Covid. Despite the national easing of restrictions, we must remember that Covid is still present. There was a stark reminder to me this month when I visited our 'Discharge to Assess' team, who are still working in full PPE on a daily basis and very much on the 'front line'. For the time being, we're asking staff to continue working from home where possible. All council meetings are being held in-person using Covid-secure measures and will be live-streamed to make them as accessible as possible.

Every day across our county, families are in crisis and children need our support. Our focus on improvements to Children's Services remains and we're supporting our staff in a range of ways to help them to do their job. This includes reducing workloads, improving the reporting systems and providing the right management, leadership and support. We're also working hard to attract and recruit new social workers.

We want to ensure Herefordshire is a great place for families to grow and thrive and that our children and young people get a great start in life. To help us achieve this we really need the views of children, young people and families living in our communities. We'll be reaching out to the local community through the Talk Community partnership as part of the 'Let's Talk- Children and Families' campaign. This will help us understand what's working well and what would help make Herefordshire an even better place for families to live. In addition to the survey, we will be running a series of engagement events in February Half Term. More information is available on the Talk Community website.

Visitors to Hereford will soon notice a range of improvements to enhance the city - thanks to an investment of £6million over the next two years. This will include better facilities for cyclists, measures to improve air quality and replacement paving. The investment, funded jointly by the council and Marches LEP, comes following a difficult period for local traders due to government Covid restrictions. It aims to encourage people to spend more time in the city when they visit, helping to boost the local economy.

It's rewarding to see that Herefordshire's Higher Education offering NMITE has been recognised for its ingenuity and creativity with the government's Levelling Up paper. Higher Education institutions are vital to local communities for education, economic investment and employment. We look forward to welcoming many more students to Herefordshire and welcome the boost it brings for our county.

Finally, there is a wide programme of work underway to address the complex issue of phosphates in our rivers, the impact this has on our environment and the knock-on effect on economic development. This work is going on at a national, regional and local level and includes both policy and practical actions. The only way we can be effective is if all local and national agencies work together, and if we work together with our neighbouring counties. We know a number of councils have raised concerns about phosphate and nitrate pollution impacting their areas and want to know how best they can work with government. We are leading the way and working with the Local Government Association to help promote the issue and galvanise support.

Thank you for your support.

Herefordshire Council

Title of report: 2022/23 council tax reduction scheme

Meeting: Council

Meeting date: Friday 11 February 2022

Report by: Leader of the council

Classification

Open

Decision type

Budget and policy framework

Wards affected

(All Wards);

Purpose

To approve the 2022/23 local council tax reduction scheme (CTR).

Council tax charges can be reduced where the bill payer meets certain set criteria contained in the council tax reduction scheme (CTR). The 2021/22 CTR scheme was approved by Council on 12 February 2021 and increased the discount awarded. No amendments to the current scheme are recommended.

It is a legal requirement to annually review the council's council tax reduction scheme and the decision to approve the scheme is reserved to full Council.

Recommendation(s)

That:

a) **The council tax reduction scheme for 2022/23, with the same parameters as the existing scheme, be approved.**

Alternative options

1. The local council tax reduction scheme discount was increased to its maximum level in 2021/22 therefore the discount could not be increased further in 2022/23. A reduced discount

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

27

could be decided for 2022/23. To reduce the discount statutory public consultation must be completed, this has taken place however it is not currently recommended as it is considered appropriate to leave the higher discount during 2022/23 to reflect the continued impact of Covid 19 on many households income.

Key considerations

2. Council tax charges can be reduced where the bill payer meets certain set criteria contained in the council tax reduction scheme (CTR). CTR is available to working age and pensioner claimants. The pensioner CTR scheme is set nationally. The working age CTR scheme is set locally by this council. More than 11,000 bill payers in Herefordshire are in receipt of CTR, with over 6,000 of claims from the working age.

3. The existing local working age CTR scheme was approved by Council in February 2021 increasing discounts in 2021/22 to mirror those available to pensioner cases. This means that a 100% discount is awarded under CTR (unless their income breaches the threshold) irrespective of the council tax band the property falls into.

4. During 2020/21 the working age CTR caseload increased reflecting a national picture and demonstrating the local impact of Covid-19 on the working age. 5,375 claimants were expected pre Covid 19 and currently total approximately 6,300. Expectations are that caseloads will begin to decrease again in around a year or so. Having a higher discount reduces potential debt recovery action if charges raised remain unpaid. The current CTR caseload and discount is shown below:-

Caseload type	Number of claims	Discount value (£000)
Working age	6,334	7,600
Pensioner	4,993	6,322
Totals	**11,327**	**13,922**

Community impact

5. In addition to the council tax reduction scheme the council provides other discounts, these are listed on our website. By maintaining a maximum discount in 2022/23 this has a positive impact on the community by minimising the debt burden on those that struggle to pay their council tax charge.

Environmental Impact

6. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

7. Whilst this is a decision on back office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy, for example by directing claimants to claim online.

Equality duty

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

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

   a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

   b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

   c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

9. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on administration functions, we do not believe that it will have a detrimental impact on our equality duty.

Resource implications

10. The 2022/23 budget proposals are being presented assuming the current CTR scheme continues in 2022/23. Should the local CTR discount be reduced then additional resources will be available however the resourcing of debt recovery action is also likely to be required.

Legal implications

11. The CTR scheme is locally determined by each billing authority under Section 13A and Schedule 1A of the Local Government Finance Act 1992.

12. For each financial year each billing authority must consider whether to revise its scheme or to replace it with another scheme and this must take place in the financial year preceding that for which the revision or replacement scheme is to have effect.

13. A statutory procedure is provided for under Paragraph 3 of Schedule 1A which a billing authority must follow when revising its scheme. Consultation with the public was through an online survey for the six weeks ending 8 October 2021 however scheme revisions are not recommended.

Risk management

14. By maintaining an increased discount the risk that claimants may not pay their council tax charge and move further into debt if summons charges are levied is removed. The costs and time associated with collecting overdue debts in relation to CTR charges is also reduced.

Consultees

15. An online public consultation questionnaire was hosted for six weeks ending 8 October 2021. 36 responses were received with varying points of view. The survey responses are provided in

Appendix A. Public consultation is required before scheme changes are proposed, no changes are proposed for 2022/23 however the survey responses will support improvements to encourage greater participation in future rounds of consultation.

Appendices

Appendix A   Public consultation

Background papers

None identified

Report Reviewers Used for appraising this report:

Governance	Sarah Buffrey, Democratic Services Officer Date 04/01/2022
Finance	Audrey Clements Date 06/01/2022
Legal	Alice McAlpine Date 29/12/2021
Communications	Luenne Featherstone Date 20/12/2021
Equality Duty	Carol Trachonitis Date 21/12/2021
Procurement	Mark Cage Date 06/01/2022
Risk	Kevin Lloyd Date 04/01/2022

Approved by	Andrew Lovegrove Date 07/01/2022

Glossary of terms, abbreviations and acronyms used in this report.

CTR   Council tax reduction, where a council tax charge is reduced due to the occupant's status

Herefordshire Council Tax Reduction Scheme 2022/23 Consultation - Final

1. Background to the Consultation

	1. I have read the background information about the Council Tax Reduction Scheme: This question must be answered before you can continue.		**Response Percent**	**Response Total**
Answer Choices				
1	Yes		100.00%	36
2	No		0.00%	0
			answered	36
			skipped	0

2. Paying for the Scheme

	2. Should the Council keep the current Council Tax Reduction scheme? (Should it continue to administer the scheme as it does at the moment?)		**Response Percent**	**Response Total**
Answer Choices				
1	Yes		39.29%	11
2	No		57.14%	16
3	Don't Know		3.57%	1
			answered	28
			skipped	8

	3. Please use the space below to make any comments you have on protecting the Council Tax Reduction Scheme from these changes.		**Response Percent**	**Response Total**
Answer Choices				
1	Open-Ended Question		100.00%	3
	1		The new proposed schemes will negatively impact those who are struggling or scraping by whether due to low pay, high debt or physical or mental impairment. Changing the scheme will literally take food from people's plates. Herefordshire does not have a robust support system in place to deal with the impact of forcing those who are struggling to pay council tax	
	2		I live in one of the highest paying council tax areas in the country due to dodgy decisions by people I jlhave no knowledge of. That's a bit unfair!	
	3		Those of us who can't get council tax reductions can't afford to keep having year on year above inflation council tax rises. The council tax reduction scheme must be curtailed.	
			answered	3
			skipped	33

3. Option 1 – The introduction of an Income Grid scheme to replace the current scheme for all applicants of working age

		4. Do you agree with the changes to the scheme to introduce an income based banded discount scheme?		

	Answer Choices		Response Percent	Response Total
1	Yes		75.00%	18
2	No		16.67%	4
3	Don't Know		8.33%	2
			answered	24
			skipped	12

	5. If you disagree please explain why and what alternative would you propose?		

	Answer Choices		Response Percent	Response Total
1	Open-Ended Question		100.00%	2
	1	You should increase the requirement to offset those that pay in full reducing the benefit allowance and encouraging those claiming to get jobs	
	2	See previous comments.	
		answered	2
		skipped	34

4. Option 2 - To limit the number of dependant children within the calculation for Council Tax Reduction to a maximum of two for all applicants

	6. Do you agree with this change to the scheme?		

	Answer Choices		Response Percent	Response Total
1	Yes		63.64%	14
2	No		36.36%	8
3	Don't Know		0.00%	0
			answered	22
			skipped	14

7. If you disagree please explain why and what alternative would you propose?

	Answer Choices	Response Percent	Response Total
1	Open-Ended Question	100.00%	6

1		I think it's unfair to penalise somebody for having 2+ children.
2		Having to apply for additional support through the LAF adds another layer
3		The LAF has too narrow a scope to provide help for all those who will need to apply.
4		If you have three or more children then I think you should be entitled to more of due to the cost of children and no other benefits allowed for third child.
5		To those it applies to, charging both parents for the tax and if they refuse to say who the other person is, withdraw the benefit or limit to one child
6		I disagree with the principle of limiting UC benefits to just two dependent children, and therefore disagree with restricting the discount scheme in this way. All other things equal, the pressure on family budgets increases as a function of the number of dependents. The primary objective of the discount scheme is to alleviate hardship, and there is no good reason for restricting the number of dependents in the way proposed.

	answered	6
	skipped	30

5. Option 3 – To remove Non-Dependant Deductions from the scheme

8. Do you agree with this change to the scheme?

	Answer Choices		Response Percent	Response Total
1	Yes		75.00%	15
2	No		25.00%	5
3	Don't Know		0.00%	0
		answered		20
		skipped		16

9. If you disagree please explain why and what alternative would you propose?

	Answer Choices	Response Percent	Response Total
1	Open-Ended Question	100.00%	4

1		Because you could have high earner non deps who can afford the charge
2		Agree with the existing policy which states 'the applicant should look to recoup this deduction from those adults'. I think it would be unfair to change the policy to not take in to account a third child in a family who is a dependant whilst changing the policy to make allowances for adult children who are not dependant. I don't think it is necessary to change the scheme on this point.

9. If you disagree please explain why and what alternative would you propose?

3		Most people living as a non-dependant do so because living elsewhere is not financially viable. The applicant will not be able to recoup monies lost. Stick to the current system
4		If there are other adults in the household then its ability to pay should be higher, and this should justify a reduction in the discount they receive. So retain the present deductions.
	answered	4
	skipped	32

6. Option 4 – Disregarding Carers Allowance, the Support Component of the Employment and Support Allowance, the housing, disabled child, limited capability for work, childcare and carer elements of Universal Credit

10. Do you agree with this change to the scheme?

	Answer Choices		Response Percent	Response Total
1	Yes		80.00%	16
2	No		15.00%	3
3	Don't Know		5.00%	1
			answered	20
			skipped	16

11. If you disagree please explain why and what alternative would you propose?

	Answer Choices		Response Percent	Response Total
1	Open-Ended Question		100.00%	1
	1	The focus is too narrow - this will heavily impact vulnerable adults receiving PIP etc. Stick to the current system		
			answered	1
			skipped	35

7. Option 5 – Removing the current earnings disregards and replacing them with a standard £25 disregard for all working applicants

12. Do you agree with this change to the scheme?

	Answer Choices		Response Percent	Response Total
1	Yes		65.00%	13

12. Do you agree with this change to the scheme?

2	No		15.00%	3
3	Don't Know		20.00%	4
			answered	20
			skipped	16

13. If you disagree please explain why and what alternative would you propose?

	Answer Choices	Response Percent	Response Total
1	Open-Ended Question	100.00%	3

	1		Larger families generally have larger homes and child benefit would not compensate for this. Additionally, child benefit is for providing essential items for the child, not paying household bills. Stick to the current system	
	2		Will put bigger families in poverty	
	3		I think the benefits of tailoring discounts to needs, which vary according to individual circumstances. So retain the present scheme.	

			answered	3
			skipped	33

8. Option 6 - To allow further income disregards where an applicant, their partner or any dependant is in receipt of a disability benefit

14. Do you agree with this change to the scheme?

	Answer Choices		Response Percent	Response Total
1	Yes		80.00%	16
2	No		10.00%	2
3	Don't Know		10.00%	2
			answered	20
			skipped	16

15. If you disagree please explain why and what alternative would you propose?

	Answer Choices		Response Percent	Response Total
1	Open-Ended Question		100.00%	2

15. If you disagree please explain why and what alternative would you propose?		
1		This has potential but the disability benefits system is fundamentally flawed and there are many people who are deprived of it when they shouldn't be. Concern should be given to these people as well
2		No
	answered	2
	skipped	34

9. Option 7 – Removing the Extended Payment provision

16. Do you agree with this change to the scheme?				
Answer Choices			**Response Percent**	**Response Total**
1	Yes		65.00%	13
2	No		35.00%	7
3	Don't Know		0.00%	0
			answered	20
			skipped	16

17. If you disagree please explain why and what alternative would you propose?				
Answer Choices			**Response Percent**	**Response Total**
1	Open-Ended Question		100.00%	3
	1	It's a good thing to do and relatively inexpensive		
	2	It would be good but needs to extend into those in receipt of legacy benefits		
	3	Will make things financially worse for people especially when awaiting more income		
			answered	3
			skipped	33

10. Option 8 – Any new claim or change in circumstances which changes Council Tax Reduction entitlement will be made from the date on which the change occurs, (rather than on a weekly basis as at present)

18. Do you agree with this change to the scheme?		
Answer Choices		**Response Percent**	**Response Total**

18. Do you agree with this change to the scheme?

1	Yes		80.00%	16
2	No		15.00%	3
3	Don't Know		5.00%	1
			answered	20
			skipped	16

19. If you disagree please explain why and what alternative would you propose?

	Answer Choices	Response Percent	Response Total
1	Open-Ended Question	0.00%	0
	No answers found.		
		answered	0
		skipped	36

11. Option 9 – Extending the 'backdating' provisions within the scheme

20. Do you agree with this change to the scheme?

	Answer Choices		Response Percent	Response Total
1	Yes		70.00%	14
2	No		15.00%	3
3	Don't Know		15.00%	3
			answered	20
			skipped	16

21. If you disagree please explain why and what alternative would you propose?

	Answer Choices		Response Percent	Response Total
1	Open-Ended Question		100.00%	2
	1	Think it should stay at 3months as feel 12 people will take the mick		
	2	can you backdate on where you paid too much too?		
			answered	2
			skipped	34

12. Option 10 – Introducing a Minimum Income Floor for certain self employed applicants

22. Do you agree with this change to the scheme?			
Answer Choices		**Response Percent**	**Response Total**
1	Yes	50.00%	10
2	No	45.00%	9
3	Don't Know	5.00%	1
		answered	20
		skipped	16

23. If you disagree please explain why and what alternative would you propose?				
Answer Choices			**Response Percent**	**Response Total**
1	Open-Ended Question		100.00%	4
	1	The assumption is unfair		
	2	I don't think this would work, self-employed people can earn so much in a month thst they would not be entitled but much less the following month so they would need to reapply, this would mean lots of time spent by the council and the applicant being reassessed as they jump on and off the scheme		
	3	a lot doesn't go through the books		
	4	I believe Herefordshire has a higher proportion of self employed earners than the average for the region, also earnings are lower than the national average. Many of those who run small businesses or retail business in the market towns will have faced significant income reductions during the pandemic, and whilst local restriction grants and additional universal credit payments have provided financial support to many, this support will not be in place in 2022. By assuming people earn the national living wage, in line with universal credit rules, this will double the reduction in financial support they will get potentially resulting in businesses closing down. A proposed alternative would be to continue to base financial support on the actual net profit for 2022/2023 giving those businesses chance to recover after the pandemic and review the decision again for 2023/24.		
			answered	4
			skipped	32

13. Alternatives to changing the Council Tax Reduction Scheme

24. Increase the level of Council Tax to cover the rising administration costs.			
Answer Choices		**Response Percent**	**Response Total**
1	Yes	5.00%	1
2	No	95.00%	19

24. Increase the level of Council Tax to cover the rising administration costs.

3	Don't Know		0.00%	0
			answered	20
			skipped	16

25. Find the additional administration costs by cutting other Council Services.

	Answer Choices		Response Percent	Response Total
1	Yes		35.00%	7
2	No		60.00%	12
3	Don't Know		5.00%	1
			answered	20
			skipped	16

26. Please use this space to make any other comments on the proposed scheme.

	Answer Choices		Response Percent	Response Total
1	Open-Ended Question		100.00%	6

	1		Cap salaries over £100 000 . No increase and not replace anybody leaving at salary level
	2		I'm sure that staffing levels could be reviewed in the council to help with budgeting.
	3		I don't think it should be increased again. Everything is rising minus wages and it is putting a big strain on people. The costs of administration should come from elsewhere.
	4		I drove buses in Herefordshire and carried no people on some routes. Why are they in use?
	5		Reduce the tax for all. Stop wasting money on new buildings - moving - high wages - outrageous expense claims - over staffing - remove mid management and reduce the bill for all.
			Also review the social care subsidy - you need to check who you are paying and for what as there are millions being claimed where they shouldn't be
	6		In general the proposals to simplify the scheme, making it easier to understand and administer make sense. The removal of non-dependant deductions should improve council tax collection rates, and those with disabilities keep additional support. However I don't agree with reducing financial support to the self employed at this time. It is difficult to know from the information provided in this consultation how many people this will affect and by how much, but this could have an adverse effect on council tax collection rates and result in some small businesses being forced to close rather than face court summons for non payment of council tax.The Council is currently promoting 'the spirit of Herefordshire' and often quotes the value of small business enterprises, so why reduce financial support without giving these businesses time to recover from the pandemic?

			answered	6
			skipped	30

27. Please use the space below if you would like the Council to consider any other options (please state).

	Answer Choices			Response Percent	Response Total
1	Open-Ended Question			100.00%	4
	1		Reduce high salaried staff over £100 000		
	2		Raising admin costs will deprive applicants of much needed funds, which is an issue across many of the proposed schemes and cutting another service to fund the change will do the same albeit in a different way. Extremely careful consideration needs to be given to any changes to council tax as the ramifications are significant.		
	3		Cut the ceo salary and make the people in town councils pay for their own mistakes like ant other organisation not the people in general		
	4		Means test more - Investigate those that do claim as again, millions being claimed by those who are more than capable of getting a job. They prefer benefit rather than doing jobs "beneath" them. The money you save by getting rid of overpaid middle management and removing your bloated "moving / building" bills will pay for those investigators required to get rid of the false claimers, saving us yet more money.		
				answered	4
				skipped	32

28. If you have any further comments or questions to make regarding the Council Tax Reduction Scheme that you haven@SQ@t had opportunity to raise elsewhere, please use the space below.

	Answer Choices			Response Percent	Response Total
1	Open-Ended Question			100.00%	1
	1		As several of the proposed changes could apply to a household you have indicated there will be winners and losers, but the extent of the overall loss or gain on a particular household isn't easy to understand from the information provided in the consultation. Providing examples of the financial gain/loss on some households moving from the current scheme to the proposed scheme would help to form an overall opinion which may have resulted in a different response to the individual options.		
				answered	1
				skipped	35

14. About You

29. Are you completing this form on behalf of an organisation or group?

	Answer Choices		Response Percent	Response Total
1	Yes		5.00%	1
2	No		95.00%	19
		answered	20
		skipped	16

If yes, please tell us the name of the organisation/group and add any other comments you wish to make.			
Answer Choices		**Response Percent**	**Response Total**
1	Open-Ended Question	100.00%	1
	1	Red Lion Public House, Cradley WR13 5NN	
		answered	1
		skipped	35

15. Questions for Individuals

30. Do you live in Herefordshire?			
Answer Choices		**Response Percent**	**Response Total**
1	Yes	100.00%	18
2	No	0.00%	0
		answered	18
		skipped	18

31. Are you currently receiving Council Tax Reduction?			
Answer Choices		**Response Percent**	**Response Total**
1	Yes	5.56%	1
2	No	94.44%	17
		answered	18
		skipped	18

32. Are you or your partner in work or self employed?			
Answer Choices		**Response Percent**	**Response Total**
1	Yes	70.59%	12
2	No	29.41%	5
		answered	17
		skipped	19

33. Are you liable to pay Council Tax?

	Answer Choices		Response Percent	Response Total
1	Yes		94.12%	16
2	No		5.88%	1
			answered	17
			skipped	19

34. Do you have three or more pre-school or school age children in your household?

	Answer Choices		Response Percent	Response Total
1	Yes		11.76%	2
2	No		88.24%	15
			answered	17
			skipped	19

35. Are you currently serving in the Armed Forces?

	Answer Choices		Response Percent	Response Total
1	Yes		0.00%	0
2	No		100.00%	17
			answered	17
			skipped	19

36. What is your sex?

	Answer Choices		Response Percent	Response Total
1	Male		29.41%	5
2	Female		52.94%	9
3	Prefer not to say		17.65%	3
			answered	17
			skipped	19

37. What is your age

	Answer Choices		Response Percent	Response Total
1	18-24		0.00%	0
2	25-34		23.53%	4
3	35-44		11.76%	2
4	45-54		29.41%	5
5	55-64		11.76%	2
6	65-74		0.00%	0
7	75-84		5.88%	1
8	85+		0.00%	0
9	Prefer not to say		17.65%	3
			answered	17
			skipped	19

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

	Answer Choices		Response Percent	Response Total
1	Yes		11.76%	2
2	No		76.47%	13
3	Don't know		0.00%	0
4	Prefer not to say		11.76%	2
			answered	17
			skipped	19

39. Ethnic Origin: What is your ethnic group?

	Answer Choices		Response Percent	Response Total
1	Prefer not to say		23.53%	4
2	White British		76.47%	13
3	White Irish		0.00%	0
4	White Gypsy or Irish Traveller		0.00%	0
5	Any other White background		0.00%	0

39. Ethnic Origin: What is your ethnic group?

6	Mixed/Multiple ethnic groups - White & Black African		0.00%	0
7	Mixed/Multiple ethnic groups - White & Black Caribbean		0.00%	0
8	Mixed/Multiple ethnic groups - White & Asian		0.00%	0
9	Any other multi mixed background		0.00%	0
10	Asian or Asian British Pakistani		0.00%	0
11	Asian or Asian British Indian		0.00%	0
12	Asian or Asian British Bangladeshi		0.00%	0
13	Asian or Asian British Chinese		0.00%	0
14	Any other Asian background		0.00%	0
15	Black African		0.00%	0
16	British Caribbean		0.00%	0
17	Black British		0.00%	0
18	Any other Black background		0.00%	0
			answered	17
			skipped	19

40. Other ethnic group?

Answer Choices		Response Percent	Response Total
1	Open-Ended Question	0.00%	0
No answers found.			
		answered	0
		skipped	36

Herefordshire Council

Title of report: 2022/23 Capital Investment Budget and Capital Strategy Update

Meeting: Council

Meeting date: Friday 11 February 2022

Report by: Leader of the Council

Classification

Open

Decision type

Budget and policy framework

Wards affected

(All Wards);

Purpose

To approve the capital investment budget and capital strategy for 2022/23 onwards.

Appendix A provides details of the proposed additions to the existing capital programme that have been identified and the impact of approving these additions. Twelve capital investment budget proposals totalling £32.08m have been identified, to be funded by capital grants (£13.01m), returns on capital investment (£5.55m), use of capital receipts reserve (£1.5m) and prudential borrowing (£12.02m).

In line with the Chartered Institute of Public Finance and Accountability (CIPFA) requirements a capital strategy has been written to reflect future direction for capital investment, the strategy is included at appendix D and in line with the guidelines requires Council approval.

Recommendation(s)
That Council:

a) **approve the proposed capital programme from 2022/23 attached at appendix C; and**

b) **approve the capital strategy at appendix D.**

Further information on the subject of this report is available from
Karen Morris, email: karen.morris1@herefordshire.gov.uk

Alternative options

1. It is open to Council to propose alternative capital investment options to Council. Any amendment to proposals put forward by Cabinet, must have been discussed with the relevant service director to determine the context and possible consequences of the proposal and have secured confirmation from the chief finance officer that the action proposed is achievable.

2. A capital strategy is required in accordance with the statutory guidance issued by The Chartered Institute of Public Finance and Accountancy (CIPFA), there is discretion on content of the strategy but we have applied the guidelines within the draft.

Key considerations

3. The capital programme reflects capital investment generating benefit to the county for a period in excess of one year.

4. The current approved capital programme and forecast outturn is provided at appendix B. The profiling of the capital spend and forecasting against budget is reported to Cabinet in the quarterly performance report, which includes an up to date forecast of the timing of capital spend.

5. The approved capital programme has been updated to show changes to external funding secured for 2021/22 onwards. Since approval of the programme at February 2021 full Council, an additional £52.49m has been added to the capital programme (some are reductions in assumed grant or estimates based on previous annual grant awards), as follows:

    a. £3.194m increase to the estimated Local Transport Plan (LTP) Grant from the Department for Transport (DfT) to assist towards maintaining the local network.

    b. £0.066m increase to the estimated schools maintenance grant from the Department for Education (DfE) to help relief the backlog of maintenance required.

    c. £0.416m increase to the estimated Disabled Facilities Grant (DFG) awarded in 2021/22, this grant contributes towards the costs of adaptations to allow disabled people to remain living in their own homes.

    d. £0.428m increase to the Marches Business Investment Programme to award grants to local businesses dependent on a successful bid.

    e. £0.039m Sustainable Energy in Public Buildings adjustment to match the grant award to part fund energy improvement works

    f. £1.34m Green Homes Grant – Local Authority Delivery awarded from the Business, Energy and Industrial Strategy (BEIS) for the second phase.

    g. £0.648 High Needs Grant allocated from the DFE in year, yet to be agreed on how it will be spent.

    h. £0.675m Local Enterprise Partnership (LEP) grant award from the growth fund to help with further infrastructure works in the Hereford Enterprise Zone.

    i. £36.816m estimated annual LTP grant for the next 3 years based on historical annual awards of £12.272m for each year from 2022/23 onwards.

    j. £2.390m estimated annual schools maintenance grant for the 2 future years based on historical annual awards.

    k. £6.0m estimated annual DFG for the next 3 years based on historical annual awards.

l. (£0.2m) reduction in the final Leominster Heritage Action Zone Grant award from £2m to £1.8m.

m. £0.25m initial allocation of the Stronger Towns Grant for the Museum project.

n. £0.15m initial allocation of the Stronger Towns Grant for the Maylords project.

o. £0.278m allocation was West Mercia Police to install additional CCTV cameras.

6. The only other change to the capital programme was the approval by the S151 officer to utilise £0.56m of revenue reserves towards the urgent works at Halo sites due to flooding.

7. As part of the 2022/23 budget setting process, priority capital investment needs for 2022/23 have been identified.

8. All proposals were submitted based on needs, and are included in appendix A along with a description of what each proposal includes. Due to the change in work requirements over the last couple of years it is also proposed to amend the naming of the Better Ways of Working to Flexible Futures to enable a new look at the way in which the Council should best deliver its services.

9. Cabinet completed an informal review of all prospective capital funding requests and all were progressed and included in this report.

10. The informal review was carried out to ensure all funding requests were manageable within the current borrowing limits in the medium term financial strategy and retains approximately £14m in the capital receipts reserve. Although borrowing in advance for 2022/23 projects, using allocated funding for 2023/24 it is understood that the balance of grants held in advance,S106 balances and other reserves this will offset any borrowing requirements.

11. Approval of provision in the capital programme is not approval to proceed. Each project will be subject to its own governance, a full business case before any spend may be incurred and comply with the council's contract procedure rules as applicable.

12. The capital strategy has been developed in accordance with CIPFA guidelines. The purpose of the capital strategy is to tell a story that gives a clear and concise view of how the council determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite. It should not duplicate other more detailed policies, procedures and plans but instead sit above these and reference these to allow those seeking more detail to know where to find it. That said it should provide sufficient detail so that it provides an accessible single source for the reader.

Community impact

13. In accordance with the adopted code of corporate governance, Herefordshire Council achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Determining the right mix of these is an important strategic choice to make to ensure intended outcomes are achieved. The council needs robust decision making mechanisms to ensure our outcomes can be achieved in a way that provides the best use of resources while still enabling efficient and effective operations.

14. The capital investment proposals support the overall corporate plan and service delivery strategies in place. The overall aim of capital expenditure is to benefit the community through improved facilities and by promoting economic growth. A specific community impact assessment, including any health and safety implications or corporate parenting responsibilities, will be included in the decision report required for any new capital scheme commencing and incurring spend.

Environmental Impact

15. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

16. Whilst this overarching budget setting document will not detail specific environmental impacts, consideration is always made to minimising waste and resources use in line with the council's Environmental Policy. A specific environmental impact assessment for the service specific budget proposals will be considered as appropriate to seek to minimise any adverse environmental impact and actively seek opportunities to improve and enhance environmental performance. An initial environmental assessment has been included in the outline business cases that were reviewed at Scrutiny and these will be developed and scoped for each project when they seek approval to spend and a separate governance decision.

Equality duty

17. 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.

18. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. An equality impact assessment (EIA) will be carried out prior to any new scheme commencing and will form part of the approval proves required ahead of incurring capital spend.

Resource implications

19. The proposed additions at appendix A total £32.08m over the next four years. Of this £13.01m is proposed to be funded from capital grants in relation to the Stronger Towns Fund, with £5m being dependent on a successful lottery bid and use of £1.5m from the capital receipts reserve. There is no use redirected revenue funding. This leaves £17.57m requiring financing from prudential borrowing (PB). Of this the cost of financing £5.55m of prudential borrowing repayment costs will be funded from revenue savings on rental fees, additional revenue streams from rental and entrance fees etc at the museum. Therefore additional costs of financing £12.02m prudential borrowing will be funded by the corporate revenue budget. Where projects are in the capital programme but they depend on grant, if the grant request is not successful, the full project including any match funding will be removed unless a revised project is approved within the revised allocations.

Scheme	Capital Grant funding £000	Redirected funding £000	Capital receipt funding £000	Funded by ROI £000	Corporate Funded PB £000	Total Request £000
Residual property works identified in the 2019 condition reports	0.0	0.0	0.0	0.0	1,391.6	1,391.6
Estates Building Improvement Programme 22-25	0.0	0.0	0.0	0.0	3,007.0	3,007.0
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)	0.0	0.0	0.0	0.0	490.0	490.0
Primary Data Storage Area Network (Plough Lane)	0.0	0.0	0.0	0.0	335.0	335.0
Public Realm Maintenance - Mitigating Risk on the Network	0.0	0.0	0.0	0.0	4,950.0	4,950.0
Winter Resilience	0.0	0.0	0.0	0.0	1,402.0	1,402.0
My Account	0.0	0.0	0.0	0.0	443.0	443.0
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	9,750.0	0.0	0.0	5,000.0	0.0	14,750.0
Stronger Towns Fund - Greening the City	409.9	0.0	0.0	0.0	0.0	409.9
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre	2,850.0	0.0	0.0	0.0	0.0	2,850.0
Herefordshire Hoard	0.0	0.0	1,500.0	0	0.0	1,500.0
Highways Equipment	0.0	0.0	0.0	548.0	0.0	548.0
Total	**13,009.9**	**0.0**	**1,500.0**	**5,548.0**	**12,018.6**	**32,076.5**

20. The corporate revenue implications of securing this new borrowing is supported in the current Medium Term Financial Strategy and Treasury Management Strategy which included an estimation of £6.7m new prudential borrowing per annum over the strategy period.

Funding Position	22/23	23/24	24/25	Future Years	Total
Total Corporate Borrowing Required	**8,100.6**	**2,929.0**	**554.0**	**435.0**	**12,018.6**
Annual Funding Limit	6,700.0	6,700.0	6,700.0	-	20,100.0
Unspent 20/21 borrowing to reallocate	503.3	-	-	-	503.3
Unspent 21/22 borrowing estimated	1,500.0	-	-	-	1,500.0
Hereford Transport Package	3,750.0	-	-	-	3,750.0
Allocated Previously	- 6,826.6	- 66.0	- 10.0	-	- 6,902.6

Total Funding Available	5,626.7	6,634.0	6,690.0	0.0	18,950.7
Funding Variance	-2,473.8	3,705.0	6,136.0	-435.0	6,932.2

21. The additional borrowing requirement is reflected in an update to the Treasury Management Strategy as shown in the report appearing elsewhere on the Council's agenda today [11 February 2022] with actual borrowing being secured, as cash funding is required at the optimal interest rate available at that time. Although the above table reflects advance borrowing of the 2023/24 allowance it is believed the additional cash balances held in reserves and slippage of the capital programme each year will ensure the costs of borrowing for these new projects will be offset within the existing budget.

22. Individual capital scheme resourcing implications will be detailed in the approval to precede decision. Appendix E contains the outline business cases for each of the new projects.

Legal implications

23. The council is under a legal duty to sensibly manage capital finance. The council is able to borrow subject to limits set by the council, any nationally imposed limits, and it must do so in accordance with the prudential code on borrowing.

24. The Local Government Act 2003 allows the council to borrow for any purpose relevant to its functions under any enactment and for the purposes of the prudent management of its financial affairs.

25. In accordance with the Council's constitution full Council is responsible for adopting the capital investment budget (referred to above as the capital programme) for the next financial year. Local authorities deliver a range of services some of which are required to be undertaken under statutory duties and others which are a discretionary use of statutory powers. Local Authorities' powers and duties are defined by legislation. The Localism Act 2011 provides a General Power of Competence under Section 1, which provides local authorities with the power to do anything that an individual may do, subject to limitations. Capital expenditure is defined under the Local Government Act 2003. It is therefore not only schemes that are necessary for the council to meet its statutory duties, which can be approved. Any scheme must be procured in accordance with the council's own contract procedure rules and appropriate contractual documentation put in place to protect the council's interests.

26. Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on the Council's budget if he or she has an outstanding council tax debt of over two months. If a councillor who is precluded from voting is present at any meeting at which relevant matters are discussed, he or she must disclose that section 106 applies and may not vote. Failure to comply is a criminal offence.

27. In accordance with the budget and policy framework, rules in the constitution the general scrutiny committee shall inform and support the process for making cabinet proposals to Council. General Scrutiny Committee considered the capital investment budget at appendix A at its meeting on 27 January 2022, as referred to in the consultees section of this report. As such, the proposals in appendix C and D have been developed in accordance with the constitution.

28. Cabinet shall have regard to scrutiny recommendations and the responses to the consultation as have been made to it in drawing up or amending draft proposals for submission to Council, and its report to Council shall reflect those recommendations, comments, and the cabinet's response to them.

Risk management

29. Monthly budget control meetings give assurance to the Chief Finance Officer on the robustness of budget control and monitoring, to highlight key risks and to identify any mitigation to reduce the impact of pressures in the council's overall position for example through phasing of spend, identifying and securing scheme changes or alternative funding sources.

30. Capital projects inherently give rise to risks in their delivery, both in time and budget. Individual scheme reporting and associated project boards exist to mitigate these risks. Furthermore slower delivery than forecast can mean the strategic ambitions are not being met as planned. A review of capital processes has taken place and the recommendations to help mitigate scheme risks are in the process of being put in place once approved. All projects are expected to be managed through the programme management office once resources are in place, so further mitigating the risk of overspend or delays.

31. The proposed additions have been reviewed in relation to risks, both in deliverability, costs, impact and associated scheme interdependencies. The individual scheme detail of the risks will be provided as individual schemes progress to approval to deliver.

Consultees

32. Local consultation with parish and town councils, businesses and organisations was completed in September 2021, 10 events were held with 50 participants. Responses supported:-

    - Over 50% of respondents supported borrowing more to support the wider aims of the council. Although there was caution and more information requested on the cost of repaying this borrowing for future generations if not used for projects that create a positive return to repay this borrowing.

    - Of the split of where this should be spent the top 3 were adult social care eg care homes, roads maintenance and childrens services for respite and children in care. Of these only a care home is likely to have a return on investment so further work would be required to ensure the revenue cost to repay the borrowing is understood.

33. An online public consultation was open between 27 August 2021 and closed on 4 October 2021 in the form of a Residents Survey. There were 134 respondents which is unlikely to be representative of the full population points of view.

34. The main focus of the consultation was on council tax setting and the savings that needed to be identified to enable a balance budget to be presented due to the current pressures.

35. However similar questions to those asked at the events in September 2021 were asked.

    - Similarly 58% of respondents agreed the council should borrow more to achieve its wider aims.

    - Only these 58% were asked to rank where this should be spent, it was again the same top 3 but ordered by weighted score, with childrens services, road maintenance and adult social care in that order.

36. Currently roads maintenance is a high proportion of the capital budget although a significant amount of that is funded by an annual LTP grant and there is currently a budget for the provision of a care home. Childrens services are currently reviewing its services and identifying the costs that would be needed to provide services for both capital investment and ongoing revenue costs, when any business cases progress they will be reviewed to identify where the funding could be sourced or what savings would be required to fund the borrowing repayments and any future running costs.

37. The proposed capital investment budget additions were presented to a general scrutiny workshop in December 2021 however the public meeting needed to be cancelled and so were presented at the re arranged public meeting on the 27 January 2022. There were two recommendations that related to capital budgets at the meeting, detailed with responses in the table below reported as a supplementary paper to Cabinet on 31 January 2022. The response of Cabinet is set out below:

Recommendation g)	The capital investment in highway maintenance in market towns is welcomed.
Executive Response	Noted.

Recommendation h)	Consideration be given to the use of 50% of the capital surplus for highways in 2023/24 and 2024/25
Executive response	Whilst the budget setting process mainly focuses on next year's budget (year 1), we acknowledge that consideration should be given to the use of 50% of the capital surplus for highways in 2023/24 (year 2) and 2024/25 (year 3). We are currently working on the projects for the refurbishment of Shire Hall and HCCTP, city centre transport programme. The council do currently have headroom in the capital programme in future years and we will commit to undertake a value for money (VFM) audit and lessons learned exercise in 2022 on the previous £20m capital injection and the projects it funded. This will inform decisions about how best to improve the condition of our core and non-core road networks. We would welcome scrutiny being involved in that process in the coming year so as to be better placed to understand the options available to us as we enter the budgeting process for the 2023/2024 budget.

38. Cabinet on 31 January 2022, considered the proposed capital programme and approved those proposals as set out in this report.

Appendices

Appendix A - Proposed capital investment additions for 2022/23

Appendix B - Current status of approved capital programme

Appendix C - Total proposed capital programme

Appendix D - Proposed Capital Strategy

Appendix E - Outline Business cases for capital investment proposals.

Background papers

None identified

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published
Governance   Matthew Evans, Democratic Services Officer   Date 01/02/2022
Finance   Andrew Lovegrove   Date 01/02/2022
Legal   Alice McAlpine   Date 04/01/2022
Communications   Luenne featherstone   Date 31/12/2021
Equality Duty   Carol Trachonitis   Date 04/01/2022
Procurement   Mark Cage   Date 05/01/2022
Risk   Kevin Lloyd   Date 05/01/2022

Approved by   Kate Charlton   Date 02/02/2022

Capital Funding Requests for approval

Scheme	Current Capital Programme £000	Total 22/23 £000	Total 23/24 £000	Total 24/25 £000	Total Future Years £000	Capital Grant funding £000	Redirected funding £000	Capital receipt funding £000	Funded by ROI £000	Corporate Funded PB £000	Total Request £000
Residual property works identified in the 2019 condition reports		1,291.6	100.0	0.0	0.0	0.0	0.0	0.0	0.0	1,391.6	1,391.6
Estates Building Improvement Programme 22-25		1,454.0	1,289.0	264.0	0.0	0.0	0.0	0.0	0.0	3,007.0	3,007.0
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)		490.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	490.0	490.0
Primary Data Storage Area Network (Plough Lane)		335.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	335.0	335.0
Public Realm Maintenance - Mitigating Risk on the Network		3,685.0	1,265.0	0.0	0.0	0.0	0.0	0.0	0.0	4,950.0	4,950.0
Winter Resilience		532.0	145.0	290.0	435.0	0.0	0.0	0.0	0.0	1,402.0	1,402.0
My Account		313.0	130.0	0.0	0.0	0.0	0.0	0.0	0.0	443.0	443.0
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	250.0	750.0	6,700.0	7,300.0	0.0	9,750.0	0.0	0.0	5,000.0	0.0	14,750.0
Stronger Towns Fund - Greening the City		229.9	180.0	0.0	0.0	409.9	0.0	0.0	0.0	0.0	409.9
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre	150.0	620.0	2,230.0	0.0	0.0	2,850.0	0.0	0.0	0.0	0.0	2,850.0
Herefordshire Hoard		1,500.0	0.0	0.0	0.0	0.0	0.0	1,500.0	0.0	0.0	1,500.0
Highways Equipment		548.0	0.0	0.0	0.0	0.00	0.00	0.00	548.0	0.00	548.0
Total	**400.0**	**11,748.5**	**12,039.0**	**7,854.0**	**435.0**	**13,009.9**	**0.0**	**1,500.0**	**5,548.0**	**12,018.6**	**32,076.5**

Capital Funding Request Scheme Description

Scheme	Scheme Description
Residual property works identified in the 2019 condition reports	These are building works still required and been prioritised that were identified in the 2019 condition reports.
Estates Building Improvement Programme 22-25	The proposed Estate Building Improvement Programme is in respect of identified and prioritised property projects to be delivered from 2022/23.
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)	The project is to replace critical IT Network Infrastructure equipment which is coming to the end of its manufacturer supported life.
Primary Data Storage Area Network (Plough Lane)	The project is to replace critical IT Data Storage equipment which is coming to the end of its manufacturer supported life. Namely Plough Lane Storage Area Network (SAN) & Fibre Chanel Optical Switching (FC Switches).
Public Realm Maintenance - Mitigating Risk on the Network	Sustained Investment over the whole life of the highway asset – an ongoing programme of works that is targeted at treating the asset as identified and in doing so.
Winter Resilience	The purchase of a series of gritters and weather monitoring equipment as detailed in the business case to prevent the high costs involved in maintenance costs.
My Account	Replacement of MS Dynamics CRM system
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	The project aim is to completely repurpose the building into a contemporary new museum and exhibition centre.
Stronger Towns Fund - Greening the City	Greening the city project will significantly improve the appearance and attractiveness of the city through the commencement of a range of interrelated cycling/walking, greening, public realm, and digital connectivity projects - significantly enhancing Hereford as a place to visit, learn, live, work and invest.
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre	The purpose of the project is establish a new Learning Resource Centre (LRC), creating a mixed development to support the regeneration of the city centre as a whole, and to modernise the atrium space of Maylord Orchard Shopping Centre.
Herefordshire Hoard	Acquisition of the Herefordshire Hoard treasure. This is the treasure hoard that was found in the north of the county in 2015 but has been held by the British Museum since pending various court cases regarding the finders who tried to dispose of it illegally.

Highways Equipment	Purchase of a number of items of equipment to reduce the rental costs to the Council by owning the equipment it costs less per annum over the life of the asset.

Capital Programme position December 2021/22

Scheme Name	Spend in Prior Years	2021/22 Total Budget	2021/22 Forecast Q3	2021/22 Variance	2022/23 Total Budget	2023/24 Total Budget	2024/25 onwards Total Budget	Total scheme budget	Capital receipts	Grant & funding cont	Prudential borrowing	Total	Prior Years	Total Funding
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Hereford City Centre Transport Package	34,042	1,789	1,789	0	1,880	2,940	0	40,651			6,609	6,609	34,042	40,651
Hereford City Centre Improvements (HCCI)	178	1,925	1,925	0	2,947	950	0	6,000		2,839	2,982	5,822	178	6,000
Hereford ATMs and Super Cycle Highway		1,000	0	(1,000)	0	0	0	1,000			1,000	1,000	0	1,000
Emergency Active travel Fund	19	119	0	(119)	0	0	0	137		119		119	19	137
Passenger Transport Fleet (Electric)	0	0	0	0	7,800	15,600	15,600	39,000		35,000	4,000	39,000	0	39,000
Transport & Place Making Delivery Board	**34,239**	**4,832**	**3,713**	**(1,118)**	**12,627**	**19,490**	**15,600**	**86,788**	**0**	**37,958**	**14,591**	**52,549**	**34,239**	**86,788**
Local Transport Plan (LTP)		15,466	15,466		12,272	12,272	12,272	52,282		52,282		52,282		52,282
Pothole & Challenge Fund 20/21	5,311	2,363	2,363	0	0	0	0	7,674		2,363		2,363	5,311	7,674
Priority Flood Repair Works	1,547	853	853	0	1,627	0	0	4,027			2,480	2,480	1,547	4,027
E & P's S106		784	784	0	0	0	0	784		784		784	0	784
Extra Ordinary Highways Maintenance & Biodiversity Net Gain		1,369	1,194	(175)	930	0	0	2,299			2,299	2,299	0	2,299
Investment in Infrastructure Assets	943	1,057	895	(161)	0	0	0	2,000			1,057	1,057	943	2,000
Highway asset management		1,868	1,868	0	0	0	0	1,868			1,868	1,868	0	1,868
Highways Maintenance Delivery Board	**7,802**	**23,759**	**23,423**	**(336)**	**14,829**	**12,272**	**12,272**	**70,935**	**0**	**55,429**	**7,704**	**63,132**	**7,802**	**70,935**
Integrated Wetlands	66	775	450	(325)	1,159	0	0	2,000		1,934		1,934	66	2,000
Marches Renewable Energy Grant	159	261	261	0	0	0	0	420		261		261	159	420
Solar Photovoltaic Panels	642	350	180	(170)	1,142	0	0	2,134			1,492	1,492	642	2,134
SEPUBU Grant	76	101	45	(56)	255	0	0	432		356		356	76	432
Warm Homes Fund	491	469	131	(338)	0	0	0	960		469		469	491	960
Schools Transport Route Planning	74	16	15	(1)	0	0	0	90			16	16	74	90
Air Quality Monitoring Station Resource Improvements		192	0	(192)	0	0	0	192		192		192	0	192
Green Homes Grant - Local Authority Delivery		1,820	390	(1,430)	0	0	0	1,820		1,820		1,820	0	1,820
Sustainable Landscape Sustainable Places	163	31	31	0	0	0	0	195		31		31	163	195
Environment & Sustainability Delivery Board	**1,671**	**4,016**	**1,503**	**(2,513)**	**2,556**	**0**	**0**	**8,243**	**0**	**4,871**	**1,700**	**6,572**	**1,671**	**8,243**
Hereford Enterprise Zone	12,111	2,336	1,986	(350)	500	0	0	14,947	2,836			2,836	12,111	14,947
Hereford Enterprise Zone - Further funded dev	5,297	135	135	0	0	0	0	5,432		135		135	5,297	5,432
Hereford Enterprise Zone - Infrastructure Works		675	675	0	0	0	0	675		675		675	0	675
Herefordshire Enterprise Zone Shell Store	6,923	393	97	(296)	0	0	0	7,316		94	299	393	6,923	7,316
Marches Business Investment Programme	701	1,250	1,250	0	1,273	205	0	3,428		2,728		2,728	701	3,428
Employment Land & Incubation Space in Market Towns	341	0	0	0	9,265	10,350	745	20,701	7,214	2,053	11,093	20,360	341	20,701
Leominster Heritage Action Zone		1,009	428	(581)	2,217	374	0	3,600	1,800	1,800		3,600	0	3,600
Safer Streets / CCTV		278	278	0	0	0	0	278		278		278	0	278
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment		250	250	0	0	0	0	250		250		250	0	250
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre		150	150	0	0	0	0	150		150		150	0	150
Development Partnership activties	10,415	346	(0)	(346)	4,422	5,418	0	20,600	140		10,045	10,185	10,415	20,600
Economic Development Delivery Board	**35,788**	**6,822**	**5,249**	**(1,573)**	**17,677**	**16,346**	**745**	**77,378**	**11,989**	**8,163**	**21,438**	**41,590**	**35,788**	**77,378**
Fastershire Broadband	21,460	7,259	3,849	(3,410)	7,020	0	0	35,738		5,311	8,967	14,278	21,460	35,738
PC Replacement	819	349	549	200	349	0	0	1,516		697		697	819	1,516
Electronic Document Management Storage	24	356	295	(61)	0	0	0	380		356		356	24	380
Capital Development Fund		250	0	(250)	750	0	0	1,000		1,000		1,000	0	1,000
Technology Enabled Communities	38	462	177	(285)	1,000	0	0	1,500		1,462		1,462	38	1,500
Better Ways of Working	22	260	139	(121)	568	0	0	850			828	828	22	850
Corporate & Digital Delivery Board	**22,363**	**8,935**	**5,008**	**(3,927)**	**9,686**	**0**	**0**	**40,984**	**0**	**7,773**	**10,848**	**18,621**	**22,363**	**40,984**
Colwall Primary School		66	4	(62)	0	0	0	66	0		66	66		66
Schools Capital Maintenance Grant		2,410	458	(1,953)	1,195	1,195	1,195	5,995		5,995	0	5,995	0	5,995

Peterchurch Area School Investment	10	300	200	(100)	3,193	7,350	0	10,853	5,655		5,188	10,843	10	10,853
Expansion for Marlbrook school	5,642	499	228	(271)	0	0	0	6,141		0	499	499	5,642	6,141
Brookfield School Improvements	141	283	100	(183)	3,520	0	0	3,945	1,195	713	1,895	3,803	141	3,945
High Needs Grant		648	0	(648)	0	0	0	648		648	648	648		648
C & F's S106		554	554	0	0	0	0	554		554		554	0	554
Healthy Pupils	91	8	8	0	0	0	0	99		8		8	91	99
Short Breaks Capital	19	99	13	(86)	0	0	0	118		99		99	19	118
Basic Needs Funding		2,080	2,080	0	3,426	3,385	0	8,891		8,629	262	8,891	0	8,891
Preliminary works to inform key investment need throughout the county	35	481	220	(261)	0	0	0	516			481	481	35	516
School Accessibility Works		240	108	(132)	0	0	0	240			240	240		240
Property Estate Enhancement Works		110	9	(101)	0	0	0	110			110	110	0	110
Leisure Centres	221	147	73	(74)	0	0	0	368			147	147	221	368
Leisure Pool	317	244	199	(45)	0	0	0	561		56	188	244	317	561
Estates Capital Programme 2019/22	1,439	3,835	1,994	(1,841)	1,628	0	0	6,902			5,463	5,463	1,439	6,902
Car Parking Strategy	151	95	54	(42)	0	0	0	246			95	95	151	246
Upgrade of Herefordshire CCTV	156	28	11	(18)	0	0	0	184			28	28	156	184
Grange Court Loan		359	0	(359)	0	0	0	359			359	359	0	359
Hereford Library	142	203	3	(200)	0	0	0	345			203	203	142	345
Temporary school accommodation replacement		450	0	(450)	0	0	0	450			450	450	0	450
Schools & Corporate Property Assets Delivery Board	**8,365**	**13,141**	**6,316**	**(6,825)**	**12,962**	**11,930**	**1,195**	**47,593**	**6,850**	**16,703**	**15,675**	**39,228**	**8,365**	**47,593**
Disabled facilities grant		2,538	2,538	0	2,000	2,000	2,000	8,538		8,538		8,538	0	8,538
Hillside	559	1,841	52	(1,789)	150	150	0	2,550	1,991			1,991	559	2,550
Carehome & Extra Care Development		0	0	0	1,050	8,150	4,800	14,000	6,081	451	7,468	14,000	0	14,000
Super Hubs		0	0	0	2,000	0	0	2,000	2,000			2,000	0	2,000
Homelessness Hub & Property Investment	60	44	44	0	0	0	0	104		44		44	60	104
Empty Property Investment & Development		810	810	0	1,088	0	0	1,898			1,898	1,898	0	1,898
Gypsy & Traveller Pitch development	694	608	88	(521)	575	0	0	1,877			1,183	1,183	694	1,877
Strategic Housing Development	7	1,674	477	(1,197)	10,000	8,319	0	20,000			19,993	19,993	7	20,000
Private sector housing improvements	2	51	23	(28)	146	0	0	199	197			197	2	199
Housing Delivery Board	**1,322**	**7,565**	**4,031**	**(3,534)**	**17,009**	**18,469**	**6,800**	**51,165**	**10,268**	**9,032**	**30,542**	**49,843**	**1,322**	**51,165**
Total Capital Programme	**111,550**	**69,070**	**49,244**	**(19,827)**	**87,346**	**78,507**	**36,612**	**383,085**	**29,108**	**139,929**	**102,499**	**271,535**	**111,550**	**383,085**

Key:

RCCO

Project Complete

21/22 Budget Position approved at February Council	90,485	97,870		66,634	21,179	10	276,178
Reprofile Budget		(69,436)		6,440	41,861	21,135	0
Grant/funding Movement		7,284		14,272	15,467	15,467	52,490
20/21 Carry Forward		33,296					33,296
Budget not carried forward for projects completed	(11,588)						(11,588)
Use of Reserve		56					56
Prior Spend adj closed projects and 20/21 one off grant excluded	32,652						32,652
Change in Capital Programme	**0**	**7,340**		**0**	**57,328**	**36,602**	**52,546**
							Note 1

Overall Change Financed By

	£000	£000		£000	£000	£000	£000
Prudential Borrowing							0
Grant and funding contributions (Inc Reserves)		7,340		14,272	15,467	15,467	52,546
Capital receipts							0
							0
	0	**7,340**		**14,272**	**15,467**	**15,467**	**52,546**

Capital Programme position April 2022/23

Scheme Name	Spend in Prior Years £000	2021/22 Total Budget £000	2022/23 Total Budget £000	2023/24 Total Budget £000	2024/25 onwards Total Budget £000	Total scheme budget £000	Capital receipts £000	Grant & funding cont £000	Prudential borrowing £000	Total £000	Prior Years £000	Total Funding £000
Hereford City Centre Transport Package	34,042	1,789	1,880	2,940	0	40,651	-	-	6,609	6,609	34,042	40,651
Hereford City Centre Improvements (HCCI)	178	1,925	2,947	950	0	6,000	-	2,839	2,982	5,822	178	6,000
Hereford ATMs and Super Cycle Highway	0	1,000	0	0	0	1,000	-	0	1,000	1,000	0	1,000
Emergency Active travel Fund	19	119	0	0	0	137	-	119	-	119	19	137
Passenger Transport Fleet (Electric)	0	0	7,800	15,600	15,600	39,000	-	35,000	4,000	39,000	0	39,000
Transport & Place Making Delivery Board	**34,239**	**4,832**	**12,627**	**19,490**	**15,600**	**86,788**	**0**	**37,958**	**14,591**	**52,549**	**34,239**	**86,788**
Local Transport Plan (LTP)	0	15,466	12,272	12,272	12,272	52,282	-	52,282	-	52,282	0	52,282
Pothole & Challenge Fund 20/21	5,311	2,363	0	0	0	7,674	-	2,363	-	2,363	5,311	7,674
Priority Flood Repair Works	1,547	853	1,627	0	0	4,027	-	-	2,480	2,480	1,547	4,027
E & P's S106	0	784	0	0	0	784	-	784	-	784	0	784
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	0	1,369	930	0	0	2,299	-	-	2,299	2,299	0	2,299
Public Realm Maintenance - Mitigating Risk on the Network	0	0	3,685	1,265	0	4,950	-	-	4,950	4,950	0	4,950
Winter Resilience	0	0	532	145	725	1,402	-	-	1,402	1,402	0	1,402
Highways Equipment	0	0	548	0	0	548	-	-	548	548	0	548
Investment in Infrastructure Assets	943	1,057	0	0	0	2,000	-	-	1,057	1,057	943	2,000
Highway asset management	0	1,868	0	0	0	1,868	-	-	1,868	1,868	0	1,868
Highways Maintenance Delivery Board	**7,802**	**23,759**	**19,594**	**13,682**	**12,997**	**77,835**	**0**	**55,429**	**14,604**	**70,032**	**7,802**	**77,835**
Integrated Wetlands	66	775	1,159	0	0	2,000	-	1,934	-	1,934	66	2,000
Marches Renewable Energy Grant	159	261	0	0	0	420	-	261	-	261	159	420
Solar Photovoltaic Panels	642	350	1,142	0	0	2,134	-	-	1,492	1,492	642	2,134
SEPUBU Grant	76	101	255	0	0	432	-	356	-	356	76	432
Warm Homes Fund	491	469	0	0	0	960	-	469	-	469	491	960
Schools Transport Route Planning	74	16	0	0	0	90	-	-	16	16	74	90
Air Quality Monitoring Station Resource Improvements	0	192	0	0	0	192	-	-	192	192	0	192
Green Homes Grant - Local Authority Delivery	0	1,820	0	0	0	1,820	-	1,820	-	1,820	0	1,820
Sustainable Landscape Sustainable Places	163	31	0	0	0	195	-	31	-	31	163	195
Environment & Sustainability Delivery Board	**1,671**	**4,016**	**2,556**	**0**	**0**	**8,243**	**0**	**4,871**	**1,700**	**6,572**	**1,671**	**8,243**
Hereford Enterprise Zone	12,111	2,336	500	0	0	14,947	2,836	-	-	2,836	12,111	14,947
Hereford Enterprise Zone - Further funded dev	5,297	135	0	0	0	5,432	-	135	-	135	5,297	5,432
Hereford Enterprise Zone - Infrastructure Works	0	675	0	0	0	675	-	675	-	675	0	675
Herefordshire Enterprise Zone Shell Store	6,923	393	0	0	0	7,316	-	94	299	393	6,923	7,316
Marches Business Investment Programme	701	1,250	1,273	205	0	3,428	-	2,728	-	2,728	701	3,428
Employment Land & Incubation Space in Market Towns	341	0	9,265	10,350	745	20,701	7,214	2,053	11,093	20,360	341	20,701
Leominster Heritage Action Zone	0	1,009	2,217	374	0	3,600	1,800	1,800	-	3,600	0	3,600
Safer Streets / CCTV	0	278	0	0	0	278	-	278	-	278	0	278
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	0	250	750	6,700	7,300	15,000	-	10,000	5,000	15,000	0	15,000
Stronger Towns Fund - Greening the City	0	0	230	180	0	410	-	410	-	410	0	410
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre	0	150	620	2,230	0	3,000	-	3,000	-	3,000	0	3,000
Herefordshire Hoard	0	0	1,500	0	0	1,500	1,500	-	-	1,500	0	1,500
Development Partnership activties	10,415	346	4,422	5,418	0	20,600	140	-	10,045	10,185	10,415	20,600
Economic Development Delivery Board	**35,788**	**6,822**	**20,777**	**25,456**	**8,045**	**96,888**	**13,489**	**21,173**	**26,438**	**61,100**	**35,788**	**96,888**
Fastershire Broadband	21,460	7,259	7,020	0	0	35,738	-	5,311	8,967	14,278	21,460	35,738
PC Replacement	819	349	349	0	0	1,516	-	-	697	697	819	1,516
Electronic Document Management Storage	24	356	0	0	0	380	-	-	356	356	24	380
Capital Development Fund		250	750	0	0	1,000	-	1,000	-	1,000	0	1,000
Technology Enabled Communities	38	462	1,000	0	0	1,500	-	1,462	-	1,462	38	1,500
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)	0	0	490	0	0	490	-	-	490	490	0	490

Primary Data Storage Area Network (Plough Lane)	0	0	335	0	0	335	-	-	335	335	0	335
My Account	0	0	313	130	0	443	-	-	443	443	0	443
Flexible Futures	22	260	568	0	0	850	-	-	828	828	22	850
Corporate & Digital Delivery Board	**22,363**	**8,935**	**10,824**	**130**	**0**	**42,252**	**0**	**7,773**	**12,116**	**19,889**	**22,363**	**42,252**
Colwall Primary School	0	66	0	0	0	66	-	-	66	66	0	66
Schools Capital Maintenance Grant	0	2,410	1,195	1,195	1,195	5,995	-	5,995	0	5,995	0	5,995
Peterchurch Area School Investment	10	300	3,193	7,350	0	10,853	5,655	-	5,188	10,843	10	10,853
Expansion for Marlbrook school	5,642	499	0	0	0	6,141	-	-	499	499	5,642	6,141
Brookfield School Improvements	141	283	3,520	0	0	3,945	1,195	713	1,895	3,803	141	3,945
High Needs Grant	0	648	0	0	0	648	-	648	-	648		648
C & F's S106	0	554	0	0	0	554	-	554	-	554	0	554
Healthy Pupils	91	8	0	0	0	99	-	8	-	8	91	99
Short Breaks Capital	19	99	0	0	0	118	-	99	-	99	19	118
Basic Needs Funding	0	2,080	3,426	3,385	0	8,891	-	8,629	262	8,891	0	8,891
Preliminary works to inform key investment need throughout the county	35	481	0	0	0	516	-	-	481	481	35	516
School Accessibility Works	0	240	0	0	0	240	-	-	240	240		240
Property Estate Enhancement Works	0	110	0	0	0	110	-	-	110	110	0	110
Leisure Centres	221	147	0	0	0	368	-	-	147	147	221	368
Leisure Pool	317	244	0	0	0	561	-	56	188	244	317	561
Estates Capital Programme 2019/22	1,439	3,835	1,628	0	0	6,902	-	-	5,463	5,463	1,439	6,902
Residual property works identified in the 2019 condition reports	0	0	1,292	100	0	1,392	-	-	1,392	1,392	0	1,392
Estates Building Improvement Programme 22-25	0	0	1,454	1,289	264	3,007	-	-	3,007	3,007	0	3,007
Car Parking Strategy	151	95	0	0	0	246	-	-	95	95	151	246
Upgrade of Herefordshire CCTV	156	28	0	0	0	184	-	-	28	28	156	184
Grange Court Loan	0	359	0	0	0	359	-	-	359	359	0	359
Hereford Library	142	203	0	0	0	345	-	-	203	203	142	345
Temporary school accommodation replacement	0	450	0	0	0	450	-	-	450	450	0	450
Schools & Corporate Property Assets Delivery Board	**8,365**	**13,141**	**15,708**	**13,319**	**1,459**	**51,992**	**6,850**	**16,703**	**20,074**	**43,627**	**8,365**	**51,992**
Disabled facilities grant	0	2,538	2,000	2,000	2,000	8,538	-	8,538	-	8,538	0	8,538
Hillside	559	1,841	150	0	0	2,550	1,991	-	-	1,991	559	2,550
Carehome & Extra Care Development	0	0	1,050	8,150	4,800	14,000	6,081	451	7,468	14,000	0	14,000
Super Hubs	0	0	2,000	0	0	2,000	2,000	-	-	2,000	0	2,000
Homelessness Hub & Property Investment	60	44	0	0	0	104	-	44	-	44	60	104
Empty Property Investment & Development	0	810	1,088	0	0	1,898	-	-	1,898	1,898	0	1,898
Gypsy & Traveller Pitch development	694	608	575	0	0	1,877	-	-	1,183	1,183	694	1,877
Strategic Housing Development	7	1,674	10,000	8,319	0	20,000	-	-	19,993	19,993	7	20,000
Private sector housing improvements	2	51	146	0	0	199	197	-	-	197	2	199
Housing Delivery Board	**1,322**	**7,565**	**17,009**	**18,469**	**6,800**	**51,165**	**10,268**	**9,032**	**30,542**	**49,843**	**1,322**	**51,165**
Total Capital Programme	**111,550**	**69,070**	**99,094**	**90,546**	**44,901**	**415,162**	**30,608**	**152,938**	**120,065**	**303,612**	**111,550**	**415,162**

Key:

RCCO
Project Complete
Reserve to be topped back up by future receipts

Current 21/22 Budget Position	111,550	69,070	87,346	78,507	36,612	383,085

Change in Capital Programme	**0**	**0**	**11,749**	**12,039**	**8,289**	**32,077**

Overall Change Financed By

	£000	£000	£000	£000	£000	£000
Prudential Borrowing			8,982	5,162	3,423	17,567
Grant and funding contributions (Inc Reserves)			1,267	6,877	4,866	13,010
Capital receipts			1,500	0	0	1,500
	0	**0**	**11,749**	**12,039**	**8,289**	**32,077**

Herefordshire Council

DRAFT

Capital Strategy

2021 – 2030

CONTENTS

HEREFORDSHIRE CAPITAL STRATEGY 2021-2030

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 County Plan 2020-24 and its three 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 four 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 A key partner moving forward is NMiTE (New Model in Technology and Engineering), the new Herefordshire University and the council is keen to support their development in the coming years.

1.5 The challenges given to retaining property assets will be based on value for money and delivery of the council's strategic priorities and key service delivery. Surplus properties will either be recycled or disposed of in accordance with the strategic asset management plan and proceeds will be reinvested or retained within the capital receipts reserve until a decision on how to utilise the reserve is made.

1.6 The strategic asset management plan sets out a framework for determining the capital property 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 in 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 the reduction in government funding over a number of years.

1.8 A Programme Management Office was created in 2020 to embed new processes for managing and developing projects. As we move forward over the next 12 months they will manage a number of projects through the development stage such as Housing development, Waste and Market Town Investment Plan projects. This is so that when new projects are added to the capital programme they are robust and will be able to commence delivery.

1.9 The priority will be to ensure that any new capital scheme will seek external funding sources such as grants in the first instance. Although borrowing will be allowed within the current agreed limits of £6.7m per annum plus any previously approved Public Works Loan Board (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. This is the current limit included within the MTFS if further corporately funded borrowing is required, there could be a change to the MTFS and Treasury Management Strategy to allow this but the revenue budget would need to be adjusted to repay the borrowing costs. 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.

1.10 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

2

will be captured. The recommendation of capital projects lies with the Executive 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 new schemes can be added once approved at any full council meeting.

1.11 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 is keen to promote capital investment to secure future local funding streams, council tax and business rates.

3

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 strategy incorporates 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 Through this strategy, the Council makes a clear distinction between capital investments, where the strategic aims will be considered alongside affordability; and treasury management investments which are made for the purpose of cash flow management.

2.4 Capital investments, as opposed to pure cash flow management decisions, will be made in line with the Capital Strategy priorities set out in this document. These decisions are clearly within the economic powers of the Council and there are strong governance arrangements in place that underpin the decision making.

2.5 The Capital Strategy links into the main council strategic documents: Strategic Asset Management Plan, Local Transport Plan, Digital Strategy and Local Development Framework, details are provided in appendix B. 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**
    - o Assist in ensuring spending decisions meet key priorities
    - o Influence and encourage working with partners
    - o Encourage improvement and innovation
    - o Ensure revenue consequences and whole life costs are fully considered including return on investment
    - o Explains the fluctuating nature of capital funding
    - o Confirms surplus assets will be recycled or disposed of
    - o Implementation of three year planning and horizon scanning for longer term priorities.

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

2.6 The strategic objectives for our corporate assets are to:

- From 2021/22, Herefordshire Council will largely be funded from local taxation – Council Tax and Business Rates. Through capital investment, the Council will seek to stimulate the

4

Herefordshire economy in order to advance business, commerce, jobs and economic prosperity across the county – and provide for a sustainable financial future.

- Optimise the contribution property makes to the council's 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.

- 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

5

3. CURRENT CAPITAL PROGRAMME & LONG TERM PLAN

3.1 The following table details the capital investment by programme board 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	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 onwards £000s	Total Capital Programme Budgets £000s
Transport & Place Making Delivery Board	34,239	4,832	12,627	19,490	15,600	86,788
Highways Maintenance Delivery Board	7,802	23,759	19,594	13,682	12,997	77,834
Environment & Sustainability Delivery Board	1,671	4,016	2,556	0	0	8,243
Economic Development Delivery Board	35,788	6,822	20,777	25,456	8,045	96,888
Corporate & Digital Delivery Board	22,363	8,935	10,824	130	0	42,252
Schools & Corporate Property Assets Delivery Board	8,365	13,141	15,708	13,319	1,459	51,992
Housing Delivery Board	1,322	7,565	17,009	18,469	6,800	51,165
Total Capital Programme	111,550	69,070	99,095	90,546	44,901	415,162

Financed by

Capital Receipts	30,608
Grants & Funding Contributions	152,938
Prudential Borrowing	120,066
Funded in prior years	111,550
Total Funding	415,162

3.2 Long Term Capital Programme

One Herefordshire

One Herefordshire consists of a number of health organisations and the council represented at a group meeting, they regularly meet to discuss opportunities of where the organisations can work together for the benefit of the County when delivering services.

Herefordshire Council are committed to working with partner organisations such as Health and Higher Education establishments such as Hereford College of Arts and the creation of NMiTE. Where possible the council will support economic development opportunities to enable the services to grow and deliver the best service.

Housing Plans

Cabinet have an ambition to create 2,500 new social and affordable homes over the next 10 years; the council intends to respond to this challenge by progressing plans to invest in developing additional affordable housing stock and retaining it in public ownership. These

6

ambitions are for both the rental and shared ownership models. This could lead to investing up to £100m in housing from 2022/23, it is anticipated that the income streams generated would cover the revenue costs of providing the housing, including any borrowing costs. A housing strategy is being developed and this will support the council in achieving its long term ambitions for housing; improving the supply of housing to support current and future residents.

Enterprise Zone

A capital allocation of £16m was approved by Council to fund the development of the enterprise zone; to date £12.5m has been spent with the remainder of this work being completed in 22/23. A further £5.432m was awarded by the LEP and has been spent on further development at the HEZ, which resulted in a reduction in Council funding requirement of £1.053m. Another £675k was awarded in 21/22 and will be fully spent in year. This will enable growth of businesses in the zone and increase the number of jobs for Herefordshire. In 2021 both the Shell Store and Cyber Centre have opened which should result in a number of new businesses locating to the enterprise zone.

Hereford City Centre Transport Package

It was reported to Cabinet that the original budget of £40.651m is unlikely to deliver the full scope of the transport hub and public realm developments once the settlement for all the land acquisitions have been agreed. In 2022/23 a design piece of work will take place so a full picture of the remaining costs can be ascertained and any further funding requirement will come forward to a council meeting for consideration.

Highways Maintenance

Like many councils the highways network has deteriorated over time with central government grants not able to cover all the capital investment required to prevent further deterioration of the highway network. Revenue budgets are fully utilised each year to keep up with repair work to ensure that the network is in a safe condition before longer term capital investment is available. The road network has a backlog of maintenance, the values are estimated from national guidance, as a high-level analysis the figures reflect and are representative of the view of deterioration across the highways asset. This would be to bring all assets back to a new condition.

Asset Type	Current Estimated Backlog
Carriageways	c£91m
Footways and Cycle ways	c£100m
Structures	c£85m
Street Lighting	c£5m
Traffic Management	c£16m
Street Furniture	c£13m

Whereas the service are managing the asset within the available funding by functional requirement. The council continues to lobby central government for additional support for highways maintenance and it is not sustainable to pass all this onto local residents.

Other areas for Development

There are a number of projects that will be developed in the next financial year for waste management changes, development of the Hereford Town Investment Plans projects such as a new Museum and development of the Maylords site, which were part of a £25m funding bid. The third council project was for greening the city and business cases for all continue to be developed as the Towns Board progress towards deciding which projects to move forward. The council is the accountable body for the £22.4m funding but the other approved projects will be run by other organisations.

7

Other projects being developed include the improvement works at the Shirehall and a costed plan is likely to form part of next year's budget setting but could be in the region of an additional £5.5m to what is already in the capital programme. Currently options for expanding the Westfield school site are being developed for the current site or other land owned by the Council. Once the best option is agreed the full costs of the project will be developed and funding sought to deliver the project, expected in the region of £14m, although additional costs will be incurred if third party land is purchased.

8

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:

  o **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.

  o **Basic Needs Funding** - the Government each year provide a grant based on future needs for the Council to provide enough school places.

  o **Schools Capital Maintenance Grant** – is an amount allocated each year to help maintain schools in a good state of repair.

  o **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.

  o **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.

  o **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.

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. The LEP are currently providing a number of grants for Integrated Wetlands, HEZ and Hereford City Centre Improvements, along with the Cyber Centre through Wolverhampton University and NMiTE.

9

Developer Contributions S106

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

- In future once a S106 has been completed, planning permission has been granted and the development the subject of the agreement has commenced, with the right governance in place the Council will be able to internally borrow to fund the project to commence prior to the developer contributions being received. The project to be funded must be within the terms of the S106 agreement. The borrowing will be funded short term within the cash balances and repaid once the developer contributions have been received. Do note however there may be a risks to the Council namely; if the development does not reach the trigger point for payment, the Council would then have to find alternative funding. The trigger points for the contributions to be paid are tailored to each development on a case by case basis and are not standard. The developer can advance at any stage of the development that a scheme is not viable. This would be independently reviewed by the District Valuer (at a cost to the developer) but it may conclude that the financial contributions are not viable. The scheme may proceed as a wholly 100% affordable scheme whereby financial contributions towards infrastructure are not required.

Capital Receipts

- The Council maintains a register of surplus property assets. A major review of property assets is now underway that will produce a Delivery and Rationalisation programme; implemented over the coming years.

- 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.

- 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 they reduce the overall borrowing costs of the Council.

- At the end of 2020/21 financial year there was a balance of £44.6m in the capital receipts reserve. There are a number of schemes within the capital programme to be funded by capital receipts, the balance will be retained to deliver enhanced investment on the use of these reserves, once business cases have been submitted for approval at 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.

10

5. Risk Management

5.1 Risk is the threat that an event or action will adversely affect the Council's ability to achieve its objectives and to execute its strategies successfully and/or limit its ability to exploit opportunities.

5.2 Risk management is the process of identifying risks, evaluating their potential consequence and determining the most effective methods of mitigating them. It is both a means of minimising the cost and disruption to the organisation and of ensuring staff understand and appreciate the element of risk in all their activities.

5.3 Through effective risk management the Council aims to minimise its exposure to unwanted risk – those risks that are not actively sought and which carry no commensurate reward to the Council. This may involve transferring risk to a third party.

5.4 It is important to note that risk will always exist in some measure and cannot be removed in its entirety. Additionally, in order to realise investment and commercial gains, a measure of risk must be taken – and therefore risk should be considered both in terms of threat to the Council as well as positive opportunities.

5.5 To manage risk effectively, the risks associated with each capital project need to be systematically identified, analysed, influenced and monitored – and especially when investing in capital assets held primarily for financial returns. Under the CIPFA Prudential Code these are defined as investments and so the key principle of control of risk and optimising returns consistent with the level of risk applies.

5.6 An assessment of risk should be built into every capital project and major risks recorded in the Risk Register. This may include political, economic, legal and regulatory, technological, environmental, reputation as well as financial risk. By managing risk effectively, the Council is better able to make careful, well thought through decisions in full knowledge of the adverse risks that apply and mitigating measures.

6. Knowledge and Skills

6.1 All capital investment approvals are subject to robust consideration and challenge by members and officers from across the Council with extensive experience from varying professional backgrounds.

6.2 All officers attend courses on an ongoing basis to keep abreast of new developments and skills to ensure their Continuous Professional Development. Members are also offered training annually to ensure they have up to date skills and are able to make capital and treasury decisions. It is important that we continue to strengthen training of officers and members on the understanding of environmental issues and the impact of these when undertaking capital works as we continue the approach to net zero carbon when producing business cases and taking decisions.

6.3 The Council's property portfolio is managed by its Property Services Team. The team has extensive knowledge of the Herefordshire property market and experience dealing with a mix of property types and professional work including professional services, landlord and tenant, statutory valuations, acquisitions and disposals, commercial and residential property management.

6.4 The Council's asset valuations for its financial statements are assessed on an agreed five year programme covering the whole property portfolio. The Council also has internal resources to advise on construction, repair and maintenance, and statutory compliance matters across its property portfolio.

11

6.5 Where required, and with due diligence, the Council may also appoint external agents to advise on particular specialist matters or to access specialist expertise that may not be available 'in house.'

7. CAPITAL SCHEME SELECTION

7.1 The capital programme is delivering a number of projects to enable the council to deliver the objectives within the corporate plan 2020-24. 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.

7.2 All capital schemes go through a stage process that is detailed in the project management process document.

7.3 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.

7.4 Capital funding will be initially allocated to council priorities, and approved by council. The capital guidance policy details the process for the capital funding requests to ensure provision in the capital programme at any time as long as they are approved at a Council meeting or otherwise as delegated by full Council. This is necessary so that services are able to request capital funding at the appropriate time, when sufficient information is available to make an informed decision and opportunities are not lost due to waiting.

Rationale for Investment

7.5 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. Schemes included for capital investment must demonstrate at least one of the following prioritisation criteria;
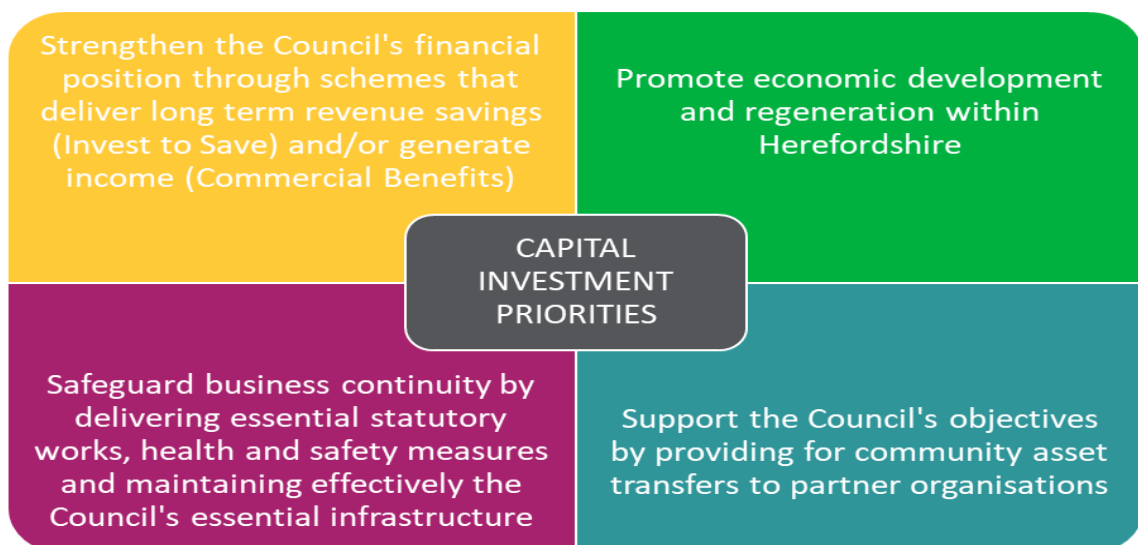
7.6 Funding above the corporate limit of £6.7m is available to support capital investment that gives a clear pay back through revenue budget savings.

12

7.7 Effectiveness and Best Value is demonstrated within the decision reports for each project and reviewed at the conclusion of a project. Value for Money on the build of a project is secured and demonstrated through utilisation of the Procurement Policies and Framework for managing capital projects. Cabinet are keen to ensure where possible we should use Council funding to procure services from local suppliers to help improve the local economy, therefore social values should also be considered when making a best value decision.

7.8 The council has discretion to make loans for a number of reasons, including 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.

7.9 Property services regularly review use of property assets as part of operational duties 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.

8. CAPITAL MONITORING

8.1 Capital investment requirements are significant, however, capital finances are limited at £6.7m, due to the repayment of interest in the revenue budget for corporately funded projects 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.

8.2 Due to the significant changes that occur during capital programme implementation and forecasting it is considered prudent to maintain:

- a reserve list of deferred 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.

8.3 As part of a project's business case, an option appraisal is carried out and a whole-life costing review is undertaken before a capital scheme is included in the capital programme, this is then developed to detailed costings so an informed decision to spend can be made. Each project must also state how the proposal seeks to deliver the council's environmental policy commitments to net zero carbon and aligns to the success measure in the County Plan. If there could be a detrimental impact on the environment explain how you have sought to minimise and offset this.

8.4 Once a capital scheme is included in the capital programme it is monitored following appropriate project management methodology, managed by experience project managers within the project management office team and using experienced officers in each service area, through a number of project boards. Through the proposed project management office changes, the Capital Programme Board will review quarterly, progress of the projects being reported through the Programme Delivery Boards. The PMO will prepare a dashboard for each Board who will satisfy themselves that the projects are being managed in line with the agreed process and that projects remain relevant and aligned to the Delivery Plan.

8.5 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 currently managed through the Highways Maintenance Delivery Board and through the commissioning arrangements with Balfour Beatty.

8.6 However there will be a new governance process embedded next year which follows the following processes. The PMO Capital Programme Manager will allocate the project to a Programme Delivery Board. The project manager is expected to maintain all documentation and report regularly using highlight reports to the SRO, Project Board and Programme Delivery Board as required. Details regarding the Board governance structure, reporting and escalation process will be outlined on the Project Management intranet site. In summary, individual Project Boards report into Programme Delivery Boards who are in turn monitored by Capital Programme Board. The Capital Programme Board represents the highest level of officer involvement and accountability; allocating feasibility funding and having oversight of all projects.

14

HEREFORDSHIRE CAPITAL STRATEGY 2021-2030

Proposed capital programme

Scheme Name	Spend in Prior Years £000	2021/22 Total Budget £000	2022/23 Total Budget £000	2023/24 Total Budget £000	2024/25 onwards Total Budget £000	Total scheme budget £000
Hereford City Centre Transport Package	34,042	1,789	1,880	2,940	0	40,651
Hereford City Centre Improvements (HCCI)	178	1,925	2,947	950	0	6,000
Hereford ATMs and Super Cycle Highway		1,000	0	0	0	1,000
Emergency Active travel Fund	19	119	0	0	0	137
Passenger Transport Fleet (Electric)		0	7,800	15,600	15,600	39,000
Transport & Place Making Delivery Board	**34,239**	**4,832**	**12,627**	**19,490**	**15,600**	**86,788**
Local Transport Plan (LTP)		15,466	12,272	12,272	12,272	52,282
Pothole & Challenge Fund 20/21	5,311	2,363	0	0	0	7,674
Priority Flood Repair Works	1,547	853	1,627	0	0	4,027
E & P's S106		784	0	0	0	784
Extra Ordinary Highways Maintenance & Biodiversity Net Gain		1,369	930	0	0	2,299
Public Realm Maintenance - Mitigating Risk on the Network			3,685	1,265	0	4,950
Winter Resilience			532	145	725	1,402
Highways Equipment	0	0	548	0	0	548
Investment in Infrastructure Assets	943	1,057	0	0	0	2,000
Highway asset management		1,868	0	0	0	1,868
Highways Maintenance Delivery Board	**7,802**	**23,759**	**19,594**	**13,682**	**12,997**	**77,835**
Integrated Wetlands	66	775	1,159	0	0	2,000
Marches Renewable Energy Grant	159	261	0	0	0	420
Solar Photovoltaic Panels	642	350	1,142	0	0	2,134
SEPUBU Grant	76	101	255	0	0	432
Warm Homes Fund	491	469	0	0	0	960
Schools Transport Route Planning	74	16	0	0	0	90
Air Quality Monitoring Station Resource Improvements		192	0	0	0	192
Green Homes Grant - Local Authority Delivery		1,820	0	0	0	1,820
Sustainable Landscape Sustainable Places	163	31	0	0	0	195
Environment & Sustainability Delivery	**1,671**	**4,016**	**2,556**	**0**	**0**	**8,243**

15

HEREFORDSHIRE CAPITAL STRATEGY 2021-2030

Board						
Hereford Enterprise Zone	12,111	2,336	500	0	0	14,947
Hereford Enterprise Zone - Further funded dev	5,297	135	0	0	0	5,432
Hereford Enterprise Zone - Infrastructure Works		675	0	0	0	675
Herefordshire Enterprise Zone Shell Store	6,923	393	0	0	0	7,316
Marches Business Investment Programme	701	1,250	1,273	205	0	3,428
Employment Land & Incubation Space in Market Towns	341	0	9,265	10,350	745	20,701
Leominster Heritage Action Zone		1,009	2,217	374	0	3,600
Safer Streets / CCTV		278	0	0	0	278
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment		250	750	6,700	7,300	15,000
Stronger Towns Fund - Greening the City			230	180	0	410
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre		150	620	2,230	0	3,000
Herefordshire Hoard	0	0	1,500	0	0	1,500
Development Partnership activties	10,415	346	4,422	5,418	0	20,600
Economic Development Delivery Board	**35,788**	**6,822**	**20,777**	**25,456**	**8,045**	**96,888**
Fastershire Broadband	21,460	7,259	7,020	0	0	35,738
PC Replacement	819	349	349	0	0	1,516
Electronic Document Management Storage	24	356	0	0	0	380
Capital Development Fund		250	750	0	0	1,000
Technology Enabled Communities	38	462	1,000	0	0	1,500
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)			490	0	0	490
Primary Data Storage Area Network (Plough Lane)			335	0	0	335
My Account			313	130	0	443
Flexible Futures	22	260	568	0	0	850
Corporate & Digital Delivery Board	**22,363**	**8,935**	**10,824**	**130**	**0**	**42,252**
Colwall Primary School		66	0	0	0	66
Schools Capital Maintenance Grant		2,410	1,195	1,195	1,195	5,995
Peterchurch Area School Investment	10	300	3,193	7,350	0	10,853
Expansion for Marlbrook school	5,642	499	0	0	0	6,141
Brookfield School Improvements	141	283	3,520	0	0	3,945

16

HEREFORDSHIRE CAPITAL STRATEGY 2021-2030

High Needs Grant		648	0	0	0	648
C & F's S106		554	0	0	0	554
Healthy Pupils	91	8	0	0	0	99
Short Breaks Capital	19	99	0	0	0	118
Basic Needs Funding		2,080	3,426	3,385	0	8,891
Preliminary works to inform key investment need throughout the county	35	481	0	0	0	516
School Accessibility Works		240	0	0	0	240
Property Estate Enhancement Works		110	0	0	0	110
Leisure Centres	221	147	0	0	0	368
Leisure Pool	317	244	0	0	0	561
Estates Capital Programme 2019/22	1,439	3,835	1,628	0	0	6,902
Residual property works identified in the 2019 condition reports			1,292	100	0	1,392
Estates Building Improvement Programme 22-25			1,454	1,289	264	3,007
Car Parking Strategy	151	95	0	0	0	246
Upgrade of Herefordshire CCTV	156	28	0	0	0	184
Grange Court Loan		359	0	0	0	359
Hereford Library	142	203	0	0	0	345
Temporary school accommodation replacement		450	0	0	0	450
Schools & Corporate Property Assets Delivery Board	**8,365**	**13,141**	**15,708**	**13,319**	**1,459**	**51,992**
Disabled facilities grant		2,538	2,000	2,000	2,000	8,538
Hillside	559	1,841	150	0	0	2,550
Carehome & Extra Care Development		0	1,050	8,150	4,800	14,000
Super Hubs		0	2,000	0	0	2,000
Homelessness Hub & Property Investment	60	44	0	0	0	104
Empty Property Investment & Development		810	1,088	0	0	1,898
Gypsy & Traveller Pitch development	694	608	575	0	0	1,877
Strategic Housing Development	7	1,674	10,000	8,319	0	20,000
Private sector housing improvements	2	51	146	0	0	199
Housing Delivery Board	**1,322**	**7,565**	**17,009**	**18,469**	**6,800**	**51,165**
Total Capital Programme	**111,550**	**69,070**	**99,095**	**90,546**	**44,901**	**415,162**

Appendix B

Strategies that Support the Capital Strategy

- **The Strategic Asset Management Plan**

  Contains the Corporate Property Programme for the council.
  It mainly focuses on proposals to:

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

The overarching strategy contains a suite of supplementary procedures in the Corporate Asset Procedure that covers all aspects of purchase, disposal, owning and managing property assets as well as other supplementary procedures on items such as Community Asset Transfers, storage and listed sites.

- **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 £12 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's 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 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.

- **Digital Strategy**

  The Digital Strategy 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.

18

- **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.

Capital vs Treasury Management Investments

- Treasury Management investment activity covers those investments arising from the Council's cash flows and debt management activity. The power to invest is set out in the Local Government Act, Section 12.

- For treasury management investments, the security and liquidity of funds are placed ahead of investment return/yield. Treasury related activity, including the management of associated risk, are managed separately in accordance with the Council's Annual Treasury Management Strategy and are not covered by this Capital Strategy.

- The CIPFA Treasury Management Code recognises that organisations may make investments for policy reasons outside normal treasury management activity. These may include service and commercial investments and are subject to the guiding principles outlined in this capital strategy:
  - service investments; investments held clearly and explicitly in the course of the provision, and for the purposes of operational services including regeneration
  - commercial investments; investments taken mainly for financial reasons e.g. purchase of investment property

- Latest guidance issued by the Secretary of State makes clear that borrowing to finance the acquisition of non-financial investments (e.g. commercial property investment) made *purely* for profit shall be considered 'borrowing in advance of need'.

- The Council's policy on borrowing in advance of need forms part of the Annual Treasury Management Strategy. However, and to be clear, the Council will not borrow for capital investment made solely for yield generating opportunities. Under the Prudential Code if, exceptionally, the Council chooses not to have regard that provision, then an explanation should be brought forward explaining the rationale for its decision.

BUSINESS CASE – 'LIGHT'

There will be times when a full, very detailed, five case business model would be inappropriate for the size and scale of the project. There are key elements of a business case however, that must be identified and evidenced such as what needs to happen, why and what change it will bring about. In these cases, there are two options: 1- to use the Project Mandate form as the business case in very simple, defined cases and 2- to complete a business case 'Light' form where the project is small to medium in size and where using the full five case business model would be of little benefit to the governance or outcome.

The PMO Portfolio Managers will determine which model of business case is appropriate for the size and scale of the project being developed.

All italic text can be removed prior to submitting for review.

Project Name	The programming and delivery of residual works identified in the 2019 condition reports
Verto Project Code	
Author	
Senior Responsible Officer (SRO) *(if different to Author)*	
Project Manager	
Service Lead	
Agreed Project Type	
Programme Board allocated	
Date	

Version Control

Version	Date	Summary of Change	Author
0.1	16.07.21	First issue	
0.2	01.10.21	Revised	

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Corporate Programme Board	Council Programme oversight	

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Gateway Review	Director PMO Assurance	Assurance	
2 - FBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Portfolio Manager	Sense check	
	HPMO	Sense check	
	Assurance Board	Sense check	
	Corporate Programme Board	Council Programme oversight	
	Cabinet	Corporate fit	
	Full Council	Approval (capital programme)	
Gateway Review	Director PMO Assurance	Assurance	
3 - Delivery	*Project Board / Director / Programme Board*	*Note major changes and approvals during delivery*	
Gateway Review	Director PMO Assurance	Assurance	
4 –Handover & project review	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Board	Programme oversight	
	Assurance Board	Assurance	
	Corporate Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance	
Gateway Review	Director PMO Assurance	Assurance	

Distribution

This document has been distributed to

Name	Role	Date of issue	Version

Herefordshire Council

Project Description

The programming and delivery of residual works identified in the 2019 condition reports, prioritised through the assessment of criteria primarily focussed on (1) identified risk, (2) health, safety or welfare of the building users (3) delivery of the aims within the council's county plan, (4) service continuity, through the delivery of property specific projects. The cost appraisal is a high-level estimated i.e. detailed evaluation has not been undertaken in respect of each project at this stage.

The works will be programmed by consultants and delivered through Hoople.

Background and Rationale

Briefly describe what issue or opportunity this project will address and why now

Condition surveys where undertaken in 2019 to inform a work programme to the council's estate. A small numbers of consequential projects are in progress; however, due to the volume of consequential projects and the need to reduce further deterioration of the Councils assets, it is the intention to deliver all remaining work through a single delivery programme that is scheduled and managed by consultants in order to expedite completion. This is a separate bid to the estates building improvement programme as that programme arose from historical operational requirements.

Hoople will be acting as managing agents for delivery and where appropriate Hoople will self-deliver. Other projects will be procured in line with the Councils procurement

The condition survey programme of works is provided in Appendix A (Details of Projects in the Condition Survey Program 2019)

Strategic Fit

Your project must directly support at least one of the County Plan / Delivery Plan priorities. Please indicate in the box below which priority(s) the project addresses.

County Priority – please select from	Tick X below where applicable	Delivery Plan Reference(s)
Environment		
Community		
Economy	X	EC5, EC6
List key Strategy the project delivers against and explain how	• Protect and promote our heritage, culture and natural beauty to enhance quality of life and	

	support tourism – enhancing some of our historic Listed buildings
	• Spend public money in the local economy wherever possible – procurement of the works will ensure local contractors have a chance to tender

Outline how the project directly addresses the priority and in addition how it directly contributes towards the delivery of the other remaining priorities.

The diversion range of projects will directly address the priorities protecting our historic building and promoting our heritage; and supporting the local economy by actively engaging local contractors.

Scope

What is involved in this project; include what is in and out of scope.

All properties in scope are identified within the proposed programme of building improvement works and are listed in Appendix A.

Included generally within each individual project scope across the programme:

- Planning the project
- Designs, plans and surveys
- Procurement
- Building refurbishment
- Construction management
- Budget management
- Risk management
- Communications
- Project handover and closure

Objectives

List the key business objectives that the project is aiming to achieve. These should be SMART – specific, measurable, achievable, relevant and time-bound.

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 by investing in buildings and reducing reactive maintenance
- Extend the lifecycle of Council assets and protect/enhance value

Herefordshire Council

4

- Secure better services, quality of life and value for money
- Support the growth of our local economy
- Protect and promote our heritage
- Support reduction of carbon footprint
- To support the delivery of the County Plan

The Business Case sets out a three year programme in order to provide a clear strategic direction regarding investment in the Corporate Estate.

Benefits

Explain and evidence where possible the anticipated benefits the project will deliver if the objectives are achieved including any dis-benefits

The anticipated benefits of the proposed programme are listed below:

- Reduced depreciation of buildings and assets
- Heritage protection
- Energy efficiency
- Sustainability
- Reduced revenue costs
- Protected service delivery
- Protected income
- Statutory Compliance
- Risk management / Mitigation
- Growth of our local economy

Explain the plan for dealing with the management and delivery of benefits – how will they be realised?

Engaging external consultants to plan a program of work and utilise Hoople for the management and delivery of the works. Package works where possible for efficiencies. Benefits realisation will be measured in terms of reduced revenue expenditure on reactive maintenance.

Risks

List the known, main risks along with any mitigating action. Attach a risk register if more appropriate.

The programme seeks to reduce the risks identified on a project by project basis.

The key risks of not doing the project are:

- Impact on service delivery
- Increased reactive maintenance costs
- Rising costs – reducing the extent or quality of completed works
- Insufficient funding
- Loss of income
- Loss in value/deterioration of property assets
- Reputational risk
- Non-Compliance with statutory regulations
- Health and safety risks

The key project risks are:

- Statutory
- Financial
- Service
- Reputational

Constraints or Dependencies

List the known or potential dependencies with other current or upcoming projects or known constraints eg: timescale, funding terms, other linked projects, etc.

Initiatives which depend on this project are:

- Future Corporate Estate Asset Strategy
- Flexible Futures– Strategy and Implementation
- Future Investment Estate Asset Strategy
- Reduced energy consumption and carbon output
- Annual Financial Targets

This project is dependent on:

- Appropriate levels of resource and expertise
- Feasibility funding will be required from 1st September 2021 to enable full design work to be completed, to allow commencement of the delivery of the works in April 2022, as outlined in the programme as attached. If the funding is not available, the programme will amended and pushed back 6 months to allow for design work to be commenced in April 2022.
- Ability for Hoople to resource sufficiently
- Availability of suitable contractors and materials

Herefordshire
Council

- Consultant and/or contractor performance
- Information as to service plans and strategy
- The required level of engagement from stakeholders
- Buildings not being put forward for disposal, or disposed of, within the programme timeframe or Council's obligations falling to the Tenants

Options

Please list the options that you have considered for delivering your project.

Option	Short-list Y/N	Reasons

Copy the table below as required to cover all shortlisted options

Option * – Detail	
Cost	
Benefits	
Deliverability	
Pros	
Cons	
Recommendation	

The 'do nothing' option

What will be the impact of doing nothing? i.e. the consequence of the project idea not being supported and the project not proceeding

Do Nothing - Without adequate expenditure on a programme of works, property assets will depreciate which will have a negative consequential adverse bearing on the value of the estate. Furthermore do nothing will have an impact on the council being able to deliver services from buildings that are not fit for purpose. Not doing these projects may increase the risk of litigation

Herefordshire Council

due to Health and safety issues not being addressed. In each case the 'Do Nothing' option is not viable as each proposed project represents the considered way forward.

The key risks of not doing the project are:
- Impact on service delivery
- Increased cost of maintenance
- Further deterioration of the buildings
- Potential for serious physical injury
- Potential for illness caused from environmental conditions imposed by buildings
- Reputational risk

The key project risks are:
- Insufficient budget
- Insufficient resource
- Planning permission not obtained
- Contractor availability

Preferred Option

Outline what the preferred option is and why

Allowing investment and undertaking a programme of works will mitigate and prevent risk of failure and ensure the buildings remain open and fit for current use, thereby avoiding disruption to the delivery of services. In some cases it is the Council's responsibility under leases to maintain an asset. The preferred option would mitigate any risk of litigation due to Health and safety issues not being addressed.

Environmental and Social

Explain any impact and/or mitigating actions (nature, environment, climate, carbon, sustainability, social value, equality, etc)

Where appropriate projects will address the councils objectives to reduce its carbon footprint. Each project will aim to incorporate the use of local labour and materials.

Procurement

Outline what procurement process has been used and the preferred supplier along with lead-in times and timetable

Various procurement routes will be used which include for a combination of open portal tenders and utilisation of existing frameworks.

Legal

Describe any legal implications or considerations such as covenants, restrictions, partnerships, etc

All legal matters will be reviewed by the estates team, and legal services, where required and addressed accordingly.

Project Costs

Any submission of a business case for capital funding must also include a completed Capital Funding Request form (found on Capital Toolkit intranet site)

Please state the total cost of the project, broken down into key areas of spend e.g. feasibility study, design, procurement and contracting, works contract, project management.

It is vital that you include an element for project management and technical, professional colleagues and fees.

Total project cost: £1,391k

Basis of the costs presented. You must attach / evidence the costs to this form. See Technical Guidance Note 1 for details around the provision of evidence based estimates.

- Is this cost indicative (estimate during business case development),   ☒
- actual (procured) or   ☐
- evidence based estimate?   ☐

Spend Profile:			
Feasibility		Procurement	£1,065
Design		Property	£10k
Project Management Fee (est. 10%)	£106k	Legal	£10k
Planning Fees	£10k	Consultancy Fees	£90k
		Contingency	£100k

Feasibility Funding

It is expected that Directorates will fund feasibility works and only apply for corporate revenue feasibility funding if the work is not affordable from within the Directorates own budget.

Is corporate revenue feasibility funding required to complete an outline business case?

Yes	X		No	

If yes, the Head of PMO will facilitate an application to the Management Board via the approved form

Please explain why Directorate funding cannot be accessed and what the feasibility will provide:

Property services have engaged consultants to carry out the production of the programme of works to inform the capital bid from their revenue budget. As there is pressure to deliver property savings in full, the work programme needs to be ready to deliver (subject to approval of this bid) from April 22 therefore, capital feasibility funding is sought to enable the production of spec/ tender docs and undertake this element of work in the 21/22 financial year. If the feasibility fund is not approved, then this design work will commence in April 2022 and the capital bid will need to be profiled over 2 years.

We do not have sufficient budget to carry out feasibility works in respect of the full program of works included within this bid.

Only if the preferred option is being developed, corporate capital funding may be requested from the Capital Development Fund to undertake feasibility work. Is this required?

Yes			No	X

If yes, the Head of PMO will facilitate an application to the Management Board via the approved form

Explain here how the preferred option was arrived at and agreed and what the feasibility will provide:

Timescales for Delivery

Please try to put some timescales around your project by indicating any known end or stage deadlines, key dates or action points in the table below. Add key dates as required to suit your project which may include the date something has to be completed by or deadline for grant funding application.

The PMO Capital Programme Manager can arrange advice on approval/lead-in dates.

Stage/Milestone	Indicative Date	Comments
Commencement	September 2021	
Out to tender	October 2021 to March 2022	Programme of works
Appoint Contractors	January 2022 to June 2022	Subject to Programme of works
Start on site	April 2022 to January 2023	Subject to funding being approved in February and being available from April 22)
Completion	March 2023	

Herefordshire Council

APPENDICES (List)

A - The programming and delivery of residual works identified in the 2019 condition reports

Appendix A - Details of projects included in the Condition Survey Program 2019

	2022/23	Reasons
	£	
Ross-on-Wye Library	£27,163.08	Various
Hereford St Owens Street No 8	£176,819.33	Various
Hereford Merchant House	£116,046.30	Roofing, internal repairs and decorations
Hereford Churchill House	£100,510.20	External decs, external and internal maintenance and minor M&E
Hereford Widemarsh Children's Centre	£97,906.54	Various - lighting works removed from budget
Hereford Plough Lane Offices	£86,192.47	Internal decs
Hereford Centre 18 Symonds Street	£34,893.94	Various including window works and kitchen refresh
Hereford Three Elms Trading Estate Units 37 and 38 occupied HC	£69,474.89	Roofing and various maintenance
Rotherwas HARC	£63,546.34	Internal and external decs and ventilation
Hereford St Owens Daycare Centre	£50,600.59	Various
Hereford Cemetery and Crematorium	£39,399.70	General maintenance and decs
Children's Centre Building Leominster	£36,936.65	Various
Hereford Franklin House Offices	£35,146.55	External maintenance
Hereford Canal Road Daycare Centre	£18,246.82	Mainly external decs and replacement of a ventilation canopy
Hereford Maylords Orchard Meeting Room	£6,300.50	Internal decs
Hereford St Owens Street No 1A	£10,290.67	Internal and external decs and minor maintenance
Kington Library No 1 Duke Street	£6,185.59	Internal and external decs
Ledbury St Katherine's Offices	£7,047.43	Internal decs with minor maintenance
Leominster Library The Buttercross	£21,650.33	Internal decs and boiler
Hereford Union Street No 33-35 Offices	£21,223.64	Various maintenance
Hereford Play and Learn Nursery	£19,921.05	FF&E and external ramp
Hereford South Meadow Children's Centre	£11,338.49	Internal decs and external maintenance
Ledbury Primary School Children's Centre	£2,562.84	Internal decs
Colwall Humphrey Walwyn Library	£6,156.86	Internal and external decorations and maintenance

Total Costs for all projects   **£1,065,560.79**

BUSINESS CASE – 'LIGHT'

There will be times when a full, very detailed, five case business model would be inappropriate for the size and scale of the project. There are key elements of a business case however, that must be identified and evidenced such as what needs to happen, why and what change it will bring about. In these cases, there are two options: 1- to use the Project Mandate form as the business case in very simple, defined cases and 2- to complete a business case 'Light' form where the project is small to medium in size and where using the full five case business model would be of little benefit to the governance or outcome.

The PMO Portfolio Managers will determine which model of business case is appropriate for the size and scale of the project being developed.

All italic text can be removed prior to submitting for review.

Project Name	Estates Building Improvement Programme 2022-25
Verto Project Code	
Author	
Senior Responsible Officer (SRO) *(if different to Author)*	
Project Manager	
Service Lead	
Agreed Project Type	
Programme Board allocated	
Date	

Version Control

Version	Date	Summary of Change	Author
0.1	16.07.21	First issue	
0.2	13.10.21	Figures amended	
0.3	13.01.22	Text amended as requested by Cabinet	

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Corporate Programme Board	Council Programme oversight	

Herefordshire Council

95

13

Gateway Review	Director PMO Assurance	Assurance	
2 - FBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Portfolio Manager	Sense check	
	HPMO	Sense check	
	Assurance Board	Sense check	
	Corporate Programme Board	Council Programme oversight	
	Cabinet	Corporate fit	
	Full Council	Approval (capital programme)	
Gateway Review	Director PMO Assurance	Assurance	
3 - Delivery	*Project Board / Director / Programme Board*	*Note major changes and approvals during delivery*	
Gateway Review	Director PMO Assurance	Assurance	
4 –Handover & project review	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Board	Programme oversight	
	Assurance Board	Assurance	
	Corporate Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance	
Gateway Review	Director PMO Assurance	Assurance	

Distribution

This document has been distributed to

Name	Role	Date of issue	Version

Herefordshire Council

14

Project Description

A three year programme of building improvement works 2022/25 which have been prioritised through the assessment of criteria primarily focussed on (1) identified risk, (2) health, safety or welfare of the building users (3) delivery of the aims within the council's county plan, (4) service continuity, through the delivery of property specific projects. The cost appraisal is a high-level estimated i.e. detailed evaluation has not been undertaken in respect of each project at this stage.

Background and Rationale

Briefly describe what issue or opportunity this project will address and why now

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 business case.

This is an improvements programme, for all works that arose from historic operational requirements, based on a risk assessment analysis. It is a separate bid to the works identified in the 2019 survey condition survey work.

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 below.

A three year programme is proposed in respect of prioritised projects rather than a short term annualised plan. Projects have been assessed prior to inclusion in the programme and those that neither meet key criteria nor 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 in Appendix A.

Hoople will be acting as managing agents for delivery and where appropriate Hoople will self-deliver. Other projects will be procured in line with the Councils procurement

.

Strategic Fit

Herefordshire Council

Your project must directly support at least one of the County Plan / Delivery Plan priorities. Please indicate in the box below which priority(s) the project addresses.

County Priority – please select from	Tick X below where applicable	Delivery Plan Reference(s)
Environment	X	EN4, EN5
Community		
Economy	**X**	EC4, EC5, EC6
List key Strategy the project delivers against and explain how	- Carbon Management Plan- invest in low carbon projects - Enhance digital connectivity for communities and business – improving digital communication with building management systems in properties resulting in energy savings - Protect and promote our heritage, culture and natural beauty to enhance quality of life and support tourism – enhancing some of our historic listed buildings. - Spend public money in the local economy wherever possible – procurement of the works will ensure local contractors have a chance to tender	

Outline how the project directly addresses the priority and in addition how it directly contributes towards the delivery of the other remaining priorities.

The proposed replacement of end of life boilers will seek to use low carbon technology as a priority with the use of fossil fuel boilers being the last resort when no other alternatives are viable.

The range of projects will directly address the priorities through improving digital communication via building management systems, protect our historic building and promote our heritage and by actively engaging local contractors support the local economy.

Scope

What is involved in this project; include what is in and out of scope.

All properties in scope are identified within the proposed programme of building improvement works and are listed in Appendix A.

Included generally within each individual project scope across the programme:

- Planning the project
- Designs, plans and surveys
- Procurement
- Building refurbishment

- IT improvements   - Construction management   - Budget management   - Risk management   - Communications   - Project handover and closure

Objectives

List the key business objectives that the project is aiming to achieve. These should be SMART – specific, measurable, achievable, relevant and time-bound.

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 by investing in buildings and reducing reactive maintenance
- Extend the lifecycle of Council assets and protect/enhance value
- Secure better services, quality of life and value for money
- Support the growth of our local economy
- Protect and promote our heritage
- Support reduction of carbon footprint
- To support the delivery of the County Plan

The Business Case sets out a three year programme in order to provide a clear strategic direction regarding investment in the Corporate Estate.

Benefits

Explain and evidence where possible the anticipated benefits the project will deliver if the objectives are achieved including any dis-benefits

The anticipated benefits of the proposed programme are listed below:

- Reduced depreciation of buildings and assets
- Heritage protection
- Energy efficiency
- Sustainability
- Reduced revenue costs
- Protected service delivery
- Protected income

Herefordshire Council

17

- Statutory Compliance
- Risk management / Mitigation
- Growth of our local economy

Explain the plan for dealing with the management and delivery of benefits – how will they be realised?

Engaging external consultants to augment the internal resources to plan the programme of works and utilise Hoople for the management and delivery of the works. Benefits realisation will be measured in terms of reduced revenue expenditure on reactive maintenance.

Risks

List the known, main risks along with any mitigating action. Attach a risk register if more appropriate.

The programme seeks to reduce the risks identified on a project by project basis.

The key risks of not doing the project are:

- Impact on service delivery
- Rising costs – reducing the extent or quality of completed works
- Insufficient funding
- Loss of income
- Loss in value/deterioration of property assets
- Reputational risk
- Non-Compliance with statutory regulations
- Health and safety risks

The key project risks are:

- Statutory
- Financial
- Service
- Reputational
- Qualified resource (internal and external)

Constraints or Dependencies

List the known or potential dependencies with other current or upcoming projects or known constraints eg: timescale, funding terms, other linked projects, etc.

Initiatives which depend on this project are:

- Future Corporate Estate Asset Strategy
- Flexible Futures– Strategy and Implementation
- Future Investment Estate Asset Strategy
- Reduced energy consumption and carbon output
- Annual Financial Targets

This project is dependent on:

- Appropriate levels of resource and expertise (internal and external)
- Feasibility funding will be required from 1st September 2021 to ensure the programme of works is delivered within the financial year. If funding is not available the programme will have to be adjusted.
- Ability for Hoople to resource sufficiently
- Availability of suitable contractors, consultants and materials
- Consultant and/or contractor performance
- Information as to service plans and strategy
- The required level of engagement from stakeholders
- Buildings not being put forward for disposal, or disposed of, within the programme timeframe or Council's obligations falling to the Tenants
- The budget allocation covering the requirement to install newer, innovative and more bespoke technology that we currently have less experience of locally around low carbon alternative technology in place of fossil fuel heating systems.
- A training package delivered to internal / Hoople staffing on new technologies and a new officer working group to develop and adopt procedures and methodology.

Options

Please list the options that you have considered for delivering your project.

Option	Short-list Y/N	Reasons

Copy the table below as required to cover all shortlisted options

Option * – Detail

Herefordshire Council

Cost	
Benefits	
Deliverability	
Pros	
Cons	
Recommendation	

The 'do nothing' option

What will be the impact of doing nothing? i.e. the consequence of the project idea not being supported and the project not proceeding

Do Nothing - Without adequate expenditure on a programme of improvement works, property assets will depreciate which will have a negative consequential adverse bearing on the value of the estate. Furthermore do nothing will have an impact on the council being able to deliver services from buildings that are not fit for purpose. Not doing these projects may increase the risk of litigation due to Health and safety issues not being addressed. In each case the 'Do Nothing' option is not viable as each proposed project represents the considered way forward.

The key risks of not doing the project are:

- Impact on service delivery
- Increased cost of maintenance
- Further deterioration of the buildings
- Potential for serious physical injury
- Potential for illness caused from environmental conditions imposed by buildings
- Reputational risk

The key project risks are:

- Insufficient budget (due to brexit/ covid issues causing cost inflation and additional requirement for consultants on low carbon technology as well as the supply, installation and possible maintenance costs which would be considerably higher than for a fossil fuel heating system)
- Insufficient resource
- Planning permission not obtained
- Contractor and Consultant availability with the right skill sets

Supply chain and installer accreditation for low carbon technologies

Herefordshire Council

• Additionally upgrade works to infrastructure may also be required for low carbon alternative technology and the availability of consultants to assess, design and determine a low carbon solution which have not been factored into the original replacement cost.

Preferred Option

Outline what the preferred option is and why

Allowing investment and undertaking a programme of improvement works will mitigate and prevent risk of failure and ensure the buildings remain open and fit for current use, thereby avoiding disruption to the delivery of services. In some cases it is the Council's responsibility under leases to maintain an asset. The preferred option would mitigate any risk of litigation due to Health and safety issues not being addressed.

Environmental and Social

Explain any impact and/or mitigating actions (nature, environment, climate, carbon, sustainability, social value, equality, etc)

Where appropriate projects will address the councils objectives to reduce its carbon footprint. Each project will aim to incorporate the use of local labour and materials.

Procurement

Outline what procurement process has been used and the preferred supplier along with lead-in times and timetable

Various procurement routes will be used which include for a combination of open portal tenders and utilisation of existing frameworks.

Legal

Describe any legal implications or considerations such as covenants, restrictions, partnerships, etc

All legal matters will be reviewed by the estates team, and legal services, where required and addressed accordingly.

Project Costs

Herefordshire Council

Any submission of a business case for capital funding must also include a completed Capital Funding Request form (found on [Capital Toolkit](#) intranet site)

Please state the total cost of the project, broken down into key areas of spend e.g. feasibility study, design, procurement and contracting, works contract, project management.
It is vital that you include an element for project management and technical, professional colleagues and fees.
Total project cost: £3,007k over 3 years. see Appendix A for breakdown of costs
Basis of the costs presented. You must attach / evidence the costs to this form. See Technical Guidance Note 1 for details around the provision of evidence based estimates. • Is this cost indicative (estimate during business case development), ☒ • actual (procured) or ☐ • evidence based estimate? ☐

Spend Profile:

Feasibility	£30K	Procurement	£2,242k
Design	£50k	Property	£60k
Project Management Fee (est. 10%)	£300k	Legal	£15k
Planning Fees	£25k	Consultancy Fees	£140k
		Contingency	£145k

Feasibility Funding

It is expected that Directorates will fund feasibility works and only apply for corporate revenue feasibility funding if the work is not affordable from within the Directorates own budget.

Is corporate revenue feasibility funding required to complete an outline business case?

Yes			No	X

If yes, the Head of PMO will facilitate an application to the Management Board via the approved form

Please explain why Directorate funding cannot be accessed and what the feasibility will provide: .

Only if the preferred option is being developed, corporate capital funding may be requested from the Capital Development Fund to undertake feasibility work. Is this required?

Yes			No	X

If yes, the Head of PMO will facilitate an application to the Management Board via the approved form

Explain here how the preferred option was arrived at and agreed and what the feasibility will provide:

Herefordshire Council

Timescales for Delivery

Please try to put some timescales around your project by indicating any known end or stage deadlines, key dates or action points in the table below. Add key dates as required to suit your project which may include the date something has to be completed by or deadline for grant funding application.

The PMO Capital Programme Manager can arrange advice on approval/lead-in dates.

Stage/Milestone	Indicative Date	Comments
Commencement	April 2022	3 year program
Completion	March 2025	3 year program

APPENDICES (List)

A - Details of projects included in the Estates Building Improvement Programme 2022-25

ESTATES BUILDING IMPROVEMENT PROGRAMME	2022/23	2023/24	2024/25	Rationale	Reasons
	£k	£k	£k	Health and Safety, Business Continuity, Asset Deterioration, Landlords Responsibility	
Enhancement and Emergency Works	200	200	200		Required contingency for emergency works to prevent service failure
Nelson House – replacement lift	170	0	0	H&S	Replacement of non DDA compliant lift that is at end of life. Consistently breaking down causing strain on revenue budget. Tenancy is currently with Herefordshire Council.
Hereford leisure pool car park – external drainage works	60	0	0	H&S	Improvement of existing drainage to ease some effluent and flooding issues (PH 1 survey and urgent works)
Governors House - improvements to external facades and canopy	55	0	0	H&S, AD	Protection of the public from falling masonry. Improving fabric and protection of the Listed building.

Herefordshire Council

23

Plough Lane - upgrade to boiler flues	7	13	0	H&S, AD	Seals have failed on the boiler flues which results in flue gasses leaking out into the boiler room. This has been remedied on a temporary basis by repeatedly using aluminium tape to seal the joints. It is possible that there was an inherent design fault with the initial installation of the flues which has exacerbated the situation. In the near future the leakage will get to a point where the joints can no longer be sealed and will result in a failure of the annual Gas Safety inspection. Scope of works to include replacement of boiler flues.
MRLC - Humidity control Ph2	60	0	0	BC	To ensure that humidity levels within the museum stores remain at acceptable levels to avoid degradation of various artefacts. Also to ensure that confidence is maintained by other museums etc. when loaning artefacts; other museums often ask for humidity data. This to be achieved by making improvements to mechanical systems or building fabric.
St. Owens Day Centre main boiler improvements	25	25	0		Plantroom items at end of economic life and require call outs to maintain. Parts discontinued. Scope to include replacement heating technology, water heaters, controls and ancillary items using low carbon technology.
Nelson House - boiler improvements	41	134	0	H&S, BC	Plantroom items are 30+ years old meaning they are at the end of their economic life and should therefore be replaced. Recommendation made by Gas Safe engineer in 2021 that 'heating system is old and recommend replacing and upgrading plant. Parts discontinued for most appliances.' Scope to include replacement of heating plant, AHU, water heaters, controls and other necessary ancillary items. Additional water heater included for resilience purposes. Leased in building (5 yr lease till 2026) so low carbon will be considered but will be subject to landlord consent.

Ryefield Centre - boiler improvements	45	155	0	H&S, BC	2 x heating boilers are 40 years old meaning they are at the end of their economic life and should therefore be replaced; boiler 1 has already failed. Recommendation made by Gas Safe engineer in 2020 for 'replacing boilers and water heaters along with new pumps and valves.' 2019 condition survey advised that 'boilers should be replaced within the next 4 years.' Scope to include replacement of heating plant, water heaters and all other plant room items as part of major refurbishment of asset using low carbon technology.
St Owen's Day Centre - Spa boiler improvements	25	25	0	H&S, BC	Heating boiler is 25-30 years old meaning it is at the end of its economic life and should therefore be replaced. Recommendation made by Gas Safe engineer in 2021 that 'water heater in spa plantroom of old age and needs replaced.' Scope to include replacement of heating and water heater in spa plant room along with other necessary ancillary items, using low carbon technology.
Blueschool House - boiler improvements	52	48	0	H&S, BC	Heating boiler is 20-25 years old meaning it is at the end of its economic life and should therefore be replaced. All parts apart from gas valve are now obsolete. Scope to include replacement of heating system along with other necessary ancillary items using low carbon technology
Hillside Centre for Intermediate Care - boiler improvements	20	80	0	H&S, BC	3 x heating boilers are 25-30 years old meaning they are at the end of their economic life and should therefore be replaced. Scope to include new heating plant along with other necessary ancillary items using low carbon technology. Budget responsibility to be confirmed.

Maylord Orchard Meeting Room - boiler improvements	6	24	0	H&S, BC	Heating boiler is 25-30 years old meaning it is at the end of its economic life and should therefore be replaced. Recommendation made by Gas Safe engineer in 2020 that 'Boiler is old heat only. Recommend replacing for new combi boiler to get rid of tanks in loft and convert two FBM water heaters which pose legionella risk.' Scope to include replacement of boiler with new combi system which would provide both heating and hot water along with other necessary ancillary items. Not covered under service charge.
Ross Library - boiler improvements	20	105	0	H&S, BC	2 x heating boilers are 25-30 years old meaning they are at the end of their economic life and should therefore be replaced. Recommendation made by Gas Safe engineer in 2020 that 'Boilers are old and recommend replacing with new.' Scope to include replacement of heating plant along with other necessary ancillary items using low carbon technology
Play and Learn Nursery - boiler improvements	0	6	14	H&S, BC	Heating boiler is a Worcester Bosch Greenstar 30 Si which is 10-12 years old. The expected lifespan of these boilers is only around 14 years so would advise that this is replaced within the next 3 years. Scope to include replacement of boiler along with other necessary ancillary items using low carbon technology.
Plough Lane - electrical improvements	76	424	0	H&S, BC	Replace end of electrical infrastructure
Plough Lane - fire compartmentation	40	0	0	H&S, BC	Recommendations from 2020 FRA to ensure building complies with current Statutory regulations
Leominster MAO paving improvements	80	0	0	H&S, BC	Identified as potential trip hazard and concern over children using nearby Nursery.
Drainage at Old House Museum	20	0	0	H&S, BC	The drainage to the welfare area is continually failing as the toilets and kitchenette are located in the basement and may require pumping to work satisfactorily. Listed Building consent will be required.

Herefordshire Council

Old House Museum Improvements to façade	150	0	0	H&S, AD, BC	The Museum's external facades have been surveyed following falling external fabric from this historic Listed building and a programme of improvement works with specification and estimated costs has been drawn up by Consultants. Listed Building consent will be required.
Resilience	25	25	25	H&S, BC	To ensure that BEMS systems at various HC sites remain operational and mechanical and electrical systems can continue to be monitored effectively.
Fire precaution works	25	25	25	H&S, BC	To improve the existing structure and fabric to comply with statutory legislation
Roof AHU roof and ductwork insulation Plough Lane	75	0	0	AD	Insulation is currently covered in an aluminium tape which is being compromised by attack from seagulls. This is allowing water into the insulation which could cause future problems from corrosion of the ductwork. Quite often this causes the insulation to come away from the ductwork completely due to it becoming sodden which reduces energy efficiency of the HVAC systems and means regular remedial works are needed. Scope of works to include replacement of current insulation and utilising a protective covering to prevent future attack from seagulls.
Water heater H3 etc	15	0	0	H&S, BC	The existing water heater at H3 is showing signs of wear and also represents a Legionella risk due to its distant location from the hot water outlets it serves and the fact that the mains cold water pipework runs next to the hot water pipework from the water heater. Scope of works to include removal and decommissioning of existing water heater and installation of new water heater in suitable location.
Replacement of gas suppression system at the HARC	32	0	0	H&S, BC	Current system at end of life.
Replacement of Goods Lift at Plough Lane	100	0	0	H&S, BC	Current goods lift at end of life.
CCTV @ Multi Storey and Maylords Car Parks	30	0	0	H&S	Installation to help prevent Anti-Social Behaviour
Total	1,454	1,289	264		

Herefordshire Council

Key Network Infrastructure
(Core Data Centre Switches and Corporate Wi-Fi)
Business Case

Herefordshire Council

Version Control

Version	Date	Summary of Change	Author
0.1		First issue	

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state "see track changes" in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
2 - FBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Portfolio Manager	Sense check	

Herefordshire Council

	HPMO	Sense check	
	Assurance Board	Sense check	
	Capital Programme Board	Council Programme oversight	
	Cabinet	Corporate fit	
	Full Council	Approval (capital programme)	
Gateway Review	Director PMO Assurance	Assurance	
3 - Delivery	*Project Board / Director / Programme Board*	*Note major changes and approvals during delivery*	
Gateway Review	Director PMO Assurance	Assurance	
4 – Handover & project review	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Board	Programme oversight	
	Assurance Board	Assurance	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance	
Gateway Review	Director PMO Assurance	Assurance	

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

Distribution

Herefordshire Council

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Table of Contents

Contents

Herefordshire Council

4.0 COMMERCIAL CASE

4.1 Required services

4.2 Potential/Agreed risk transfer

4.3 Proposed/Agreed charging mechanism

4.4 Proposed/Agreed contract lengths

4.5 Proposed/Agreed key contractual clauses

4.6 Personnel implications (including TUPE)

4.7 Procurement Strategy and implementation timescales

5.0 FINANCIAL CASE

5.1 INSERT FUNDING TABLE

5.2 Impact on the Council's income and expenditure account (revenue account)

Herefordshire Council

1.0 **PROJECT DESCRIPTION**

The project is to replace critical IT Network Infrastructure equipment which is coming to the end of its manufacturer supported life.

Namely (1) Core Data Centre Switches & (2) The Corporate Wi-Fi Solution.

2.0 STRATEGIC CASE

Herefordshire Council runs a modern network to operate and support its service delivery. Due to the sensitivity of the data processed within its key line of business solutions (Security Classification - Official/Official Sensitive), the authority needs to operate its IT systems in line with Government guidelines (currently HMG Security Policy Framework and Minimum Cyber Security Standard).

Due to these guidelines, the authority is obliged to ensure that the underlying infrastructure is secure and that the hosting environment is maintained securely. Infrastructure must not be vulnerable to common cyber-attacks and this should be maintained through secure configuration and software patching.

This is audited each year under the PSN, Cyber Essentials Plus and ISO27001 certifications.

IT equipment manufacturers operate support lifecycles in 3 main areas. (a) Software development (features), (b) security patching (vulnerabilities) and (c) hardware (parts). In order to meet the vulnerability patching requirements as outlined above, equipment is considered within lifecycle for compliance management whilst the manufacturer continues to provide software releases for security vulnerabilities (b).

2 key areas of the authorities equipment is coming to the end of its vulnerability support within the next 12 months.

(1) Core Data Centre Switches – March 2022
(2) Corporate Wireless – July 2021 (controllers) & April 2022 (Access Points)

2.1 Project aims and objectives

The aim of the project is as follows:

- Replace the current equipment with supported 'in life' equipment which is actively supported by the supplier particularly for vulnerability patches.
- Replace like for like with equipment that meets the current compatibility and support requirements for the infrastructure.
- Provide support and maintenance contract with the manufacturer or partner.
- Decommission and dispose of outgoing equipment in line with the authorities' security and environmental policies.

2.2 Strategic Drivers

2.2.1 National and Regional

National guidance and compliance from Central Government:

- Security Policy Framework (2018).
- Minimum Cyber Security Standard (June 2018).
- National Cyber Security Strategy.
- National Cyber Security Centre 10 Steps to Cyber Security.
- Public Services Network (PSN) Compliance.
- Cyber Essentials/Cyber Essentials Plus.

Herefordshire Council

- Industry best practice (ISO27001).

2.2.2 Local

Your project must directly support at least one of the County Plan priorities.
Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick √ below where applicable	Delivery Plan Reference(s)
Community	√	
Economy	√	
Environment	√	

2.3 Background and Rationale in Project Mandate

The primary objective for the project is to support the authority's requirements to operate IT equipment in a secure manner. As outlined earlier in section 2.0, the authority is obliged to ensure that the underlying infrastructure is secure and that the hosting environment is maintained securely. Infrastructure must not be vulnerable to common cyber-attacks and this should be maintained through secure configuration and software patching.

This project is to replace ageing equipment with manufacturer supported equipment where security patches will be issued in line with emerging vulnerabilities and Cyber Security threats.

2.4 Scope

2.4.1 In-Scope

(1) Data Centre Core Switching
  a. Procure replacement equipment
  b. Install replacement equipment in a like for like configuration
  c. Migrate all operational services to the new equipment
  d. Decommission old equipment
(2) Corporate Wi-Fi
  a. Procure replacement equipment
  b. Install replacement equipment in a like for like configuration
  c. Migrate to new solution (including all council sites swapping out access points)
  d. Decommission old equipment

2.4.2 Out of Scope

Any other network or IT services.

2.5 Benefits

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

None

Herefordshire Council

2.5.2 Non-cashable benefits

Operational benefits.

- Continued Cyber Security protection through manufacturer support for vulnerabilities
- Continued hardware failure protection through manufacturer support for parts and components
- Continued feature support through manufacturer software development. Potential for cost avoidance.

2.5.3 Dis-benefits

None

2.6 Risks

Risk	Mitigation
Engineering Resource	Reprioritise other work or engage professional services dependent on the prevailing risk encountered.
Disruption to services during migration	Most services within the data centre operate within a resilient N+1 configuration. Core switching will run in parallel during implementation and services will be migrated based on risk (low to high). Those identified as not being resilient will be migrated out of hours with coordination with the business.
Implementation Delay	Should any vulnerabilities be identified then additional security mechanisms may have to be implemented to mitigate the vulnerability. Each prevailing vulnerability will be reviewed and scored. Mitigation will be agreed dependent on the score and ability to treat or resolve within the context of the project delivery.

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

None

This project depends on:

None

2.8 Stakeholders

Herefordshire Council – Engagement through meetings and communications dependent on whether at departmental or organisational level.

3.0 ECONOMIC CASE

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3.1 Critical success factors

- Successful Procurement.
- Successful implementation.
- Provision of in life and supported equipment.

- Replacement Equipment covered by appropriate support and maintenance contract with access to manufacturer updates and specialist technical support.
- Decommission and disposal of outgoing equipment.

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Do Nothing	Y	Benchmark Option
Replace Equipment	Y	Appropriate Option

3.2.2 Short-list of options

Option 1 – Detail Do nothing.	
Cost	
Benefits	N/A
Deliverability	Will become more problematic to maintain unsupported equipment over time.
Pros	No effort or upfront cost
Cons	Security and Hardware failure Risks will increase over time. At some future point hardware parts and components will not be available to source. Risk of security compromise will increase over time as cyber security threats and vulnerabilities for the aging technologies emerge. Operational and support costs will increase over time as compatibility with other equipment reduces overtime (i.e. obsolescence). The Council will no longer be able to maintain the security posture and compliance certifications expected of a Local Authority. Loss or interruption to any networking services for any significant time will cause severe disruption to services operated and delivered by the Council which could cause financial and reputational damage to the organisation. For instance, the loss or ability to access systems such as Academy (Revs & Bens), Mosaic (Social Care) and Business World (Finance and Payroll) would have a far reaching impact.

Recommendation	Not to do this

Option 2 – Detail	
Replace the equipment installed in 2016 which has come to end of manufacturer support.	
Cost	£490k
Benefits	Supported in life equipment with the provision of manufacturer security, software and hardware support and maintenance. Supports the authority's obligations by maintaining the core infrastructure in a secure manger and protecting Herefordshire Council Data.
Deliverability	Within skillset and capability of Hoople IT.
Pros	• Will enable Hoople to continue to provide a secure environment for Council Services by mitigating against emerging Cyber Security Threats. • Will provide Hardware maintenance mitigating against component or equipment failure. • Will support the Councils requirement to maintain PSN and CE+ certifications. • Will provide assurances in respect of the Confidentiality, Integrity and Availability of the Key Line of Business Systems for the Council. • The replacement equipment will have an anticipated lifespan of between 6-8 years. • The project includes support and maintenance for the equipment for 3 and 5 years for the Wireless and Core Data Centre Networking equipment respectively.
Cons	Cost
Observations	None
Recommendation	To proceed with Option 2

3.2.3 The preferred option

Option 2 is the preferred option.

Table A - Indicative Costs for Solution and Implementation

Description	Supplier	Cost
Core DC Switches	3rd Party	£180,000
Corporate WiFi Equipment	3rd Party	£185,000
Corporate Wifi AP Migration	3rd Party	£8,000
Cables and Sundries	3rd Party	£1,000
Switch Implementation & Migration	Hoople (from Table B)	£10,760

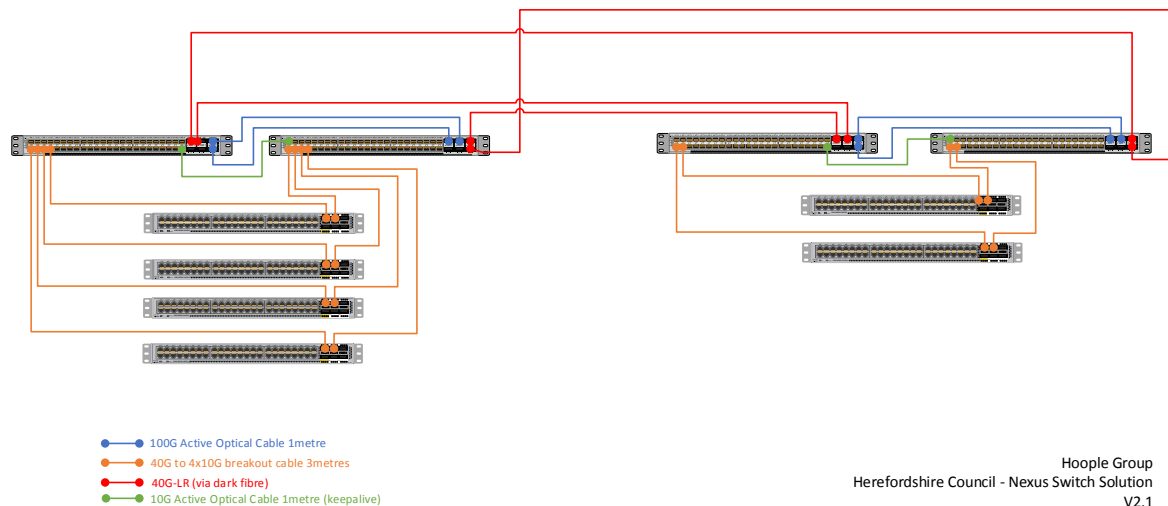|		
WiFi Implementation & Migration	Hoople (from Table B)	£14,420
Procurement Support	Hoople (from Table B)	£1,550
Hoople Project Management	Hoople (From Table B)	£6,100
Contingency @ 10%	-	£40,683
	Total	£447,513

Table B - Indicative Costs for Hoople

Activity	IT Team	Cost
Core DC Switch – Install & Configure	Architecture	£7,100
Core DC Switch – Migration & Decom	Infrastructure	£3,660
Corporate WiFi – Install & Configure	Architecture	£7,100
Corporate WiFi – Migration @ 37 Sites	Infrastructure	£6,100
Corporate WiFi – Decommission	Infrastructure	£1,220
Procurement Support	Procurement	£1,550
Project Management	Project Management	£6,100

Solution Overview

(1) Core Data Centre Switches
    a. Solution overview
        ▪

100G Active Optical Cable 1metre
40G to 4x10G breakout cable 3metres
40G-LR (via dark fibre)
10G Active Optical Cable 1metre (keepalive)

Hoople Group
Herefordshire Council - Nexus Switch Solution
V2.1

    b. Bill of Materials

Item Number	Description	Qty
N9K-C93180YC-FX3	Nexus 9300 48p 1/10/25G, 6p 40/100G, MACsec UP. SyncE	4
MODE-NXOS	Dummy PID for mode selection	4
NXOS-9.3.7	Nexus 9500, 9300, 3000 Base NX-OS Software	4

Herefordshire Council

NXK-MEM-16GB	Additional memory of 16GB for Nexus Switches	4
NXK-ACC-KIT-1RU	Nexus 3K/9K Fixed Accessory Kit, 1RU front and rear removal	4
NXA-FAN-35CFM-PE	Nexus Fan, 35CFM, port side exhaust airflow	16
NXA-PAC-650W-PE	Nexus NEBs AC 650W PSU - Port Side Exhaust	8
CAB-C13-C14-AC	Power cord, C13 to C14 (recessed receptacle), 10A	8
C1A1TN9300XF-5Y	Cisco ONE Advantage Term N9300 XF, 5Y	4
QSFP-100G-AOC1M=	100GBASE QSFP Active Optical Cable, 1m	4
SFP-10G-AOC1M=	10GBASE Active Optical SFP+ Cable, 1M	2
QSFP-40G-LR4=	QSFP 40GBASE-LR4 OTN Transceiver, LC, 10KM	8
N2K-C2348TQ-E	Nexus 2000, 10GT FEX; 48x1/10T; 6x40G QSFP	6
QSFP-4X10G-AOC3M	40GBASE Active Optical QSFP to 4SFP breakout Cable, 3m	12
CAB-C13-CBN	Cabinet Jumper Power Cord, 250 VAC 10A, C14-C13 Connectors	12
N2348TQ-E-FA-BUN	Standard airflow pack: N2K-C2348TQ-E, 2AC PS, 3 Fan	6
	5 Year 24x7x4 Support	
5Y-PSS-N9K	5 Year PSS - PRTNR SUP 24X7X4 - N9K-C93180YC-FX3	4
5Y-PSS-N2348	5 Year PSS - PRTNR SUP 24X7X4 - N2348TQ	6

-

(2) Corporate WiFi
   a. Solution Overview
      -
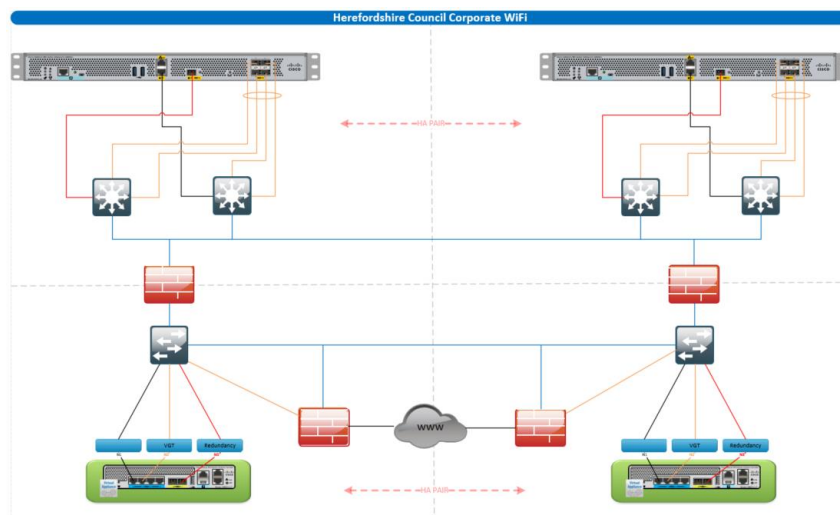
   b. Bill of Materials

Item Number	Description	Qty
C9800-40-K9	Cisco Catalyst 9800-40 Wireless Controller	2
LIC-C9800-DTLS-K9	Cisco Catalyst 9800 Series Wireless Controller DTLS License	2

AIR-DNA	CISCO DNA for Wireless - CHOOSE ONLY QTY 1 HERE	1
AIR-DNA-E-3Y	Wireless Cisco DNA On-Prem Essential, 3Y Term Lic	240
C9800-CL-K9	Cisco Catalyst 9800-CL Wireless Controller for Cloud	2
LIC-C9800-DTLS-K9	Cisco Catalyst 9800 Series Wireless Controller DTLS License	2
C9120AXI-E	C9120AX Internal 802.11ax 4x4:4 MIMO;IOT;BT5;mGig;USB;RHL	240
▪	**3 Year 24x7x4 Support**	
3Y-PSS-C9800-40	3 Year PSS - PRTNR SUP 24X7X4 - C9800-40-K9	2
3Y-PSS-C9300-CL	3 Year PSS - PRTNR SUP 24X7X4 - C9800-CL	2

3.3 Supplier appraisals

This section compares the potential supplier deals and agrees the preferred supplier.

3.3.1 The Procurement process

Please outline your procurement process including the following:

- *Procurement route e.g. via OJEU/framework agreement*
- *The long list criteria*
- *The short list criteria*
- *Economic appraisals – an overview of the costs and benefits associated with each of the selected service providers*
- *Non-financial benefits appraisals – an overview of non-cash releasing benefits, their weighting, score and impact on supplier ranking*
- *Non-financial risk appraisal – an overview of non-financial risks - their impact, probability and score on supplier ranking*

3.3.2 Preferred supplier

Following the above appraisals and analysis, the preferred supplier is confirmed below.

4.0 COMMERCIAL CASE

4.1 Required services

4.2 Potential/Agreed risk transfer

Herefordshire Council

4.3 Proposed/Agreed charging mechanism

4.4 Proposed/Agreed contract lengths

4.5 Proposed/Agreed key contractual clauses

4.6 Personnel implications (including TUPE)

.

4.7 Procurement Strategy and implementation timescales

5.0 FINANCIAL CASE

5.1 INSERT FUNDING TABLE

The Capital Request Funding Form (Capital Finance Intranet site) must also be completed and submitted with the Full Business Case documentation.

Capital cost of project	2022/23	2023/24	2024/25	Future Years	Total
Core Data Centre Switches & Corporate Wi-Fi	£450k	£000	£000	£000	£000
Project Management Fees (est. 10% project value)	£40k				
TOTAL	£490k				

Funding streams (Indicate revenue or capital funding requirement)	2022/23	2023/24	2024/25	Future Years	Total
Corporate Funded Borrowing	£490	£000	£000		-
					-
TOTAL					

5.2 Impact on the Council's income and expenditure account (revenue account)

Revenue budget implications	2022/23	2023/24	2024/25	Future Years	Total
Core Data Centre Switches (costs from year 6)	-	-	-	£12k	
Corporate Wi-Fi (costs from year 4)	-	-	-	£20k	
Core Data Centre Switches (support dropped from current Maintel Contract)		(£3.9k)	(£3.9k)	-	
Corporate Wi-Fi (support dropped from current Maintel Contract)		(£6.5k)	(£6.5k)	-	
TOTAL		(£10.4k)	(£10.4k)	£32k	

Primary Data Storage Area Network (Plough Lane)

Business Case

Version Control

Version	Date	Summary of Change	Author
0.1		First issue	

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
2 - FBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Portfolio Manager	Sense check	
	HPMO	Sense check	
	Assurance Board	Sense check	
	Capital Programme Board	Council Programme oversight	
	Cabinet	Corporate fit	
	Full Council	Approval (capital programme)	

Herefordshire Council

Gateway Review	Director PMO Assurance	Assurance	
3 - Delivery	*Project Board / Director / Programme Board*	*Note major changes and approvals during delivery*	
Gateway Review	Director PMO Assurance	Assurance	
4 – Handover & project review	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Board	Programme oversight	
	Assurance Board	Assurance	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance	
Gateway Review	Director PMO Assurance	Assurance	

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Table of Contents

Contents

Herefordshire Council

46

4.3 Proposed/Agreed charging mechanism

4.4 Proposed/Agreed contract lengths

4.5 Proposed/Agreed key contractual clauses

4.6 Personnel implications (including TUPE)

4.7 Procurement Strategy and implementation timescales

5.0 FINANCIAL CASE

5.1 INSERT FUNDING TABLE

5.2 Impact on the Council's income and expenditure account (revenue account)

Herefordshire Council

1.0 PROJECT DESCRIPTION

The project is to replace critical IT Data Storage equipment which is coming to the end of its manufacturer supported life.

Namely Plough Lane Storage Area Network (SAN) & Fibre Chanel Optical Switching (FC Switches).

2.0 STRATEGIC CASE

Herefordshire Council runs a modern IT Data Storage Environment/SAN to operate and support its service delivery. Due to the sensitivity of the data processed within its key line of business solutions (Security Classification - Official/Official Sensitive), the authority needs to operate its IT systems in line with Government guidelines (currently HMG Security Policy Framework and Minimum Cyber Security Standard).

Due to these guidelines, the authority is obliged to ensure that the underlying infrastructure is secure and that the hosting environment is maintained securely. Infrastructure must not be vulnerable to common cyber-attacks and this should be maintained through secure configuration and software patching.

This is audited each year under the PSN, Cyber Essentials Plus and ISO27001 certifications.

IT equipment manufacturers operate support lifecycles in 3 main areas. (a) Software development (features), (b) security patching (vulnerabilities) and (c) hardware (parts). In order to meet the vulnerability patching requirements as outlined above, equipment is considered within lifecycle for compliance management whilst the manufacturer continues to provide software releases for security vulnerabilities (b).

The authority's Data Storage Area Network equipment within its Plough Lane Data Centre is coming to the end of its vulnerability support within the next 12 months (March 2022).

2.1 Project aims and objectives

The aim of the project is as follows:

- Replace the current equipment with supported 'in life' equipment which is actively supported by the supplier particularly for vulnerability patches.
- Replace like for like with equipment that meets the current compatibility and support requirements for the infrastructure including additional overhead to mitigate against data growth throughout the first 5 years of operation.
- Provide support and maintenance contract with the manufacturer or partner.
- Decommission and dispose of outgoing equipment in line with the authorities' security and environmental policies.

2.2 Strategic Drivers

2.2.1 National and Regional

National guidance and compliance from Central Government:

- Security Policy Framework (2018).
- Minimum Cyber Security Standard (June 2018).
- National Cyber Security Strategy.
- National Cyber Security Centre 10 Steps to Cyber Security.
- Public Services Network (PSN) Compliance.
- Cyber Essentials/Cyber Essentials Plus.
- Industry best practice (ISO27001).

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick √ below where applicable	Delivery Plan Reference(s)
Community	√	
Economy	√	
Environment	√	

2.3 Background and Rationale in Project Mandate

The primary objective for the project is to support the authority's requirements to operate IT equipment in a secure manner. As outlined earlier in section 2.0, the authority is obliged to ensure that the underlying infrastructure is secure and that the hosting environment is maintained securely. Infrastructure must not be vulnerable to common cyber-attacks and this should be maintained through secure configuration and software patching.

This project is to replace ageing equipment with manufacturer supported equipment where security patches will be issued in line with emerging vulnerabilities and Cyber Security threats.

2.4 Scope

2.4.1 In-Scope

(3) Data Storage Area Network (Plough Lane)
   a. Procure replacement equipment
   b. Install replacement equipment in a like for like configuration
   c. Migrate all operational services to the new equipment
   d. Decommission old equipment

2.4.2 Out of Scope

Any other Data Storage Solutions operated by the Council.

2.5 Benefits

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

None

2.5.2 Non-cashable benefits

Operational benefits.

- Continued Cyber Security protection through manufacturer support for vulnerabilities
- Continued hardware failure protection through manufacturer support for parts and components
- Continued feature support through manufacturer software development. Potential for cost avoidance.

- Additional overhead to support future data growth.

2.5.3 Dis-benefits

2.6 Risks

Risk	Mitigation
Engineering Resource	Reprioritise other work or engage professional services dependent on the prevailing risk encountered.
Disruption to services during migration	Most services within the data centre operate within a resilient N+1 configuration. Data Storage Area Networks will run in parallel during implementation and services will be migrated based on risk (low to high). Those identified as not being resilient will be migrated out of hours with coordination with the business.
Implementation Delay	Should any vulnerabilities be identified then additional security mechanisms may have to be implemented to mitigate the vulnerability. Each prevailing vulnerability will be reviewed and scored. Mitigation will be agreed dependent on the score and ability to treat or resolve within the context of the project delivery.

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

None

This project depends on:

None

2.8 Stakeholders

Herefordshire Council – Engagement through meetings and communications dependent on whether at departmental or organisational level.

3.0 ECONOMIC CASE

1.1 Critical success factors

- Successful Procurement.
- Successful implementation.
- Provision of in life and supported equipment.
- Replacement Equipment covered by appropriate support and maintenance contract with access to manufacturer updates and specialist technical support.
- Decommission and disposal of outgoing equipment.

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons

Herefordshire Council

| Do Nothing | Y | Benchmark Option |
| Replace Equipment | Y | Appropriate Option |

3.2.2 Short-list of options

Option 1 – Detail	
Do nothing.	
Cost	
Benefits	N/A
Deliverability	Will become more problematic to maintain unsupported equipment over time.
Pros	No effort or upfront cost
Cons	Security and Hardware failure Risks will increase over time. At some future point hardware parts and components will not be available to source.
	Risk of security compromise will increase over time as cyber security threats and vulnerabilities for the aging technologies emerge.
	Operational and support costs will increase as compatibility with other equipment and replacement component part availability reduces overtime (i.e. obsolescence).
	The Council will no longer be able to maintain the security posture and compliance certifications expected of a Local Authority.
	Data may become at risk should component parts fail and not be able to be replaced due to the system obsolescence.
	Loss of Data or interruption to data systems for any significant time will cause severe disruption to services operated and delivered by the Council which could cause financial and reputational damage to the organisation. For instance, the loss or ability to access systems such as Academy (Revs & Bens), Mosaic (Social Care) and Business World (Finance and Payroll) would have a far reaching impact.
Recommendation	Not to do this

Option 2 – Detail
Replace the equipment installed in 2016 which has come to the end of manufacturer support.

Cost	£335k
Benefits	Supported in life equipment with the provision of manufacturer security, software and hardware support and maintenance. Supports the authority's obligations by maintaining the core infrastructure in a secure manger and protecting Herefordshire Council and Citizen Data.
Deliverability	Within skillset and capability of Hoople IT.
Pros	• Will enable Hoople to continue to provide a secure environment for Council Services by mitigating against emerging Cyber Security Threats. • Will provide Hardware maintenance mitigating against component or equipment failure. • Will support the Councils requirement to maintain PSN and CE+ certifications. • Will provide assurances in respect of the Confidentiality, Integrity and Availability of Data held with the Key Line of Business Systems for the Council. • The replacement equipment will have an anticipated lifespan of between 6-8 years. • The project includes support and maintenance for the equipment of 5 years.
Cons	Cost
Observations	None
Recommendation	To proceed with Option 2

3.2.3 The preferred option

Option 2 is the preferred option.

Hoople IT have received a number of quotes for differing solutions. The capital bid is based on an HPE solution quoted by Insight, which seemed the most realistic in respect of compatibility with the Councils infrastructure and data sizing and structures.

Table A - Indicative Costs for Solution and Implementation

Description	Supplier	Cost
Plough Lane SAN & FC Switches*	3rd Party	£180,000
Cables and Sundries	3rd Party	£1,000
Contingency (Technology)* 30%		£54,000
SAN Implementation & Migration	Hoople (from Table B)	£21,460

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Procurement Support	Hoople (from Table B)	£1,550
Hoople Project Management	Hoople (From Table B)	£6,100
Contingency @ 10%	-	£39,883
	Total	£303,993

Table B - Indicative Costs for Hoople

Activity	IT Team	Cost
SAN – Install & Configure	Architecture	£7,100
SAN – Migration & Decommission	Infrastructure	£6,710
Procurement Support	Procurement	£1,550
Project Management	Project Management	£6,100

Solution Overview

(3) Data Storage Area Network
    a. Solution overview
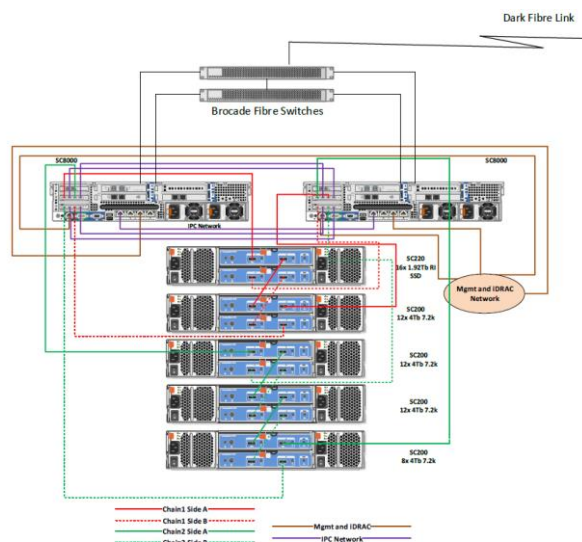
    b. Bill of Materials

Item Number	Description	Qty
Q8H39A	HPE NS HF40 Hybrid CTO Base Array	1
Q8B57B	HPE NS HF40/60 Hybrid 210TB FIO HDD Bndl	1
Q8B66B	HPE NS HF40/60 23.04TB FIO Cache Bndl	1
Q8C17B	HPE NS 2x10GbE 4p FIO Adptr Kit	1
Q8G27B	HPE Tier 1 Storage OS Default FIO SW	1
Q8J27A	HPE NS C13 to C14 FIO Power Cord	1
R3P91A	HPE Tier 1 Storage Array Standard Trk	2
HT6Z0A3	HPE NS 5Y 4H Parts Exchange Support	1
HT6Z0A3#ZFW	HPE NS HF40/60 Hybr 210TB HDD Bndl Supp	1

Herefordshire Council

53

HT6Z0A3#ZFC	HPE NS HF40/60 23.04TB Cache Bndl Supp	1
HT6Z0A3#ZFG	HPE NS HF40 Hybrid Base Array Supp	1
HT6Z0A3#ZG0	HPE NS 2x10GbE 4p Adptr Supp	1
23658256	Switch	1
Q9Y41AAE	HPE Network Orchestrator SW-6 E-LTU	1
QR481C	HPE SN6000B 16Gb 48/48 Pwr Pk FC Swch	2
QR481C#05Y	2.4m Jumper (IEC320 C13/C14 M/F CEE 22)	2
AG466A	HPE Door/dock Small Delivery SVC	2
QK724A	HPE B-series 16Gb SFP SW XCVR	96
QK735A	HPE Premier Flex LC/LC OM4 2f 15m Cbl	96
HU4B2A3	HPE 5Y Tech Care Basic SVC	1
HU4B2A3#ZHX	HPE SN6000B 16Gb PP FC Switch Support	2
QK734A	HPE Premier Flex LC/LC OM4 2f 5m Cbl	8

▪

3.3 Supplier appraisals

This section compares the potential supplier deals and agrees the preferred supplier.

3.3.1 The Procurement process

Please outline your procurement process including the following:

- *Procurement route e.g. via OJEU/framework agreement*
- *The long list criteria*
- *The short list criteria*
- *Economic appraisals – an overview of the costs and benefits associated with each of the selected service providers*
- *Non-financial benefits appraisals – an overview of non-cash releasing benefits, their weighting, score and impact on supplier ranking*
- *Non-financial risk appraisal – an overview of non-financial risks - their impact, probability and score on supplier ranking*

3.3.2 Preferred supplier

Following the above appraisals and analysis, the preferred supplier is confirmed below.

4.0 COMMERCIAL CASE

4.1 Required services

4.2 Potential/Agreed risk transfer

.

4.3 Proposed/Agreed charging mechanism

4.4 Proposed/Agreed contract lengths

4.5 Proposed/Agreed key contractual clauses

4.6 Personnel implications (including TUPE)

4.7 Procurement Strategy and implementation timescales
Detail and list below:

5.0 FINANCIAL CASE

5.1 INSERT FUNDING TABLE

The Capital Request Funding Form (Capital Finance Intranet site) must also be completed and submitted with the Full Business Case documentation.

Capital cost of project	2022/23	2023/24	2024/25	Future Years	Total
Data Storage Area Network (Plough Lane)	£304k	£000	£000	£000	£000
Project Management Fees (est. 10% project value)	£31k				
TOTAL	£335k				

Funding streams (Indicate revenue or capital funding requirement)	2022/23	2023/24	2024/25	Future Years	Total

Herefordshire Council

Corporate Funded Borrowing	£335				-
					-
TOTAL					

5.2 Impact on the Council's income and expenditure account (revenue account)

Revenue budget implications	2022/23	2023/24	2024/25	Future Years	Total
SAN (costs from year 6)	-	-	-	£45k	
SAN (Support costs already paid to end of life)	-	-	-	-	
TOTAL				£45k	

Public Realm Maintenance (Mitigation of Risk on the Network)

Business Case

Date: 16/07/2021

Version Control

Version	Date	Summary of Change	Author
0.1		First issue	

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state "see track changes" in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Corporate Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
2 - FBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Programme Manager	Sense check	
	HPMO	Sense check	
	Assurance Board	Sense check	
	Corporate Programme Board	Council Programme oversight	
	Cabinet	Corporate fit	
	Full Council	Approval (capital programme)	
Gateway Review	Director PMO Assurance	Assurance	
3 - Delivery	*Project Board / Director / Programme Board*	*Note major changes and approvals during delivery*	

Gateway Review	Director PMO Assurance	Assurance	
4 –Handover & project review	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Board	Programme oversight	
	Assurance Board	Assurance	
	Corporate Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
5 – Project Closure	Capital Programme Manager/ Head of PMO	Governance	
Gateway Review	Director PMO Assurance	Assurance	

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

Distribution

This document has been distributed to

Name	Role	Date of issue	Version

Table of Contents

Contents

Herefordshire Council

60

6.1 Project Management Arrangements

6.2 Use of Consultants

6.3 Arrangements for benefits realisation

6.4 Arrangements for post project evaluation

6.5 Timeframes

7.0 THE ENVIRONMENTAL CASE

8.0 LEGAL IMPLICATIONS

9.0 EQUALITY IMPACT IMPLICATIONS

10.0 HEALTH & SAFETY IMPLICATIONS

11.0 SOCIAL VALUE IMPLICATIONS

APPENDICES - SUPPORTING EVIDENCE

Herefordshire Council

1.0 PROJECT DESCRIPTION

This outline business case contains information that describes the justification for the capital investment in various highway service areas.

The council estimates there is a backlog of £90m in highway carriageways with a further £85m in structures with further depreciation in footways, cycles, street lighting, traffic management and street furniture. The condition of the network is such that the available Annual Plan and Forward Plan budgets are prioritised to minimising the impact of the deteriorating condition and pressures in the existing network on a Risk Based Approach. Due to the pressures, the areas identified in this bid would not reach the Annual Plan and as such we are seeking additional capital investment.

(The valuation of the network has been agreed with the Department of Transport, see appendix A)

Extraordinary Highway Maintenance – Market Town Investment

This will make a step change in condition for the highway in and around the Market Towns. This will improve the highway network for the public and support the economic growth of the county as well as mitigating the whole life carbon footprint of the service as part of this investment.

The investment, if approved will be for 2022/23 through to 2024/25. The investment is intended to be split over these years to both enhance the market towns following the Covid-19 pandemic as well as allowing sensitive works programming to minimise disruption.

The project will link in with the Market Town Investment Plan, co-ordinating and taking opportunities to improve the Market Towns where applicable.

Investment in Public Transport Infrastructure

Public Transport Infrastructure is in need of investment, this is to address the backlog of maintenance across the public transport asset. Due to other priorities the level of revenue funding in the Annual Plan resulted in an approach which means we can only keep the asset safe, there is no capacity to maintain and replace. The project is to invest in locations where the assets of such a condition, they need to be replaced.

Roads at Risk A4113 Leintwardine

The A4113 is prone to flooding from the River Teme, the locations are to the South West of Leintwardine. The River Teme is moving significantly closer to the A4113 which is causing concern as to the risk of losing this key infrastructure.

The project is to stabilise the erosion and to prevent further loss of land that could see the A4113 being subject to erosion damage. This is a significant project which is not in the Annual or Forward programme, if the project were to be delivered through the Annual Plan the investment in the priorities identified within the programme would reduce and create a backlog in investment which would increase the risk of flooding, carriageway defects with a likelihood of increased claims and potentially accidents on the networks and properties flooding.

Traffic Signal Asset Improvements in the Market Towns

Given the current level of annual plan capital and revenue funding and the wider demands that are present across the highway asset, the traffic signals component has been suffering from an ever-growing backlog. This is particularly relevant given the small scale of the asset group in the county. The current replacement rate is around once every 25 years, this compared to a service life of around 15 years. The result of this is an aging asset that is not responsive to new technology and should that technology be utilised, elevated installation costs, significant delay and increased disruption to the network would be incurred.

By targeting a successful bid on the aged installations within the Market Towns, it is anticipated that the funding would deliver:

- A step change in condition that would make the system capable of delivering technological advancement to prioritise active travel, VRU's and Public Transport modes;
- Deliver a platform from which open data can be provided;
- Enable a county wide migration to an intervention lead approach to managing the asset, and;
- Improve the reliability and efficiency of the transport system in the Market Towns.

Junctions like the A449 J/W A438, Top Cross in Ledbury are in need of investment to improve the function of the lights for the benefit of the highway users in the town. This, along with key pedestrian crossing locations are to be upgraded by this bid.

Village Safety Initiatives Phase 2

This proposal is for the delivery of further pilot schemes that enhance the road environment within villages. This follows successful trials in Bosbury, Shobdon and Pembridge and the programmed trials in Stretton Grandison and Ashperton. The proposed bid would create a platform to deliver enhancements to villages.

The council as the highways authority, has duty under Section 41 of the Highways Act to maintain at public expense, the budget allocated within the Annual and Forward plan maintains the network. This project enhances the network in communities reducing the speed of traffic and giving people a safer environment to live, work and exercise. The project will complement the asset maintenance work undertaken in the annual plan and support different enhanced material selection, lining and signing.

This project is intended to set the parameters and concepts for a future roll out of similar initiatives across the county.

The scheme has three parts set out, relating to four villages that have A and B roads running through the built environment. These villages are:

- B4348 Peterchurch
- B4224 Fownhope
- B4224 Upton Bishop
- A4172 Little Marcle

Reducing the Risk of Highway Retaining Wall Collapse

Following the compromise of structures that support the B4224 near to the village of Fownhope a more comprehensive review of the condition of some retaining walls has highlighted a number of deficiencies in a number of structures. In order to manage the risk of these, without diverting funds from other critical assets or asset types this project intends to deliver works to the most important structures. This work has been progressed using the principles of utilising a risk-based approach as required by both the Highways Maintenance Plan and the UK Roads Liaison Group's Well Managed Highway Infrastructure: A Code of Practice.

Structures are within the Annual Plan but additional funding is required to mitigate the growing risk on the network and prevent further costly failures.

2.0 STRATEGIC CASE

2.1 Project aims and objectives

Extraordinary Highway Maintenance – Market Town Investment

The aim of the project is to provide sustained investment and support an ongoing programme of works targeted investment in the asset to manage and minimise decline before larger more costly repairs are required.

The funding will be targeted at highway maintenance in Market Towns where the improvement in the condition of the highway network will support active travel initiatives, access improvements and improve connectivity.

The aim is to support the growth of the county by making the best use of its highway asset and where possible facilitate efficient use along with improvements to the quality of our public places.

Herefordshire Council

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

Optimal asset management will enable this vital asset to be maintained for least whole life cost and with a lowest possible carbon footprint.

Investment in Public Transport Infrastructure

Improving the asset supports the ambition for Herefordshire in the County Plan, by having a safe, usable asset supporting the use of public transport and in doing so supports the:

- Environment: improving and extending active travel options
- Community: supports communities, linking to key transport Hubs and facilities in the Market Towns and the City.
- Economy: Good infrastructure that attracts investment.

The Local Transport Plan sets out the vision and transport objectives and the investment is consistent with the Hereford Transport Strategy ambitions for Hereford City.

The aim of Asset Management is to support the growth of the county by keeping the travelling public safe, making the best use of its transport assets and where possible facilitate more efficient usage together with improvements in the quality of our public spaces.

A transport network that supports growth enabling the provision of new jobs and houses, whilst providing the conditions for safe and active travel, which reduces congestion and increases accessibility by less polluting and healthier forms of transport than the private car.

Make journeys easier and safer.

Ensure access to services for those living in the rural areas.

Passenger Transport priorities are to provide high quality shelters and transport hubs, this is an opportunity to replace shelters and to provide cycle parking where possible.

Policy LTP PT3 – Bus Infrastructure Improvements – to improve bus shelters.

Bus shelter should provide a place to sit, protected from weather and provide a feeling of safety and security.

The condition of the public transport assets have identified locations that need immediate investment. There are 7 sites in need of replacement, this project will deliver and also add benefit in providing cycle parking where land is available.

The objective is to provide good modern infrastructure that protect those waiting for their bus, from the elements, able to withstand the extremes of weather and vandalism and to look like somewhere the passenger will feel safe whilst waiting.

Roads at Risk A4113 Leintwardine

The A4113 is part of the councils Strategic Network as set out in the councils Highways Maintenance Plan, it is the highest tier of maintenance hierarchy maintained by the council as the Local Highway Authority.

The highway links the North West of the county to the rest of Herefordshire, linking to the A49 and to Wales, a short distance from Knighton and Prestigne.

Herefordshire Council

The road floods regularly which requires closure of the road, this is for relatively short duration, this is managed as part of the councils response to severe weather. Due to climate change, flooding in the county is becoming more frequent and more severe. As a consequence, the R. Teme is moving closer to the highway infrastructure, specifically, the A4113.

The River Teme is a tributary of the River Severn, it rises in Cilfaesty Hill n Mid Wales, flowing through Knighton, Leintwardine and Ludlow before it confluences with the River Severn near Worcester. The river drains a catchment area of approximately 167km2 upstream.

The erosion risk is from the migration of the River Teme, the movement is causing concern due the close proximity of the A4113. The road is within the active flood plain of the River Teme, flooding cause's severance for communities and disrupts traffic movements serving the locality.

The immediate concern is in relation to the localised movement, there are 3 locations where the movement of the river is moving towards the A4113 as can be seen in Fig 1 below.

The issues have been raised with the Environment Agency (EA), meetings have been undertaken to explain the issues and progress viable options.

The movement of the river is highlighted in the figures below which shows the most recent monitoring survey results.

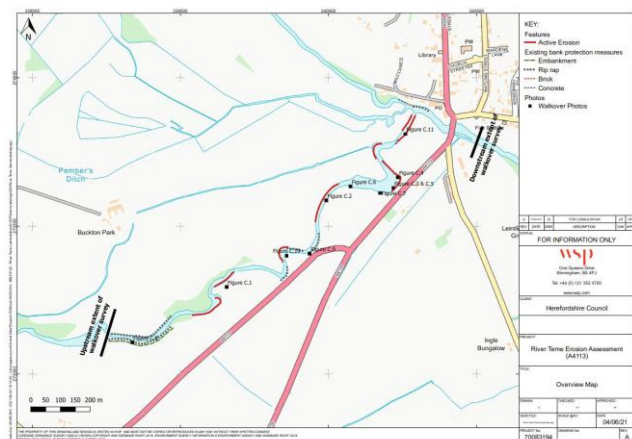Fig 1 Overview map with 3 areas of concern.
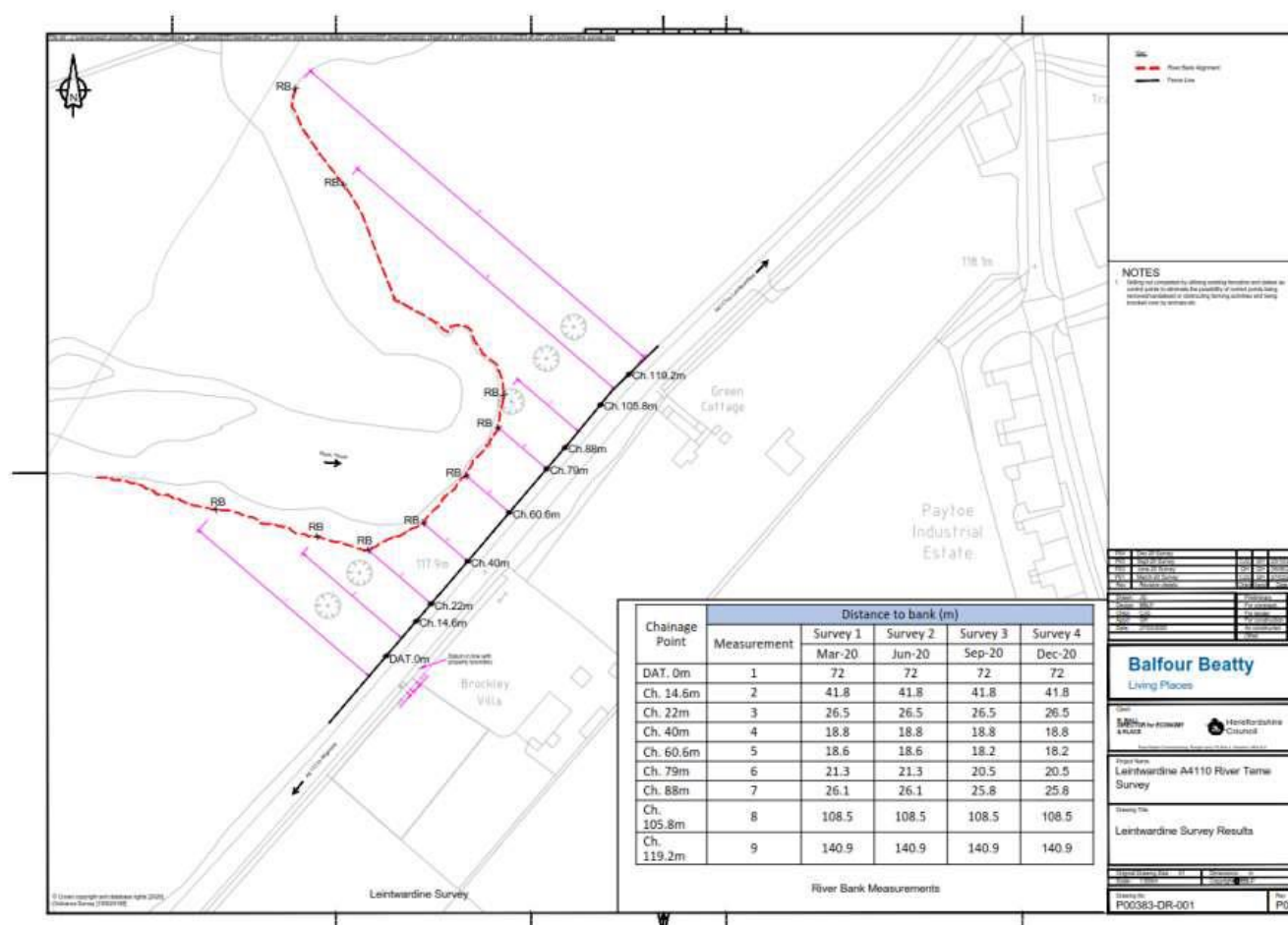

Fig 2 2001, Aerial Photograph

Fig 3 2009 Aerial Photograph

Fig 4 2018 Aerial Photograph

Figure 5 Topographical Survey – monitoring results.

Leintwardine Survey — P00383-DR-001

Chainage Point	Measurement	Distance to bank (m)			
		Survey 1 Mar-20	Survey 2 Jun-20	Survey 3 Sep-20	Survey 4 Dec-20
DAT. 0m	1	72	72	72	72
Ch. 14.6m	2	41.8	41.8	41.8	41.8
Ch. 22m	3	26.5	26.5	26.5	26.5
Ch. 40m	4	18.8	18.8	18.8	18.8
Ch. 60.6m	5	18.6	18.6	18.2	18.2
Ch. 79m	6	21.3	21.3	20.5	20.5
Ch. 88m	7	26.1	26.1	25.8	25.8
Ch. 105.8m	8	108.5	108.5	108.5	108.5
Ch. 119.2m	9	140.9	140.9	140.9	140.9

River Bank Measurements

Balfour Beatty
Living Places

Project Name: Leintwardine A4110 River Teme Survey

Drawing Title: Leintwardine Survey Results

Drawing No. P00383-DR-001   Rev P04

Traffic Signal Asset Improvements in the Market Towns

The asset management approach to lifecycle planning enables the monitoring of trends in condition to plan maintenance within the constraints of available budgets. The objectives of the approach are:

- Improve the safety of the network for all modes through resilience of the signal asset;
- Realise a reduction in maintenance, reducing the amount of site visits and traffic management required, reducing disruption to the highway network;
- Reduce the traffic signal fault rate and customer complaints;
- Introduce new control strategies to improve traffic flows and reduce congestion;
- Upgrade refurbishment sites to use latest technologies, such as LED's, which use less energy and are more reliable;
- Introduce new above ground detection technologies to reduce the requirement to replace vehicle loop detection when the road is resurfaced. This also reduces ongoing highway maintenance costs;
- Reduce emissions across the county by optimising traffic flows;
- Improving efficiency of movement for active travel and public transport users, facilitating modal shift.

Historic capital and revenue funding levels within the annual plan across the service has meant lower investment than is required to deliver the optimum approach. The consequence of this is that reactive

Herefordshire Council

67

decisions are then required to maintain the reliability of signal installations. This erodes the approach and the funding opportunity could deliver a step change to 'reset' the approach to managing this asset group.

Village Safety Initiatives Phase 2

The principle objective for this project is a scheme that utilises an expanded toolkit of materials to enhance the highway environment in villages specified above. This is intended to improve safety, enhance the place aspect of the village and improve the environment for pedestrians and cyclists.

The design of this scheme will need to be undertaken in close liaison with the community to ensure that it delivers these objectives whilst positively contributing to the community.

Elements of the scheme will be evaluated for further deployment to similar parts of the network.

A capital bid for this type of enhancement would result in safer communities, with enhanced residential amenity and reduced severance for villages that are bisected by highway corridors.

These types of scheme also enhance the sense of 'place' within rural communities along with reducing vehicle speeds and encouraging the use of active travel by residents to village amenities.

A key output of this project would not only be the delivery of appropriate schemes as a pilot, but also to assess the true cost of delivering these schemes as a whole, or as component parts to inform future investment and for the attraction of S106 funding for transport.

Reducing the Risk of Highway Retaining Wall Collapse

In order to focus the project on the most critical areas the works will be prioritised based on network hierarchy. As a consequence works will mainly focus the improvements on the Strategic and Main Distributor areas of the network as set out in the Highways Maintenance Plan. This takes into account the character and usage of routes across the county.

The current retaining wall inventory includes 97 walls across the county. Figure 1 below shows these dispersed across the county:
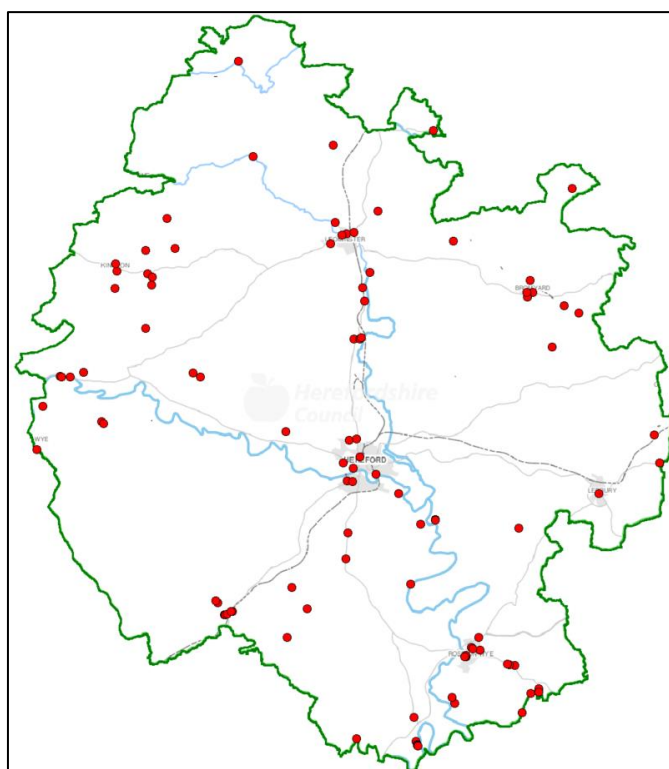

Figure 1: Retaining Wall Locations

Investment to improve the highway retaining walls will create a step-change in condition. This will then allow for a shift in the focus of future programmes of inspection and maintenance regimes in such a way that a lower whole life cost can be realised. This principle is founded on the concept that preventing major structural damage is more effective than dealing with more complex repairs later in the lifecycle. In more extreme cases this can also be linked to the local highway network being compromised because of failure, such as has occurred on the B4224 at Fownhope.

2.2 Strategic Drivers

2.2.1 National and Regional

Under Section 41 of the Highways Act, the Herefordshire Council has a duty to maintain the highway; this is delivered in collaboration with Balfour Beatty.

Whilst the project is focussed on the local consideration of highway improvement the management of the market towns is identifying and responding to the regional importance.

The Public Transport improvements is to provide good modern infrastructure that protect those waiting for their bus, from the elements. Able to withstand the extremes of weather and vandalism and to look like somewhere the passenger will feel safe whilst waiting.

The roads at risk is a response to the potential loss of the A4113 due to the moving River Teme, the A4113 is strategic route for the county and neighbouring authorities.

Traffic Signal Asset Improvements in the Market Towns, the traffic lights are on key strategic locations managing the flow of traffic, pedestrian and cycle movements safely.

Reducing the Risk of Highway Retaining Wall Collapse: In many cases, the structures support the primary road network, which facilitates long distance travel across the nation. These routes are of significant benefit to the economy in terms of enabling the passage of goods and services effectively and the efficient operation of these routes are an important function of the highway network.

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

Extraordinary Highway Maintenance – Market Town Investment

County Priority – please select from	Tick √ below where applicable	Delivery Plan Reference(s)
Community	√	CO0.3
Economy	√	EC1
Environment	√	EN2

This scheme directly relates to the delivery of CO0.3 from the delivery plan. These improvements are also intended to make active travel, particularly cycling a more attractive option for market town residents.

Investment in Public Transport Infrastructure

County Priority – please select from	Tick √ below where applicable	Delivery Plan Reference(s)

Community	√	C01
Economy	√	EC1
Environment	√	EN2

Active Travel is a key component of the Herefords County Plan and the Local Transport Plan. Without good transport infrastructure, the activeness of using public transport will appear to be less desirable. This project will invest and address the investment backlog.

The transport infrastructure supports the community in moving people around the county, to work, school, shops connecting communities to market towns, the city and transport hubs connecting to the wider network.

Roads at Risk A4113 Leintwardine

County Priority – please select from	Tick √ below where applicable	Delivery Plan Reference(s)
Community	√	C01, C04,
Economy	√	EC1
Environment	√	EN2, EN5,

The project will manage the risk of the River Teme encroaching the A4113. Intervention is supported by the County Plan by securing connectivity for communities, businesses and as the impact is linked to the climate change, securing a resilient network for all users.

This is reflected in the Local Transport Plan with the five objectives:

1. Enabling Economic Growth
2. Provide a good quality transport network for all users
3. Promote healthy lifestyles
4. Make journeys safer, easier and healthier
5. Ensure access to services for those living in rural areas.

If the network were to be severed the impact on the communities would be significant, the intervention now will prevent the realisation due to erosion and protect the strategic infrastructure.

Traffic Signal Asset Improvements in the Market Towns

The policy that underpins Herefordshire Council's approach to Asset Management are rooted in the Local Transport Plan. This sets out an approach based on asset management principles that follow a data led path to delivering appropriate planned interventions with the aim of minimising whole life costs and meeting statutory duties. This approach cascades through our hierarchy of policies into the Highways Maintenance Plan, Transport Asset Management Plan before setting out more granular approaches to the management of asset groups in Lifecycle Plans.

In terms of traffic signals, there is an aspiration to engage more planned interventions to maintain these assets. Planned interventions will reduce the whole life cost by reducing reactive maintenance, which is often tied to reliability issues. Disruption is also minimised to the travelling public and the economy. This is an important aspect to this asset type where planned interventions are vital for reducing disruption, minimising carbon emissions as well as reducing costs.

2.2.1 National and Regional

The bid contributes to the current national policies of encouraging active travel use to drive modal shift.

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick √ below where applicable	Delivery Plan Reference(s)
Community	√	CO0.3
Economy	√	EC1
Environment	√	EN2

This scheme directly relates to the delivery of CO0.3 from the delivery plan. These improvements are also intended to make active travel, particularly cycling a more attractive and efficient option for market town residents.

Village Safety Initiatives Phase 2

County Priority – please select from	Tick √ below where applicable	Delivery Plan Reference(s)
Community	√	CO0.3
Economy	√	EC1
Environment	√	EN2

This scheme directly relates to the delivery of CO0.3 from the delivery plan. These improvements are also intended to make active travel, particularly cycling a more attractive and efficient option for market town residents.

Reducing the Risk of Highway Retaining Wall Collapse

County Priority – please select from	Tick √ below where applicable	Delivery Plan Reference(s)
Community	√	CO0.3
Economy	√	EC1
Environment		

This scheme directly relates to the delivery of CO0.3 from the delivery plan.

2.3 Background and Rationale in Project Mandate

The County Plan sets out the ambition for Herefordshire in supporting the Environment, Community and Economy.

The council estimates a significant backlog in the highway carriageway. Structures, footways, cycles, street lighting, traffic management and street furniture. The condition of the network is such that the available Annual Plan and Forward Plan budgets are prioritised to minimising the impact of the deteriorating condition and pressures in the existing network on a Risk Based Approach. Due to the pressures, the areas identified in this bid would not reach the Annual Plan and as such we are seeking additional capital investment.

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The project will continue the sustained investment in the network and support the council's county plan. The project will enable the asset to be maintained to the appropriate level providing a safe and usable network for communities and businesses. Public places will be safe and enjoyable for all to use responsibly.

The project is broken down into different elements of the service:

- **Market Town Maintenance**

  - The market towns are in need for investment to enhance and to improve access and active travel opportunities.

  - The network is deficient in areas, the towns have had some investment with S106 available, this will be used to enhance and compliment works. The programme will deliver improved crossing facilities, improved accessibility and active travel routes.

- **Investment in Public Transport Infrastructure**
  - Replacement bus shelter programme.
  - The project is to renew the failed infrastructure with new, modern shelters.
  - The replacement is programmed to be delivered in 2022/23.
- **Roads At Risk A4113 Leintwardine**
  - The A4113 is part of the county's strategic road network, severance in this location would be severe for the local communities with no feasible alternative routes to schools, shops, employment.
  - The intervention is required to ensure the continuity of service and connecting communities and businesses alike. The intervention will be in the form of reinforcing the banks of the river at the specific locations.
  - The planned intervention will stabilise the movement of the River for the near future allowing for further works to understand the next phase which will look to address the flooding ensuring the route is resilient to severe weather.
  - Figure 3 Area of concern highlighted yellow.
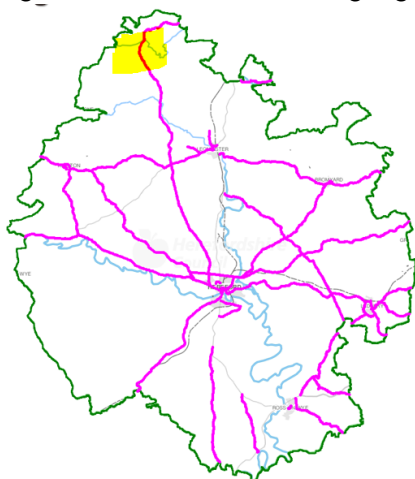
  -
- **Traffic Signal Asset Improvements in the Market Towns**
  - The core objective of this investment is to upgrade traffic signals installations to make them more efficient. This will directly improve both traffic flow and the attractiveness of active travel by providing enhancements to existing crossing facilities.
  - The facilities in the market towns are ageing and as time passes become less resilient, more likely to fail. Failure of these assets have a number of implications, but there are significant safety risks as well as severing walking and cycling routes.
  - This bid seeks to deliver resilience and efficiency to these assets, as well as creating a platform whereby future technological advancements can be utilised for further benefits.
- **Village Safety Initiatives Phase 2**

- o This project is a natural follow on from work already delivered in Bosbury, Shobdon and Pembridge and further schemes programmed in Stretton Grandison and Ashperton in 2021/22 to enhance the village environment that can be found in these communities. These villages are normally built around A and B class roads and this can lead to an amount of severance due to the relative lack of formal crossing points and the nature of the traffic using these routes that support longer distance travel.
  - o Enhancing the sense of place is considered an improvement with wide ranging benefit. The reason or this is that the proposal will not only alter the carriageway environment with the aim of lower traffic speeds, but also to capitalise on this by improving the ability of pedestrians to cross and generating a better environment for cyclists to make short journeys otherwise made by cars.
  - o This scheme is intended to be a pilot that considers an enhanced palette of materials over what has been used in the county to date. This material use will consider visual impact, the overall street scene and whole life cost as part of the overall scheme design.
- **Reducing the Risk of Highway Retaining Wall Collapse**
  - o The core outcomes for the investment would be to remove some of the risk from the network, to build a better understanding of the asset condition, highlight risk areas, and deliver a step change in the quality of this asset. This will enable the highway service to manage this risk in such a way that there are no unintended consequences to the condition of the bridge stock.

2.4 Scope

2.4.1 In Scope

Market Town Maintenance

The project scope is to invest in the network to ensure the asset will support the communities and businesses. The funding will invest in the network identified through the council's Asset Management Strategy focussed on maintenance and improvements in the Market Towns. The project will also mitigate some of the council's carbon footprint.

Investment in Public Transport Infrastructure

Replacement of Vandalised or poor repair (requires replacement)

Bus Shelters
Condition Assessment

Replacement of the worse condition as set out in the bus shelter condition survey. Introduce cycle stands where lad is sufficient.

Roads at Risk A4113 Leintwardine

Reinforcement of the banks of the R Teme to address the erosion concerns of severance of the A4113 from the A4110 and Wales, cutting off communities.

2.4.2 Out of Scope

The project is to invest in the existing network and does not include new infrastructure.

Raising or realigning of the A4113.

Traffic Signal Asset Improvements in the Market Towns

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Council

73

2.4.1 In Scope

The project will:

- Deliver works to deliver improvements to the traffic signals assets in market towns and therefore deliver the required step change in asset condition.

- This will balance risk and network usage along with scheme cost. By considering these aspects, the temptation to deliver the most costly schemes is avoided and delivering schemes that remove risk are advanced. Appropriate records will be kept to allow a more effective assessment of service life can be established to allow the service to plan future maintenance. This is considered added value on this project.

2.4.2 Out of Scope

This project will not have the scope to return all installations to an as new condition.

Village Safety Initiatives Phase 2

2.4.1 In Scope

The detailed design and implementation of a scheme to change surfacing colours, reduce carriageway widths, enhance the junction arrangements and utilise gradient changes if considered reasonable to enhance the village environment of the villages identified. This scheme will require detailed design phases that are undertaken in close liaison with the parish and other key stakeholders.

2.4.2 Out of Scope

The scheme will not provide controlled crossings or return all highway assets to an 'as new' condition.

Reducing the Risk of Highway Retaining Wall Collapse

The project will:

- Deliver works to stabilise the decline of the retaining wall asset inventory and therefore deliver the required step change in asset condition.

- This will balance risk and network importance along with scheme cost and coverage. By considering these aspects, the temptation to deliver the most costly schemes is avoided and delivering schemes that remove risk are advanced. Appropriate records will be kept to allow a more effective assessment of service life can be established to allow the service to plan future maintenance. This is considered added value on this project

2.4.2 Out of Scope

This project will not have the scope to return all structures to an as new condition.

2.5 Benefits

Market Town Maintenance

The benefit of the project will be the improvement in the network condition, the reduced backlog in the defects affecting the asset the improved accessibility and enjoyment of the public. The drainage will address a number of defects which will reduce flooding in the county, whether the risk is with the highway network or of property/businesses flooding. The scheme will increase the resilience of the council's network, which in turn will support the economy and accessibility for the people of Herefordshire.

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

Reduce reactive maintenance cost and increase the life of the asset, there will be reduced risk of claims to the council in relation accidents. The network will also be safer with a reduced risk of road traffic collisions which in turn reduce the cost to the community in respect to our partners such as police, fire, ambulance and the health service, it is estimated that an RTC = £98,232 average. (Based on DfT figures)

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2.5.2 Non-cashable benefits

Improved accessibility and enjoyment for local and visitor population.

2.5.3 Dis-benefits

The delivery of the scheme will likely result in short term disruption during the construction phases.

Investment in Public Transport Infrastructure

2.5.1 Cashable benefits
- Removing the maintenance demand for the shelters.
- Improving usage thus removing vehicles off the road, this will reduce congestion.

2.5.2 Non-cashable benefits
- Communities being safer

Roads at Risk A4113 Leintwardine

- **2.5.1 Cashable benefits**
- Future interventions to address the erosion.

- **2.5.2 Non-cashable benefits**
- Securing the A4113 in the locality keeping the population and economy connected and Herefordshire moving. The link is used for the economics, education, employment, access to facilities, for emergency services and supports communities.
- Intervention now will be undertaken off line which will not impact on the movement of traffic, if left, this may need to undertake with a road closure and additional works which would be more extensive and disruptive.

- **2.5.3 Dis-benefits**
- Intervention may restrict future options but this is discounted as works are required now to protect the link which is part of the council strategic road infrastructure.

Traffic Signal Asset Improvements in the Market Towns

2.5.1 Cashable benefits

By undertaking the project, the whole life costs of maintaining these assets will reduce through reducing reactive repairs

2.5.2 Non-cashable benefits

By reducing the amount of reactive maintenance there are benefits that can be realised in the carbon implications of delivering the maintenance regimes. The principle area of benefit is maintaining the efficiency of the transport network for all modes because of keeping the routes open and safe for use.

2.5.3 Dis-benefits

The works may result in short-term delays in the form of traffic management to the travelling public. This will have some community inconvenience. This can be mitigated with the careful planning of works and the delivery of works in a timely fashion. This risk needs to be balanced against a failure, which may result on much longer periods of severance.

Village Safety Initiatives Phase 2

2.5.1 Cashable benefits

Whilst this is not a maintenance led scheme there are likely to be reductions in reactive works because of the delivery of a designed scheme, particularly by reducing reactive repairs.

2.5.2 Non-cashable benefits

The reduction of traffic speed, improvement in safety, along with encouraging an environment where active travel journeys are more viable are considered the principle benefits of the scheme.

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2.5.3 Dis-benefits

The works may result in short-term delays in the form of traffic management to the travelling public. This will have some community inconvenience. This can be mitigated with the careful planning of works and the delivery of works in a timely fashion. This risk needs to be balanced against the scheme objectives.

Reducing the Risk of Highway Retaining Wall Collapse

2.5.1 Cashable benefits

By undertaking the project, the whole life costs of maintaining these assets will reduce through reducing potentially expensive reactive repairs. In addition to this saving, there are contributions to the economy that are realised by not having to implement lengthy closures with traffic having to use diversion routes to mitigate the risks of a compromised structure.

2.5.2 Non-cashable benefits

By reducing the amount of reactive maintenance there are benefits that can be realised in the carbon implications of delivering the maintenance regimes. The principle area of benefit is maintaining the efficiency of the transport network for all modes because of keeping the routes open and safe for use.

2.5.3 Dis-benefits

The works may result in short-term delays in the form of road closures to the travelling public. This will have some community inconvenience. This can be mitigated with the careful planning of works and the delivery of works in a timely fashion. This risk needs to be balanced against a wall compromise, which may result on much longer periods of severance.

2.6 Risks

There are some risks associated to not advancing a planned investment in the infrastructure that supports Market Towns:

- The risk is the increased backlog of defects in the network and the potential for negative reputational risk of insurance claims and possibly roads closed due to safety concern.

- Unable to mitigate the carbon footprint of the council and partners maintaining the network.

Specifically related to the service delivery on the programme:

- There are no significant risks in delivery of the project, resourcing and delivery will be managed through the public Realm Contract and working with partners such as Parish council's.

Roads at Risk

- Not investing will impact on the communities, the flooding is more frequent due to the changing climate, and the risk will not go away. Intervention is required, due to the speed of erosion, time is of the essence. The current situation allows for work to be undertaken without closing the road.
- The migration can move and impact elsewhere, this intervention is intended to halt the current issues and formulate a long term plan to manage the network.
- Agreement and permission of the EA, this is being managed as discussions are ongoing.
- Further erosion due to floods in the locality.

Traffic Signal Asset Improvements in the Market Towns

The risks of not undertaking the project are as follows:

- The risk is that as the installations deteriorate they become less reliable. This can then compromise those routes that rely on them, both in terms of safety and efficiency. , for an unknown amount of time. This project is aimed at creating a step change in condition to mitigate this risk and ultimately benefit the communities that rely on these routes on a daily basis.

- By not undertaking the project to 'prevent rather than cure' failures, claims and reputational risks remains.

The key project risks are:

- The risks associated to the delivery of the project lie with the delivery of the designs and works on site to the asset. These tend to be delays or additional unforeseen costs associated with undertaking the required civil engineering. These risks should be managed via the agreed processes of the Public Realm Contract.

Village Safety Initiatives Phase 2

The risks associated to the delivery of the project lie with the delivery of the designs and works on site to the asset. These tend to be delays or additional unforeseen costs associated with undertaking the required civil engineering. These risks should be either managed via the agreed processes of the Public Realm Contract or appropriately addressed in any procurement.

The risks associated with not undertaking the scheme are likely to result in pressure, which is likely to continue to build for this unfunded treatment type. This is directly reducing the likelihood of active travel being utilised in the village environments across the county.

Reducing the Risk of Highway Retaining Wall Collapse

The risks of not undertaking the project are as follows:

- The risk is that as walls deteriorate they cause instability to the highway network. This can then compromise those routes, for an unknown amount of time. This project is aimed at creating a step change in condition to mitigate this risk and ultimately benefit the communities that rely on these routes on a daily basis.

- By not undertaking the project to 'prevent rather than cure' failures, claims and reputational risks remains.

The key project risks are:

- The risks associated to the delivery of the project lie with the delivery of the designs and works on site to the asset. These tend to be delays or additional unforeseen costs associated with undertaking the required civil engineering. These risks should be managed via the agreed processes of the Public Realm Contract.

2.7 Constraints and Dependencies

Initiatives that depend on this project are:

Whilst there are no specific initiatives that depend on this project there are likely to be wider council objectives that will be supported by this programme of work, particularly those where there is a component of regeneration.

This project depends on:

This project is not dependent on existing or future projects, the project will support the local communities and businesses who will be engaged through the Public Realm contract annual and forward plan.

2.8 Stakeholders

The Assistant Director of Highways and Transport is the project sponsor who will be accountable for the operational decisions.

The key stakeholders will be the local members, parish and town councils, which will be engaged through delivery through the Public Realm contract Annual and Foreword Plan. The additional investment will deliver a better environment and improved connectivity for the communities and a more efficient network, which will support the economy and accessibility.

Cabinet Member, Local Members, Communities, Transport

Herefordshire Council

3.0 ECONOMIC CASE

3.1 Critical success factors

The funding will need to be identified early in the financial year to maximise the benefit of the investment and ensure the delivery of schemes.

3.2 Options and Do Nothing Option

Extraordinary Highway Maintenance – Market Town Investment

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Invest in the highway infrastructure within Market Towns.	Y	The advancement of a programme of maintenance works directly links to the delivery plan
Do Nothing	N	

3.2.2 Short-list of options

Option 1 – Investment in the Infrastructure of Market Towns	
Cost	£2,000,000 over 2 years
Benefits	- Creates a step change in the condition of the highway infrastructure in the market towns. - Improvement in the attractiveness of active travel options by improving surfaces for these modes. - The maintenance of these key areas will improve the amenity of these highway areas.
Deliverability	These schemes would be delivered through the public realm contract to make use of the already mobilised resource.
Pros	The scheme has a number of advantages beyond the bullets in the benefits section, primarily: - There would be an overall uplift in highway condition in these areas - The risk of claims reduces - The safety of these routes is improved and - The need for reactive maintenance reduces.
Cons	The construction phase will likely result in short term disruption. The investment is intended to be split over two years to both enhance the market towns following the Covid-19 pandemic as well as allowing sensitive works programming to minimise disruption.
Recommendation	It is recommended that option 1 be taken forward.

Option 2 – Do Nothing

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Cost	The costs of this strategy is not known, as the reactive works require will likely increase. This is difficult to accurately model.
Benefits	Scheme delivery will not result in disruption to the travelling public.
Deliverability	No Delivery implications
Pros	As set out in the benefits section.
Cons	- Highway conditions will continue to deteriorate as budgets are required to manage priorities across the wider network - Risk of claims and safety implications increase - The attractiveness of active travel, particularly cycling diminishes.
Observations	This option is not recommended due to the above 'cons'
Recommendation	This option is not recommended.

3.2.3 The preferred option

Option 1 – to Invest in the Highway Infrastructure of the Market Towns is the preferred option.

Investment in Public Transport Infrastructure

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Replacement of failed assets/shelters	Y	The most deliverable option with the highest cost certainty
Replacement of Shelters and improved facilities providing transport hubs	Y	This would improve connectivity.
Do Nothing	N	The current do nothing scenario would see the removal of shelters as they become unsafe, potential to reduce the number of passengers.

3.2.2 Short-list of options

Option 1 – Replacement of failed assets/shelters	
Cost	Install costs of £150,000.00 2022/23 £150,000.00 2023/24
Benefits	- Improved facilities for the public - Attractive to the public which will secure usage and potential to improve.
Deliverability	The shelters 'off the shelf'
Pros	Off the shelf shelters, standardised design.

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Cons	Non
Recommendation	It is recommended that option 1 be progressed but to include cycle stands to support choice of transport modes linking options.

Option 2 – Replacement of Shelters and improved facilities providing transport hubs	
Cost	A minimum cost of £150k, not sure on the need apart from cycle stands.
Benefits	A fully linked active travel transport hub would be attractive to the user and link to other modes of transport.
Deliverability	The shelters are off the shelf, the land required for parking is unknown.
Pros	Desirable and would assist in removing vehicles off the road.
Cons	Extent of opportunity is unknown.
Observations	Part of the project could be part of the shelter provision.
Recommendation	It is not recommended that this option be advanced.

Option 4 – Do Nothing	
Cost	The costs of this option are £10,000. This represents the development cost of the scheme to this point.
Benefits	The existing situation remains and no additional maintenance is required.
Deliverability	There are no deliverability concerns with this option.
Pros	No additional maintenance will be required.
Cons	The existing risks are not mitigated. The ability to drive resource planning during emergency events is reduced.
Observations	Whilst this is a viable option, the overall benefits of making the improvements are considered to outweigh the initial costs of installation.
Recommendation	It is not recommended that this option be advanced.

3.2.3 The preferred option

Option 1 – Replace the shelters, add cycle stands where the opportunity/land allows.

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Roads at Risk A4113 Leintwardine

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Reinforce the riverbank to protect the A4113 and prevent further erosion.	Y	Minimises the impact of the river.
Pile reinforcement along a long length of the A4113 which will make the A4113 secure.	Y	This will fit in with the plan and provide the intervention required.
Do Nothing	N	Planned programmed intervention required due to the extent of the risk.

3.2.2 Short-list of options

Option 1 – Reinforce the riverbank to protect the A4113 and prevent further erosion.	
Cost	£400,000.00
Benefits	Secures the strategic infrastructure, can be implemented in 2022/2021.
Deliverability	The market is capable of delivering in year if the commission can commence in April.
Pros	The scheme protects the infrastructure which enables the locality and the wider network to operate normally without additional travel, detrimental impacts on the economy and risk in blue light attendance.
Cons	Addresses the impact in the immediate location, doesn't deliver the longer term repair such are resilience to flooding, the road will still flood.
Recommendation	This option is the preferred option, recommended as this will deliver the necessary improvements and secure the infrastructure.

Option 2 – Pile reinforcement along a long length of the A4113 which will make the A4113 secure.	

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Cost	Unknown, the scheme hasn't been costed due to the variances in design, the figure would be in the £1m plus.
Benefits	Protects the road along the length of the areas at risk.
Deliverability	The market is capable of delivering the proposed works.
Pros	Protects the infrastructure.
Cons	Unknown costs, road will still flood.
Observations	The unknown cost would put this scheme at risk it doesn't take into account other needs such as resilience to flooding.
Recommendation	Not recommended.

Option 3 – Do nothing.	
Cost	£0
Benefits	None, the road is at risk and potential severance, leaving will require a more costly solution.
Deliverability	
Pros	No benefit
Cons	Severance occurs.
Observations	Risk needs to be mitigated, this doesn't.
Recommendation	Not recommended

3.2.3 The preferred option

Option 1 Reinforce the riverbank to protect the A4113 and prevent further erosion, to deliver in year 2022/23. This addresses the immediate risk which will then enable a study as to the need in the area and what further works will be required. This is the first part of a phased planned approach.

Traffic Signal Asset Improvements in the Market Towns

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Undertake improvements to ageing traffic signal installations in market towns	Y	The advancement of a programme of maintenance works directly links to the delivery plan
Do Nothing	N	

3.2.2 Short-list of options

Option 1 – Undertake improvements to ageing traffic signal installations in market towns	
Cost	£250,000

Benefits	• Creates a step change in the condition of the highway infrastructure. • Improvement in the resilience of facilities. • Enhancement to pedestrian ant cycling facilities, encouraging active travel and modal shift.
Deliverability	These schemes would be delivered through the public realm contract to make use of the already mobilised resource.
Pros	The scheme has a number of advantages beyond the bullets in the benefits section, primarily: • There would be an overall uplift in installation condition • The safety of these routes is improved and • The need for reactive maintenance reduces.
Cons	The construction phase will likely result in short term disruption.
Recommendation	It is recommended that option 1 be taken forward.

Option 2 – Do Nothing	
Cost	The costs of this strategy is not known, as the reactive works require will likely increase. This is difficult to accurately model.
Benefits	Scheme delivery will not result in disruption to the travelling public.
Deliverability	No Delivery Implications
Pros	As set out in the benefits section.
Cons	• Highway conditions will continue to deteriorate as budgets are required to manage priorities across the wider network • Resilience of the network decreases. • The attractiveness of active travel, particularly cycling diminishes.
Observations	This option is not recommended due to the above 'cons'
Recommendation	This option is not recommended

3.2.3 The preferred option

Option 1 – to Invest in improvements in the traffic signals asset group is the preferred option.

Village Safety Initiatives Phase 2

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Undertake Pilot Schemes on the B4348 Peterchurch, B4224 Fownhope, B4224 Upton Bishop and A4172 Little Marcle to enhance the Highway environment.	Y	The advancement of a programme of maintenance works directly links to the delivery plan

Do Nothing	Y	

3.2.2 Short-list of options

Option 1 – Undertake Pilot Schemes on the B4348 Peterchurch, B4224 Fownhope, B4224 Upton Bishop and A4172 Little Marcle to enhance the Highway environment.	
Cost	£550,000
Benefits	• Delivers improvements for the communities • Reduces traffic speeds • Enhances the experience of walkers and cyclists • Improves road safety
Deliverability	The deliverability of this option is straightforward. Either a D and B package can be advanced, designs undertaken in house and then the construction phase procured or via the public realm contract. This multiple option approach ensures that a cost effective scheme can be delivered in a timely fashion.
Pros	• The diverse delivery option enhances timely implementation. • The scheme can be tailored to the requirements of the village • The overall enhancement will facilitate wider objectives.
Cons	The construction phase will likely result in short term disruption.
Recommendation	It is recommended that this option be taken forward

Option 2 – Do Nothing	
Cost	There are no costs associated to this option
Benefits	Scheme delivery will not result in disruption to the travelling public.
Deliverability	No Delivery Implications
Pros	As set out in the benefits section
Cons	• The attractiveness of active travel, particularly cycling remains low. • The Main Distributor Roads running through the communities remains a point of severance and a safety concern for the community, particularly at the junctions.
Observations	This option is not recommended due to the above 'cons'
Recommendation	This option is not recommended

3.2.3 The preferred option

Option 1 – Undertake Pilot Schemes on the B4348 Peterchurch, B4224 Fownhope, B4224 Upton Bishop and A4172 Little Marcle to enhance the Highway environment is the preferred option.

Reducing the Risk of Highway Retaining Wall Collapse

Herefordshire Council

84

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Investment in improvement of the Retaining wall asset group	Y	The advancement of a programme of maintenance works directly links to the delivery plan
Do Nothing	Y	

3.2.2 Short-list of options

Option 1 – Detail	
Cost	£1,000,000.00
Benefits	- Creates a step change in the condition of the highway infrastructure. - Improvement in the resilience of key routes. - Reduction in the risk of community severance, either from other parts of the community or to key employment and amenities.
Deliverability	These schemes would be delivered through the public realm contract to make use of the already mobilised resource.
Pros	The scheme has a number of advantages beyond the bullets in the benefits section, primarily: - There would be an overall uplift in highway condition - The resilience of the network improves - The safety of these routes is improved and - The need for reactive maintenance reduces.
Cons	The construction phase will likely result in short term disruption.
Recommendation	It is recommended that option 1 be taken forward.

Option 2 – Do Nothing	
Cost	The costs of this strategy is not known, as the reactive works require will likely increase. This is difficult to accurately model.
Benefits	Scheme delivery will not result in disruption to the travelling public.
Deliverability	No Delivery implications
Pros	As set out in the benefits section.
Cons	- Highway conditions will continue to deteriorate as budgets are required to manage priorities across the wider network - Resilience of the network decreases.

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	• The attractiveness of active travel, particularly cycling diminishes.
Observations	This option is not recommended due to the above 'cons'
Recommendation	This option is not recommended.

3.2.3 The preferred option

Option 1 – to Invest in improvements in the retaining wall asset group is the preferred option.

4.0 COMMERCIAL CASE

4.1 Required services

Extraordinary Highway Maintenance – Market Town Investment

Resurfacing and road surface treatments in accordance with a suitable design for key locations in the Market Towns. The design phase will need to commence immediately prior to works to ensure that the correct treatment is identified.

Traffic Signal Asset Improvements in the Market Towns

Traffic signal improvements are to be designed in accordance with the requirement of the sites across the market towns. The precise design to be undertaken at the time of delivery to take advantage of technological advancement in these assets. The design phase will need to commence immediately prior to works to ensure that the correct treatment is identified.

Reducing the Risk of Highway Retaining Wall Collapse

Retaining wall improvement treatments in accordance with a suitable design for key locations on the highway network. The design phase will need to commence immediately prior to works to ensure that the correct treatment is identified.

4.2 Potential/Agreed risk transfer

Risks will be shared between Herefordshire Council and the contractors procured to deliver the above in line with construction industry best practice. In the event that he public realm contract is to be used, the risk transfer will be in accordance with the requirements of this arrangement.

4.3 Proposed/Agreed charging mechanism

The scheme costs will be charged in line with an appropriate tender to be undertaken in accordance with procurement rules. The bases are likely to be delivered by other contractors and it is anticipated that this will be via a tender process. This will define the charging arrangements of the contract.

4.4 Proposed/Agreed contract lengths

These will be defined by the design requirements and the procurement method finalised upon confirmation of the scheme.

4.5 Proposed/Agreed key contractual clauses

These are to be determined as part of the procurement process.

4.6 Personnel implications (including TUPE)

Not relevant

4.7 Procurement Strategy and implementation timescales

Herefordshire Council

86

Service Orders to be prepared upon confirmation of funding. This will then translate to an appropriately designed and planned delivery programme that takes into account other works and current conditions at the time of installation.

5.0 FINANCIAL CASE

5.1 INSERT FUNDING TABLE

Capital cost of project	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
Market Town Highway Improvements	1,000	1,000			2,000
Investment in Public Transport Infrastructure	150	150			300
Roads At Risk	400				400
Traffic Signal Asset Improvement	300				300
Village traffic calming Initiatives Phase 2a Peterchurch	150				150
Village traffic calming Initiatives Phase 2b Fownhope	175				175
Village traffic calming Initiatives Phase 2c Upton Bishop	125				125
Village traffic calming Initiatives Phase 2d Little Marcle	50				50
Reducing the Risk of Highway Retaining Wall Collapse	1,000				1,000
Project Management Fees (est. 10% project value)	335	115			450
TOTAL	3,685	1,265			4,950

Funding streams (Indicate revenue or capital funding requirement)	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
Capital Funding Project	3,350	1,150			4,500
PM Fees	335	115			450

Herefordshire Council

TOTAL	**3,685**	**1,265**			**4,950**

5.2 Impact on the Council's income and expenditure account (revenue account)

6.0 MANAGEMENT CASE

6.1 Project Management Arrangements

The management of this project will be in accordance with the arrangements of the public realm contract.

IN regards to the bus shelters, this will be managed by the Public Transport Team in collaboration and with support from the corporate management team,

6.2 Use of Consultants

The use of any consultants will be in accordance with the arrangements of the public realm contract.

6.3 Arrangements for benefits realisation

The management of this project will be in accordance with the arrangements of the public realm contract. This approach delivers advantages due to the skills deployed to the network to undertake proper designs at an appropriate time. Additionally resources are already deployed and these schemes can be fitted into wider programmes to deliver the schemes effectively and efficiently.

6.4 Arrangements for post project evaluation

The post project evaluation will be derived from the works done in terms of linear metres treated by the project. This will drive the balanced use of the full range of options to the maintenance of the highway network.

6.5 Timeframes

Stage/Milestone	Indicative Date	Comments
Stage 0 - Project Mandate approved	*Insert Date*	
Stage 1 - Outline business case completed	*Insert Date*	
Stage 2 - Full business case completed	*Insert Date*	
Full Council approval	*Insert Date*	
Approval to spend obtained	*01/04/2022*	
Stage 3 - Delivery	*01/05/2022*	
Design of Schemes (Rolling)	*01/06/2022*	
Construction Phase (Rolling)	*01/07/2022*	
Stage 4 – Handover	*Not Required*	
Stage 5 - Project Closure	*31/03/2023*	

Herefordshire Council

7.0 THE ENVIRONMENTAL CASE

There are environmental implications with managing construction projects. These relate to excavating material, managing the spillage of materials and responsibly minimising and disposing of waste. This will be managed by identifying these issues prior to the construction phase and recorded on an appropriate form. The risks associated to this project are commensurate with highways construction schemes.

8.0 LEGAL IMPLICATIONS

The project is being delivered under the various powers identified in the Highways Act 1980.

9.0 EQUALITY IMPACT IMPLICATIONS

An Equality Impact Assessment will be developed should the project progress with funding.

10.0 HEALTH & SAFETY IMPLICATIONS

There are health and safety implications relating to the construction phase of the project. These are managed by requirements of the public realm contract, CDM Regulations 2015 and contractor health and safety procedures, set alongside the relevant highways legislation for creating safe working areas in the highway.

11.0 SOCIAL VALUE IMPLICATIONS

To be completed by the Community and Economy Champions

APPENDICES - SUPPORTING EVIDENCE

Appendix A Highway Valuation

PDF

Valuation_Certificate_
29-Jan-21_12-46-25.p

Winter Resilience:
Winter Fleet Replacement
Winter Weather and Flood Monitoring Stations
Business Case

Date: 07/09/2021

Version Control

Version	Date	Summary of Change	Author
0.1		First issue	

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state "see track changes" in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Corporate Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
2 - FBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Programme Manager	Sense check	
	HPMO	Sense check	
	Assurance Board	Sense check	
	Corporate Programme Board	Council Programme oversight	
	Cabinet	Corporate fit	
	Full Council	Approval (capital programme)	
Gateway Review	Director PMO Assurance	Assurance	
3 - Delivery	*Project Board / Director / Programme Board*	*Note major changes and approvals during delivery*	

Gateway Review	Director PMO Assurance	Assurance	
4 –Handover & project review	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Board	Programme oversight	
	Assurance Board	Assurance	
	Corporate Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
5 – Project Closure	Capital Programme Manager/ Head of PMO	Governance	
Gateway Review	Director PMO Assurance	Assurance	

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

Distribution

This document has been distributed to

Name	Role	Date of issue	Version

Herefordshire Council

Table of Contents

Contents

Herefordshire Council

5.1 INSERT FUNDING TABLE

6.0 MANAGEMENT CASE

6.1 Project Management Arrangements

6.2 Use of Consultants

6.3 Arrangements for benefits realisation

6.4 Arrangements for post project evaluation

7.0 THE ENVIRONMENTAL CASE

8.0 LEGAL IMPLICATIONS

9.0 EQUALITY IMPACT IMPLICATIONS

10.0 HEALTH & SAFETY IMPLICATIONS

11.0 SOCIAL VALUE IMPLICATIONS

APPENDICES - SUPPORTING EVIDENCE

Herefordshire
Council

1.0 PROJECT DESCRIPTION

This outline business case contains information that describes the justification for investment in Winter Resilience. The proposal is for:

- Continuing the replacement of the gritting fleet;
- Investing in the replacement of the existing weather stations and;
- The provision of flood warning devices on the strategic road network.

The Business Case is to be submitted to the Management Board and if accepted, a more detailed business case will be developed.

2.0 STRATEGIC CASE

2.1 Project aims and objectives

The project aim and objective is to add resilience to the severe weather events impacting on the county.

It is proposed to:

- Implement the winter service fleet strategy, which will replace 2 of the fleet in the 2022/23 period. This will ensure the fleet is capable of delivering the Winter Service plan and will not become a burden in high maintenance or unfit for meeting the environmental challenges such as emissions and air quality.

- Renew the outdated weather stations which will ensure accurate data provided for decision making in gritting the road network.

- Install Flood Warning System in areas where flooding occurs regularly which will enable a proactive response in protecting the public and opening the road network once the flood has receded.

2.2 Strategic Drivers

2.2.1 National and Regional

Under Section 41 of the Highways Act, Herefordshire Council has a duty to maintain the highway; this is delivered in collaboration with Balfour Beatty.

The Railways and Transport Safety Act amended the Highways Act by adding a Statutory Duty Clause 41.1A concerning dealing with snow and ice. This states "In particular a Highway Authority are under a duty to ensure, as far as is reasonably practicable, that safe passage along a highway is not endangered by snow or ice."

Critical to meeting these obligations is the provision of a resilient, reliable and well maintained fleet of winter vehicles.

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick √ below where applicable	Delivery Plan Reference(s)
Community	√	CO4
Economy	√	EC1
Environment	√	EN5, EN2.2

Whilst the principle reason for the investment centres on the statutory duties of the local highway authority, the provision of the winter service supports key pillars of the delivery plan. These are focussed on maintaining

safe efficient travel for all modes in al weathers. This in turn encourages the use of active travel, and develops the overall efficiency of the fleet, both in terms of emissions and travel time.

2.3 Background and Rationale in Project Mandate

Winter Service – Replacement strategy for the winter gritting fleet.

The service provided by the council ensures the safety of the travelling public in times of cold weather and snow events and is key to supporting the economic and social well-being of the people of Herefordshire.

The fleet is sufficient to enable all gritting routes to be completed within the requisite time scales and cover all routes county wide.

The replacement of the fleet is necessary to ensure the service is reliable and the costs are manageable within budget without excessive maintenance costs being incurred.

The council and our service providers, Balfour Beatty Living Places operate 16 gritting vehicles, 12 are owned by the council with the remaining four hired by BBLP. There are 15 routes with 1 vehicles operating as a spare.

As part of the strategy 2 new gritters will join the fleet in 2022/23, this investment is to continue the investment and fleet replacement from previous years. If the investment is forthcoming, we will investigate and consider investing in electric vehicles.

The County Plan ambitions align to the Winter Service Plan 2020-24 that sets out that we will strengthen communities to ensure everyone lives well and safely together and support an economy, which builds on the county's strengths and resources. The winter service plan sets out how we ensure the safety of the public in using the footway, cycle and highway network that also keeps the economy moving through the winter period.

Replacement of Ice Weather Stations - In support of the Winter Service provided by the council, the council have 7 weather stations that provide intelligence as to the localised road and weather conditions, the information is then used to forecast short and long term weather forecasts.

The project is to renew the current outdated outstations with a replacement programme of Road Weather Stations.

The replacement is programmed to be delivered in 2022/23.

The weather stations support the delivery of the Winter Service Plan, the plan contributes the delivery of the four core objectives set out in the UKRLG's Well Managed Highway Infrastructure 2016.

Flood Warning system - The existing arrangements for managing flooding in the county is for BBLP to maintain a reactive response to road closures. Often the emergency services are on site and call for a closure due to observations from the relevant site or from the public. This is often undertaken at a time when gangs are fully deployed across the wider network to keep roads safe and open. The weather event tends to be at a time when there is a spike in demand which extends response times.

The purpose of the project is to enable earlier warning of flood events at key locations. This early warning will allow appropriate proactive response by the council and the BBLP engaging and allocating resources to ensure a route is closed in a planned way. This will enable appropriate planning and implementing closures in sufficient time and the removal of the diversion as the flood event abates allowing for recovery from the event.

2.4 Scope

2.4.1 In Scope

- Replacement of two no. Gritters in 2022/23.
- The replacement of 6 No. weather stations
- The provision of a proprietary flood waning device
- The installation of the sensors on site, this will include the required civil engineering to complete the installation, having regard to maintaining the facilities in the future.
- The relevant software access (web based) for the first year of operation.
- Output of the conclusion of the project into BBLP response procedures.

2.4.2 Out of Scope

- Future fleet replacement, which will be subject to future bids.
- Provision of new weather station locations
- Investigation into the causes of river flooding in the locality
- Installation of more devices across the County

2.5 Benefits

The anticipated benefits of the proposed project are:

To drive the following key benefits in the winter service plan:

- Modern fleet able to meet the demands of challenging winter service.

- Fuel efficient

- Acceptable level of emissions.

- Lower maintenance costs.

Responsive to Flood events

Accurate data in support of the Winter Service decision making.

2.5.1 Cashable benefits

- Fuel efficiency and less vehicle maintenance. There has been a lot of work in the industry to consider moving to electric vehicles, if this is available and viable at the time of commission then the service will move to a more efficient fleet.

- Improving the efficiency of the management of resources may result in lower costs of responding to weather events.
- Efficient use of the highway network enabling the normal day to day life in Herefordshire to function in respect to moving people, businesses operating as normal and the economy of Herefordshire to grow.

2.5.2 Non-cashable benefits

- Development of a resilient fleet, which will see the delivery of the Winter Service Plan. In turn, this will keep the people of Herefordshire safe.
- More effective community engagement and warning in the localities affected by flooding.
- Improvement in managing resources during emergency events. This across a number of agencies.

2.5.3 Dis-benefits

- Whilst no specific dis-benefits have been identified in relation to the scheduled improvement in the winter service fleet, there are risks associated to the project. These are set out in the section below.

Herefordshire
Council

- System failure may result the benefits being diminished. Careful design and specification, along with an appropriate maintenance regime will mitigate this occurrence.

2.6 Risks

There are risks associated to not delivering the project. These are as follows:

- Ageing fleet not capable of delivering the Winter Service Plan

- Excessive maintenance costs.

- Unreliable fleet putting the lives and economy of Herefordshire at risk.

There are also risks associated to the project. These are:

- Delivery dependent on the market availability.

- Delivery of an electric or hybrid fleet is dependent on performance and fast charging points, in times of heavy need, the fleet are treating roads back to back.

- Difficulties siting the sensors in the correct place
    - Mitigated by designing a failsafe into the system by using the topography appropriately
- Poor access to utilities
    - Investigate solar options

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

Delivering the council's Winter Service Plan.

This project depends on:

The Winter Service Plan depends on the investment to ensure the service is delivered and that the fleet is fit for purpose in being maintainable and efficient in emissions especially if the council is to achieve its aims in the climate emergency.

2.8 Stakeholders

The project sponsor is the Assistant Director for Highways and Transport, the key stakeholder is BBLP who manage the fleet on the council's behalf and implement the Winter Service Plan.

The service impacts on the county of Herefordshire ensure the network is usable for all communities and businesses.

Specific to the flooding events, communities, parish councils, emergency services, Public Realm Service Provider and the internal stakeholder, Lead Local Flood Authority.

3.0 ECONOMIC CASE

3.1 Critical success factors

Winter Fleet: The critical success factor for this project would be the replacement of Gritters in the fleet to support the winter service. This will be a procurement activity not requiring a specific construction phase. The procurement would be followed by the disposal of replaced Gritters.

Weather and Flood Monitoring: The critical factors for the project are the installation of an appropriate weather event monitoring devices across the network. This will include appropriate telemetry and connection to allow alerts to be monitored by relevant agencies and transmitted automatically.

3.2 Options and Do Nothing Option

Winter Fleet:

Herefordshire Council

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Purchase of Gritters and disposal	Y	The procurement is a cost-effective option and will realign the fleet graph in a manageable manner
Purchase of Nearly New Gritter and disposal	Y	As a 'nearly new' vehicle this proves a cost-effective option as the vehicle is available for the winter season and does not incur a 'lead time' for manufacture.
Purchase of 6 no Gritters over the period identified to replace the fleet as set out in the strategy.	Y	The procurement is a cost-effective option and will realign the fleet graph in a manageable manner
Do Nothing Option	N	The option to do nothing is likely to result in future increases in costs in maintaining the fleet, whilst reducing the overall resilience.

3.2.2 Short-list of options

Option 1 – Purchase of Gritters and disposal:

This option includes the purchase of additional 6x4 9m^3 2x New Gritters adding to the fleet at an approximate cost of £145,000, which includes "E" Plough and associated Monitoring & Weighing equipment.

The procurement is a cost-effective option and will realign the fleet deterioration in a manageable manner.

This option would replace the current fleet by two vehicles in 2022/23 allowing for disposal whilst maintaining the same size of fleet. It will also ensure a more manageable replacement strategy in the future will deliver maintenance savings.

Option 2 – Purchase of 2 Nearly New Gritter and disposal:

This option includes the purchase of 2 x 6x4 9m^3 2018 gritter to the fleet at an approximate cost of £115,000 (inc fee) this includes "E" Plough and associated Monitoring & Weighing equipment.

As a 'nearly new' vehicle, this proves a cost-effective option as the vehicle is available for the winter season and does not incur a 'lead time' for manufacture.

This option would increase the current fleet by 2 vehicle in 2022/23, allowing for disposal whilst maintaining the same size of fleet.

Option 3 – Purchase of 2 Gritters and disposal in year 2022/23 with a forward programme of replacement:

This option includes the purchase of additional 6x4 9m^3 2x New Gritters adding to the fleet at an approximate cost of £145,000, which includes "E" Plough and associated Monitoring & Weighing equipment.

The procurement is a cost-effective option and will realign the fleet deterioration in a manageable manner.

Herefordshire Council

This option would replace the current fleet by two vehicles in 2022/23 allowing for disposal whilst maintaining the same size of fleet. It will also ensure a more manageable replacement strategy in the future will deliver maintenance savings.

Option 1 – Purchase of 2 Gritters and Disposal on a rolling programme in year 2022/23 with a forward programme of replacement.	
Cost	£290,000 plus forward programme of replacement.
Benefits	The principle benefit relates to the delivery of the statutory duties delivered via the Winter Service Plan
Deliverability	The service has procured similar vehicles with appropriate lead tie in previous years. No deliverability risks are identified.
Pros	• Delivers Fleet replacement strategy • Improves efficiency of the fleet, both in terms of emissions and down time due to maintenance. • The newer machines are more robust and will have a longer service life.
Cons	Electric Vehicle technology is currently untested and is unlikely to be a viable option at the time of purchase, this will be checked at the time of purchase.
Recommendation	It is recommended that this option is taken forward

Option 2 – Purchase of 'Nearly New' Gritter and Disposal on a rolling programme	
Cost	£230,000
Benefits	The principle benefit relates to the delivery of the statutory duties delivered via the Winter Service Plan
Deliverability	There is more deliverability uncertainty with this option as the 'nearly new' vehicle availability is less predictable.
Pros	• Delivers Fleet replacement strategy • Improves efficiency of the fleet, both in terms of emissions and down time due to maintenance. • The newer machines are more robust and will have a longer service life.
Cons	• Electric Vehicle technology is currently untested and is unlikely to be a viable option at the time of purchase. • Deliverability risks are elevated
Observations	The used nature of the vehicle is less known in terms of future maintenance requirements as well as a diminished service life. These are unknown variables due to availability issues.
Recommendation	It is not recommended that this option be taken forward

Herefordshire Council

Option – Purchase of 1 Gritter and Disposal on a rolling programme in year 2022/23 with a forward programme of replacement.	
Cost	£145,000 plus forward programme of replacement.
Benefits	The principle benefit relates to the delivery of the statutory duties delivered via the Winter Service Plan
Deliverability	The service has procured similar vehicles with appropriate lead tie in previous years. No deliverability risks are identified.
Pros	• Delivers Fleet replacement strategy • Improves efficiency of the fleet, both in terms of emissions and down time due to maintenance. • The newer machines are more robust and will have a longer service life.
Cons	Electric Vehicle technology is currently untested and is unlikely to be a viable option at the time of purchase, this will be checked at the time of purchase. Purchasing only 1 vehicle will add pressure on the fleet and future replacements.
Recommendation	It is recommended that this option is not taken forward
Option 4 – Do Nothing	
Cost	£TBC
Benefits	No Capital expenditure via the Capital Programme
Deliverability	There are no deliverability issues with this option.
Pros	
Cons	• Discharging statutory duties may be compromise over time. • The maintenance cost of managing the ageing fleet are unknown. • The future replacement costs could increase as more machines reach the end of their service life.
Observations	
Recommendation	It is not recommended that this option be taken forward

3.2.3 The preferred option

Option 1 – Purchase of 2 new Gritters and Disposal in line with a rolling replacement with a forward programme of replacement. Planned programme replacement strategy will ensure the fleet is capable of dealing with the challenges of prolonged winter weather. Gaps in the replacement strategy will put pressure on the service at key critical times when the fleet provides a safe highway network which supports the population and economy of Herefordshire.

Weather and Flood Monitoring:

Herefordshire Council

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Replacement of Ice Forecasting Stations and Provision of Findlay Irvine Flood Warning System	Y	The most deliverable option with the highest cost certainty
Replacement of Ice Forecasting Stations and Provision of Smartwater Gully Sensors	Y	This system is not designed for this purpose so may result in operational issues. Additionally the sender unit requires power which is challenging (and costly) in the rural locations where the system is required.
Replacement of Ice Forecasting Stations and Provision of Vaisala Video Station	N	This is part of a weather station installation, this will only provide a visual representation of the surface and automated messaging cannot be provided.
Do Nothing	Y	The current do nothing scenario is resulting in both council and emergency service resources being tied up at these locations to manage the safety of those caught out in times of flooding. Change is needed to remove some of these risks.

3.2.2 Short-list of options

Option 1 – Replacement of Ice Forecasting Stations and Provision of Findlay Irvine Flood Warning System	
Cost	Install costs of £242,000
Benefits	• The weather stations are consistent and compatible with the wider system management tools for delivering the winter service • The system is proprietary, which means support and guarantee periods are documented. • The flood warning system can email and text alerts at configurable water levels, both on the way up, and down. • Static Images from the site can be viewed on the telemetry • A record is kept of the recordings, which can then be used to continuously improve the trigger points. • The equipment can be linked to electronic signs that advise of the dangers.
Deliverability	The system is 'off the shelf' to an extent with only the base details requiring design. These designs have been undertaken

	by HC's Engineering Team in the form of a standard detail that has accounted for maintenance of the facility.
Pros	• Off the shelf system. • The Ice Monitoring stations are consistent with other aspects of the service in terms of compatibility • The system is in use at other locations across the UK. • The costs are easier to define than options that are being modified to fit the intended purpose.
Cons	Relating to the flood-warning device, difficult to place in the long, flat areas where the system is required. At Letton, multiple sensors are likely required. To resolve this topographical survey has been undertaken at Letton, along with LIDAR Analysis to ensure effective replacement.
Recommendation	It is recommended that option 1 be progressed.

Option 2 – Replacement of Ice Forecasting Stations and Provision of Smartwater Gully Sensors	
Cost	The costs of this option are £275,000. The precise costs have not been established as it became clear that this option would not deliver the required outcome.
Benefits	• The system is proprietary, which means support and guarantee periods are documented. • Automatic alerts are possible. • The Ice Monitoring stations are consistent with other aspects of the service in terms of compatibility
Deliverability	The system is 'off the shelf'; however, the unit that transmits data requires power, which is unavailable on the site in question.
Pros	Off the shelf system Is used in other locations for maintenance
Cons	Relating to the flood-warning device, the system usually is only installed in one gully at the low spot so this would require multiple installations. Additionally there are no gullies in the relevant sections so installation of these drainage features will be required.
Observations	Relating to the flood-warning device, the system is not designed as a flood warning system so there are a number of aspects that will require installation before the system can be mounted. The technical difficulties of this, along with the cost implications and diminished certainty of delivery result in this not being a recommended option.
Recommendation	It is not recommended that this option be advanced.

Option 3 – Replacement of Ice Forecasting Stations and Provision of Vaisala Winter Service Video Monitoring Station	
Cost	The costs of this option are £250,000. The precise costs have not been established as it became clear that this option would not deliver the required outcome.
Benefits	The benefits of this option is that it is the simplest to install and maintain.
Deliverability	There are concerns over the deliverability of this option. Whilst the provision of the ice monitoring station is unlikely to be an issue, the flood aspect relies on a system that is, usually used for monitoring winter conditions on road surfaces. They are not usually installed in flood areas so modifications are required to ensure the electronic aspects remain dry. Whilst the system can be powered with solar energy there are questions relating to how long the camera will function at night with nigh vision active.
Pros	The system will have parity with other assets on the network making it easy to maintain.
Cons	The system requires modification to meet the requirements
	No automated alerts are possible meaning that procedures will be required to make use of the system.
	The visual range of the video camera will make the placement critical; the roadside hedges will also obscure the view of the wider landscape.
Observations	The modifications required to ensure the electrics remain dry and the limitations of the system that is not really designed for the purpose mean that whilst the system is deliverable, the outcomes are unlikely to be met.
Recommendation	It is not recommended that this option be advanced.

Option 4 – Do Nothing	
Cost	The costs of this option are £10,000. This represents the development cost of the scheme to this point.
Benefits	The existing situation remains and no additional maintenance is required.
Deliverability	There are no deliverability concerns with this option.
Pros	No additional maintenance will be required.

Herefordshire Council

Cons	The existing risks are not mitigated.
	The ability to drive resource planning during emergency events is reduced.
Observations	Whilst this is a viable option, the overall benefits of making the improvements are considered to outweigh the initial costs of installation.
Recommendation	It is not recommended that this option be advanced.

3.2.3 The preferred option

Option 1 – The Findlay Irvine System is the preferred option for both the A438 at Letton and the A4113 at Leintwardine.

4.0 COMMERCIAL CASE

4.1 Required services

- Two dedicated gritters with an "E" Plough and associated Monitoring & Weighing equipment.
- Seven Vaisala ice monitoring and forecasting stations.
- Two Findlay Irvine Flood Warning Systems – to include telemetry and internet based login and on site installation.
- Installation of two Bases for the above.
- Training for the use of the system (anticipated at no more than ½ day given system complexity)

4.2 Potential/Agreed risk transfer

Risks will be shared between Herefordshire Council and the suppliers procured to deliver the above in line with construction industry best practice.

4.3 Proposed/Agreed charging mechanism

The provision of the gritters will be charged in line with an appropriate tender to be undertaken in accordance with procurement rules. This will define the charging arrangements of the contract.

The Findlay Irvine System and Vaisala system components will be charged in line with an appropriate tender to be undertaken in accordance with procurement rules. The bases are likely to be delivered by other contractors and it is anticipated that this will be via a tender process. This will define the charging arrangements of the contract.

4.4 Proposed/Agreed contract lengths

The procurement process will define this period based on the construction time of the vehicle that s to be procured.

4.5 Proposed/Agreed key contractual clauses

These are to be determined as part of the procurement process.

4.6 Personnel implications (including TUPE)

None

4.7 Procurement Strategy and implementation timescales

Detail and list below:

- Procurement of the various parts of the system to commence as soon as funding is confirmed.
- The implementation of the system it anticipated to be 8 months from the commencement of the scheme, to allow for base designs to be finalised and the procurement process to be followed.

Herefordshire Council

5.0 FINANCIAL CASE

5.1 INSERT FUNDING TABLE

Capital cost of project	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
Rolling Replacement of Gritters with E Plough and Monitoring Equipment	290	145	290	435	1,160
6 No. Vaisala Ice Weather Monitoring and Forecasting Station	180				180
2 No Flood Warning Sensors	30				30
Base Installations	10				10
Project Management Fees (est. 10% project value)	22				22
TOTAL	532	145	290	435	1,402

Funding streams (Indicate revenue or capital funding requirement)	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
Capital Funding	532	145	290	145	1,402
TOTAL	532	145	290	435	1,402

6.0 MANAGEMENT CASE

6.1 Project Management Arrangements

The project will be managed by the Highways and Transport Engineering Team with collaboration and support from the corporate project management team.

6.2 Use of Consultants

No External Consultants are required for this procurement activity.

6.3 Arrangements for benefits realisation

The relevant performance management framework is in the Public Realm Contract with BBLP relating to Public Realm delivery. This is because the operation and maintenance of the fleet falls under these contractual arrangements. The operation of the monitoring stations will be undertaken by the Public Realm Contract service providers.

6.4 Arrangements for post project evaluation

Herefordshire Council

The project evaluation will link to the management plan of the Winter Service. It will be evaluated through Herefordshire Council's review of this element of the service.

6.5 Timeframes

Stage/Milestone	Indicative Date	Comments
Stage 0 - Project Mandate approved		
Stage 1 - Outline business case completed		
Stage 2 - Full business case completed		
Full Council approval		
Approval to spend obtained	*01/04/2022*	**This is an assumed start date**
Stage 3 - Delivery	*01/04/2022*	
Finalise Design	*1/05/2022*	
Commence Procurement of Components	*01/06/2022*	
Construction phase commences	*01/08/2022*	
Stage 4 – Handover	*01/10/2022*	
Stage 5 - Project Closure	*01/11/2022*	

7.0 THE ENVIRONMENTAL CASE

In considering the environmental impacts of the proposal, there are benefits in that one of the oldest and therefore less efficient vehicles in terms of carbon emissions. By investing in newer, more efficient machines the overall carbon emission of this aspect of delivering our statutory duties are reduced.

There are environmental implications with managing construction projects. These relate to excavating material, managing the spillage of materials and responsibly minimising and disposing of waste. This will be managed by identifying these issues prior to the construction phase and recorded on an appropriate form. The risks associated to this project are commensurate with highways construction schemes.

8.0 LEGAL IMPLICATIONS

Under S41 of the Highways Act, the council has a duty to maintain the highway. The Railway and Transport Safety Act amended the Highways Act by adding a Statutory Duty Clause 41.1A concerning dealing with Snow and Ice. This stated 'in particular a highway authority are under a duty to ensure, as far as reasonably practicable, that safe passage along a highway is not endangered by snow or ice.'

9.0 EQUALITY IMPACT IMPLICATIONS

There are no Equality Impacts associated to the procurement of the gritter or the sensors

10.0 HEALTH & SAFETY IMPLICATIONS

There are no direct Health and Safety Implications. The operation of the equipment is managed by other laws and contractor policies and procedures to manage any risks associate with its operation.

11.0 SOCIAL VALUE IMPLICATIONS

To be completed by the Community and Economy Champions

APPENDICES - SUPPORTING EVIDENCE

None

My Account Project

Business Case

Date: July 2021

Version Control

Version	Date	Summary of Change	Author
0.1	June 2021	First issue	

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state "see track changes" in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
2 - FBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Portfolio Manager	Sense check	
	HPMO	Sense check	
	Assurance Board	Sense check	
	Capital Programme Board	Council Programme oversight	
	Cabinet	Corporate fit	
	Full Council	Approval (capital programme)	
Gateway Review	Director PMO Assurance	Assurance	
3 - Delivery	*Project Board / Director / Programme Board*	*Note major changes and approvals during delivery*	

Gateway Review	Director PMO Assurance	Assurance	
4 –Handover & project review	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Board	Programme oversight	
	Assurance Board	Assurance	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance	
Gateway Review	Director PMO Assurance	Assurance	

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

Distribution

This document has been distributed to

Name	Role	Date of issue	Version

Table of Contents

Contents

Herefordshire Council

Customer Services Delivery

2.4 Scope

2.5 Benefits

2.6 Risks

The key project risks identified in the outline business case are:

2.7 Constraints and Dependencies

2.8 Stakeholders

3.0 ECONOMIC CASE

3.1 Critical success factors

3.2 Options and Do Nothing Option

3.3 Supplier appraisals

4.0 COMMERCIAL CASE

4.1 Required services

4.2 Potential/Agreed risk transfer

4.3 Proposed/Agreed charging mechanism

4.4 Proposed/Agreed contract lengths

4.5 Proposed/Agreed key contractual clauses

4.6 Personnel implications (including TUPE)

4.7 Procurement Strategy and implementation timescales

5.0 FINANCIAL CASE

5.1 INSERT FUNDING TABLE

5.2 Impact on the Council's income and expenditure account (revenue account)

6.0 MANAGEMENT CASE

6.1 Project Management Arrangements

6.2 Use of Consultants

6.3 Arrangements for benefits realisation

6.4 Arrangements for post project evaluation

6.5 Timeframes

Herefordshire Council

113

7.0 THE ENVIRONMENTAL CASE

8.0 LEGAL IMPLICATIONS

9.0 EQUALITY IMPACT IMPLICATIONS

10.0 HEALTH & SAFETY IMPLICATIONS

11.0 SOCIAL VALUE IMPLICATIONS

APPENDICES - SUPPORTING EVIDENCE

Herefordshire
Council

1.0 PROJECT DESCRIPTION

Microsoft Dynamics CRM 2011, the current system used by the customer services team within Blueschool house was implemented in 2011. It is no longer supported by the supplier and it is no longer possible to develop it to meet our changed needs, which continue to change further. This document outlines the business case for replacing this system and associated works.

This document is submitted requesting an allocation of capital funding to allow a replacement system to be implemented which addresses the current risks of the existing system - it will be a like for like replacement.

The project seeks to implement a replacement solution which allows customers to log and monitor calls and requests in person, by phone and on the council's website for themselves and, where appropriate, on behalf of others. The solution will:

1. Give the customer a consistent and improved quality experience regardless of the channel
2. Allow in-house development which will easily respond to changing demands
3. Provide a combined view of the customer and activity across the council's departments and services – a 'golden' record
4. Enable monitoring and management of the contacts received from start to completion
5. Will enable the analysis of trends and demand so that the council can be proactive in offering services and be timelier in their delivery.

An updated customer services strategy is being developed separately to this project which will detail how, where and when Herefordshire Council will deliver customer services. The extension of the replacement system is fundamental to the implementation of the revised strategy, it can be used both by a wider group of users than the current system and also integrates with more systems, this in turn will save time, costs and improve delivery.

At the heart of both this project and the customer services strategy is the drive to transform our customers' experience when contacting Herefordshire Council. We will ensure that their issues and queries are dealt with as quickly and efficiently as possible, that they receive a quality service that is delivered in a timely way, which guides customers through all their stated requirements but is also predictive, anticipating further queries and service requirements. Crucially, we will be able to monitor what is being delivered to ensure it meets our stated standards and that should this not be the case we will be able to identify these occasions, investigate the causes and carry out any actions necessary to improve.

2.0 STRATEGIC CASE

2.1 Project aims and objectives

The My Account project aims to provide a single gateway for residents to communicate with the council digitally. It will build on the limited my account function currently on the website to be a platform for different interactions for the individual customer across council services.

The project delivers one of the 4 key ambitions in the digital strategy 2013-23 "Customer access – to enable users to access council services with ease by maximising digital technology" and especially the programme to "deliver next phase of the council website including integrated account functions". It additionally adheres to 4 of the principles outlined in the digital strategy of digital by default, one Council, one Herefordshire, innovative and agile, and digital inclusion.

The aim is: to create a fully functioning my account for residents to easily interact with the council, bring together different functions across the council, creating a record in one place for the resident and the council and to improve the customer experience.

Objectives:

- Design an easily accessible system that improves the customer experience and aligns systems across the organisations enabling streamlined processes.

- Design and purchase an IT system that brings together different CRMs operating across the council into one account function for residents to have a single portal of their contact with the council.

- Create a streamlined process to deal with enquiries and activity required by residents including providing feedback (therefore reducing the need for chase-up contact), and in the process reviewing LEAN principles in service operations.

- Instigate the my account function across the council, include digital adoption in line with the council's engagement standards of digital first, using awareness raising, culture change and training.

- Implement an agile solution that requires no engagement with the supplier to add, create and amend forms and reports, enabling power users and support teams members to adapt the solution as required.

2.2 Strategic Drivers

2.2.1 National and Regional

National government has been promoting the 'tell us once' principle for public services for over a decade as a means to improve citizen experience and increase the efficiency of public services. A comprehensive CRM which enables personal information, to flow between services reduces the number of times the citizen has to inform the council of the change and reduces time the services need to spend administrating such changes.

Herefordshire Council has gone some way to delivering a 'tell us once' system, but in order to deliver this in its fullest, it must invest in a modern CRM with the ability to receive information from a citizen focused web interface and communicate with other systems.

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses:

County Priority – please select from	Tick ☐ below where applicable	Delivery Plan Reference(s)
Community	My Account, the procurement of a new CRM, improves service experience for all customers, including businesses.	
Economy		
Environment		
Digital Strategy	The Digital Strategy 2018-2023 committed the Council to improving Customer access, enabling "users to access council services with ease by maximising digital technology" including "deliver next phase of the council website including integrated account functions".	

Herefordshire Council

While the implementation of a new CRM doesn't directly support the delivery of the County priorities, it will enable the council to provide a better service to customers, utilising the combined records of interactions with different services provided by the Council. Such technology, supported by current software innovations, will ensure a better service is provided when people contact the Council, and will enable automated proactive messaging to residents, should they wish to opt in, through a range of platforms to reduce the need for them to make contact themselves. For example, if people regularly do not put their bin out in time for collection, the CRM could prompt reminders, delivered via Messenger, through the Council's ChatBot.

As such, the new CRM will enhance the experience of residents and businesses thus, improving the lives of vulnerable people, extend independent living, and promote new active travel opportunities.

2.3 Background and Rationale in Project Mandate

There are three key drivers for this project:

1. The components of the existing solution (server, application and developments) are no longer supported by their respective suppliers.
2. Current system does not meet our requirements and cannot be changed
3. Customer services delivery is dispersed across many Council teams and partners without the ability to monitor and manage the quality, effectiveness and timeless of the delivery.

Each of these areas is outlined in more detail below.

Components of the solution

The current CRM solution comprises three main components:-

1. Windows Server 2008
2. Microsoft Dynamics CRM 2011
3. CIBER call guides

Microsoft outlined the support for Windows Server 2008 in an article published in 2019, stating that mainstream support ends on 14/01/2020. This means that they will not release any security updates or enhancements to this product. For customers wishing to pay an additional fee they will provide security updates for a further 3 years.   As Herefordshire Council has other systems also using Windows Server 2008 this extended support has been purchased however it cannot be extended beyond January 2023 and so all systems must be migrated or decommissioned by this date.

The support for Microsoft Dynamics CRM 2011 also ended on 13 July 2021.

The Microsoft Dynamics implementation was supported by CIBER as a Microsoft partner. As part of the implementation they provided a separate product called Ciber Callguides, these were designed to provide a tool for building and running scripted process forms for use internally and online. The call guide product overlays the Microsoft Dynamics solution assisting in guiding the customer services staff / members of the public through the necessary data capture and process the different types of calls from customers. The information captured in the call guide forms then feeds back into the Dynamics CRM system to create a "service ticket", and tells Dynamics which workflows to run to pass the form to the relevant back office. Service level agreements (SLA) and the system monitors the case process within SLA timescales – effectively automating these aspects of the case. A web service for updating service requests outside of the case system by back office staff was also provided.

CIBER continued to provide support for the system and development work for both Callguides and Dynamics, however, this company is no longer trading and whilst limited support is available from other suppliers this will cease or is likely to become cost prohibitive once Microsoft no longer support the underlying systems.

Our Requirements

Herefordshire Council

As detailed above, CIBER created components of the system which overlay Microsoft Dynamics. We are unable to make changes to this ourselves and so have to engage a third party to do this work for us, it is not possible for either Herefordshire Council or Hoople staff to carry out all the changes that we already need or will need in future.

As a result of this, during the pandemic, when additional processes and data were required to aid Herefordshire Council's response to the pandemic and support of citizens, this work had to be carried out in a separate system. It would have been possible for it to be done within the Microsoft Dynamics system eventually but this would have been done by a third party and over a significant period of time. The current setup does not allow us to be responsive to changing requirements in a timely, or cost effective, manner.

Customer Services Delivery

When the existing CRM solution was implemented in 2010/11 it was envisaged that a single solution would be used across Herefordshire Council. Whilst the project was closed, the work was never completed and the functionality that was planned was either not rolled out or in the few cases where it was, it was rolled back. The change in direction was mainly the result of significant staff changes in this area of the business. Since that time the customer services team have continued to use the solution however some departments have developed their own solutions. The impacts of this are primarily that there is no single point of contact for Herefordshire Council and it is not possible to monitor calls received, to know whether they are answered, how each call progresses, where there may be bottlenecks or whether they are dealt with in a way which meets our customer service standards. The same applies to any requests received via the website, email or in person.

This use of the Microsoft Dynamics system and the Callguides also prevents Herefordshire Council from being able to respond to changing needs and delivering a complete service, data is held in multiple locations which may not be consistently formatted preventing us from being able to analyse trends, predict demand, train staff appropriately, etc.

2.4 Scope

The project will be implemented in conjunction with a revised customer services strategy which will outline how Herefordshire Council staff will engage with our customers, what tools will be used and the standards that we expect. The customer services strategy is seeking to change the way that we communicate and deliver services. As part of that strategy:

1. My Account solution will ensure that customers can access the services 24 x 7
2. Where possible (for the customer) they are able to access the services that they need online, that are automated to minimise delays
3. Our staff will be available to deal with the extra-ordinary queries and concerns that are not easily predefined.
4. We are looking to use the data gathered about where and when services are requested to predict trends and so ensure that those same services are highlighted and made available to future customers.

The current MS Dynamics CRM solution is only used within the customer services team and on the website. There are limited integrations to other systems and therefore a second phase, following the initial like for like implementation will be to develop integrations between the replacement system and other appropriate systems. This will not only eliminate time taken by those other departments for rekeying of data but improve the accuracy of data and allow calls to be tracked through the other departments to conclusion.

It is intended that the replacement system will be available to extend to other areas of Herefordshire Council business which deliver services to customers, where this is practicable. Future business cases

which have a CRM function should therefore all considered the solution implemented by this project as an option for their own delivery.

2.4.1 In-Scope

The key deliverables for the project for phase 1 are as follows:

1. Procurement and implementation of a replacement CRM system which meets the documented and agreed specification, this includes all agreed testing and training
2. Review of the existing processes used to capture, log and transfer customer contacts to the appropriate team
3. Review of the existing forms used to identify those still required in the new system, common elements, those no longer required and any new ones

The key deliverable for the project for phase 2 is as follows:

1. Integration with other agreed systems that are used by Herefordshire Council departments and partners to provide seamless solution for the customer

It is currently anticipated that the following services are in scope of this project however the detail of the work including any integrations will be determined following work by a business analyst the cost for which is included in year 1 of this funding request:

- Customer Services
- Waste management
- Public Realm (integrated with BBLP systems)
- Environmental Health and Trading Standards
- Licencing
- Council Tax
- Revenue and Benefits

2.4.2 Out of Scope

The following activities will not form part of this project but may be required in future:

1. Integrations into other replacement systems currently not procured eg refuse collection, telephony
2. Ongoing support for the existing Microsoft Dynamics CRM system and related components as recently purchased by the corporate centre
3. The costs and work required to review the council's customer services strategy.

2.5 Benefits

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

My Account is due to create a LEAN approach in dealing with customer interactions and cost avoidance by managing demand (by people not contacting the council to chase up feedback). This could support services in creating savings through reducing the double or triple handling of queries. It could also reduce the BBLP contract that pays for customer service officers –this will need to be explored in more detail.

Jadu is used to support the delivery of some customer service functions on the website. Following the implementation of a new CRM system there will some aspects of this system that will no longer be required, these benefits won't be realised until year 2 (2023) of the project:

Jadu support costs	
Paybridge	£4,200
Payment adapter	£1,280
Forms support	£6,500
CRM licences (live)	£6,000
CRM licences (test)	£3,000
Total	£20,980

2.5.2 Non-cashable benefits

Digital First – the council has stated that it wishes to be digital first however it does not have an on-line account function.

Reputation – there is a current weakness in the interaction with customers in that there is limited feedback on the progress on activity after a resident has submitted an issue. This is more engagement and creates a reputational issue of "never heard back from the council".

One record – the back office function will be able to understand if a resident is contacting the council several times for the same or different things. This can be reviewed to consider if a different type of intervention is needed for that person.

Non cashable benefits include:
1. Improved customer satisfaction
2. More reliable and resilient systems with better business continuity
3. Higher employee morale from improved systems
4. Better service delivery
5. Improved customer engagement and consultation
6. Reputational gain for the council
7. Demonstrated commitment to council objectives and outcomes
8. Maintains the continuous improvement ethos and reduces audit risks
9. Provides improved capability for inter agency and shared service working.

2.5.3 Dis-benefits

No dis-benefits have been identified as a result of this project.

2.6 Risks

During the development of this business case a risk register has been maintained which currently includes 11 risks, the risk register is included in appendix A. These are being monitored by the project board that has been setup to support this development phase of the project. The risks are as follows:

The key project risks identified in the outline business case are:

- Not able to integrate current systems already in operation

Herefordshire Council

- Partners not participating to take advantage of the system and still wanting to operate independently
- Unexpected costs once committed to a supplier
- Not releasing savings as a result of LEAN approach to operating customer engagement
- Non take up by residents if not easy to use or no awareness
- Covid-19 continues to take resources which could hinder implementation

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

The delivery of the revised customer services strategy

This project depends on:

A key dependency is integration between the replacement systems and the other systems that we currently use in our business areas, both current and any future. Through the soft market test companies have indicated there are limited barriers to integration, this needs to be thoroughly tested.

A second dependency is co-operation from services. As we are operating separate CRM systems within various department, work will be needed in aligning information, engagement flows and adapt to a new way of working. Though this should create a more streamlined system in the long run there needs to be time investment upfront and this could be difficult if the current demand on services continues due the Covid-19. Within different teams staff have already developed their own processes to deliver their customer services functions and any centralising of this and/or applying the same processes and standards will require significant stakeholder engagement to develop and gain consensus across the organisation.

2.8 Stakeholders

Details of the stakeholders of this project are included in appendix B of this document.

Fundamental to the success of this project is full engagement with the key stakeholders particularly those people, groups and businesses who consume services or information from Herefordshire Council. These may be people living and working within Herefordshire, their representatives and visitors to the county.

In addition other key stakeholders and groups include the following:-

- Councillors – both parish and ward, particularly Cllr Harvey, Cabinet member - finance, corporate services and planning
- Management Board
- Corporate and Digital Programme Board
- Departments within Herefordshire Council, Hoople and other third parties who deliver services on our behalf
- Information governance team
- Suppliers for both current, future and integrated systems

An initially stakeholder analysis has been undertaken and a communications and engagement plan will be developed to ensure successful delivery of the project.

3.0 ECONOMIC CASE

3.1 Critical success factors

The critical success factors for this project have been identified as the following:

1. Reduction of risk due to software failures

Herefordshire Council

- Any new system will be purchased with a full support package and teams, both internally and in Hoople, will be trained to provide different levels of support. Escalation route within the supplier organisation and a contract which states their responsibilities for maintenance will eliminate the current risk of unsupported.   In addition a robust procurement process which ensure that all requirements are documented and met by the supplier including the ongoing maintenance support and upgrade responsibilities will eliminate the current risk of using out of date software.

2. Customer satisfaction
- As part of this project views of our customers will be sought on the current levels of service and monitored as we progress through the project and beyond. Once a baseline is established, the ability to monitor will in itself be a success factor, however improvements in the level of satisfaction will be key.

3. Supporting the delivery of good customer services
- The defining, agreeing and implementing of a revised customer services strategy will be essential to the delivery of the project. The approval of this across the organisation, setting standards and being able to monitor against those standards and performance indicators using the replacement system will enable Herefordshire Council to drive improvements using a plan, do, check, act approach.

4. Compliance
- The records held within the system will include personal and potentially sensitive data.   It is therefore essential that a CSR of this project is ensuring that all steps have been taken to ensure the security of the data, that Herefordshire Council is able to meet the requirements of the Data Protection Act (DPA) and the General Data Protection Regulation (GDPR).

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Do nothing	Y	This option is the lowest up-front cost of all and therefore the economic case must be considered. However the systems would continue at risk with no support function provided.
Seek support from other suppliers for the current system	Y	In previous years' support for the Ciber call guides has been provided by a third party company and this could continue however this is only 1 element of the solution and the two other components – MS Dynamics and Windows Server - could not be fully supported by other companies. Additionally any security vulnerabilities identified in either of these products or upgraded versions would not be rectified by Microsoft in our versions. This could

Herefordshire Council

		result in the council running systems with documented vulnerabilities, creating an increased security risk. The inability to address security issues and running systems which are out of support will result in failure of information security audits and standards and ultimate the Council's ability to use online and connected services.
Use G-cloud to procure a solution which meets the council's documented specification on a like for like basis	Y	Using the g-cloud framework will allow the time from completion of the specification to commencement of the project to be significantly lower than a tradition procurement
Progress an open tender using the council's procurement portal or a framework on a like for like basis.	N	The timescales and complexity of the procurement using either an open portal or framework will extend the procurement work, this together with the capital funding process will mean that we are running the current system 'at risk' over a pro-longed period.

3.2.2 Short-list of options

Option 1 – Detail Do nothing	
Cost	None
Benefits	No work will be required for this option
Deliverability	As no work is required it would be feasible to deliver this.
Pros	
Cons	This solution would result in Herefordshire Council running a solution where all components are out of support from the supplier. This is a significant risk to the council particularly as personal and potentially sensitive data is held within it. Any data breach could result in significant costs, both in terms of addressing the issues caused but also in fines. There would also be a reputation impact as a result of a data breach. The current solution does not allow for the changed requirements forcing staff to user other systems which results in

	some data being duplicated in systems and being incomplete in each.
	Any delay in progressing the work to replace the current system would also mean that should there be a failure, the system may become unusable and new system required at that time leaving business users without a solution for an undefined period of time.
	Any changes to requirements may not be met by this solution as third party support is required to make changes to the Callguides. This would result in improvements required to deliver a revised customer services strategy not being possible.
Recommendation	This option is not progressed

Option 2 – Detail Seek support from other suppliers for the current system	
Cost	Extended support for Windows Server 2008 £12,000 Support for Ciber call guides and MS Dynamics from a third party (for 3 calls per annum) £3,000 Total cost = £15,000
Benefits	Limited work would be required to implement this solution
Deliverability	
Pros	This solution would allow us to continue running the current system at risk for a further year.
Cons	As with the 'do nothing' option the security vulnerabilities would be the same for this option resulting in a significant financial and reputational risk. Any delay in progressing the work to replace the current system would also mean that should there be a failure, the system may become unusable and new system required at that time leaving business users without a solution for an undefined period of time. Any changes to requirements will incur additional cost as third party support is required to make changes to the Callguides which would not be covered in their support package. The support package is for 3 calls only per annum.

Herefordshire Council

	A replacement system will still be required once support for Windows Server 2008 is no longer required. This solution will not allow Herefordshire Council to meet the existing needs or meet any future requirements.
Observations	
Recommendation	This option is not progressed

Option 3 – Detail Use G-cloud to procure a solution which meets the council's documented specification on a like for like basis	
Cost	Supplier costs Hoople IT Costs Project Management Business Analysis
Benefits	Direct financial benefits in the sum of £20980 from year 2
Deliverability	
Pros	Eliminate the significant risk of running a system which is out of support Allow for the development of the system to meet need Avoid future costs of building a new service Eliminate paper based and manual processes Reduce face-to-face contacts and calls from citizens – move to digital Foundation block to delivering revised customer services strategy and further digital services Enable channel sift to digital for ordinary contacts from citizens to allow staff to deal with the extra-ordinary Allows development of MyAccount and single view of the customer.
Cons	A financial and resource investment will be required to deliver this option
Observations	
Recommendation	This option is implemented.

Herefordshire Council

3.2.3 The preferred option

3.3 Supplier appraisals

This section compares the potential supplier deals and agrees the preferred supplier.

At this stage an appraisal of the potential suppliers has not been carried out however soft market testing and costs directly from two suppliers have been sought along with details of publicly available costs from other suppliers which is available to see on the G-cloud framework. These have been used to assess the costs for this business case.

3.3.1 The Procurement process

Evidence Based Estimates:

A member of the Herefordshire Council procurement team is included on the project board and will provide advice on the most appropriate route and steps to be taken for this project. In order to progress the procurement as quickly as possible once funding has been made available, whilst still ensuring that a range of suppliers are available to meet our requirements, it has been agreed that the G-cloud framework will be used for the procurement. An initial assessment has made which showed that the key suppliers for solutions are all available via this framework and we are aware that some of those identified have been successfully used by other authorities for similar implementations. These were invited to demonstrate their products to a groups of stakeholders.

3.3.2 Preferred supplier

Following the above appraisals and analysis, the preferred supplier is confirmed below.

4.0 COMMERCIAL CASE

4.1 Required services

The following services are required for a replacement system for the current MS Dynamics solution:

- Pre-production, live and test environments
- Staff and customer access portals
- Integration to existing payment system, LLPG, authentication systems, Civica and REST services
- Transition of existing processes and forms
- Training
- Go live and ongoing support

The following services will be required post go-live to develop the system to meet current requirements:-

- BA support to document and agree integrations
- Integrations not included at go-live
- Councillor portal

4.2 Potential/Agreed risk transfer

Herefordshire Council

The G-cloud framework enables the procurement of cloud hosting, software and support. By adopting a cloud solution for this system this will transfer the risk of maintaining systems in a locally hosted data centre from Herefordshire Council and Hoople to the supplier who has been awarded the contract.

4.3 Proposed/Agreed charging mechanism

The G-cloud framework allows for contracts of a maximum of 4 years to be awarded, this is made up of an initial 2 year award followed by an extension of 1 year and then a further 1 year. The initial payment to the supplier for the first two years is included in this business case. The extension of the contract for each of the subsequent two years will be a revenue cost for which funding will need to be identified. Invoicing will be annually in advance.

4.4 Proposed/Agreed contract lengths

Using the G-cloud framework allows Herefordshire Council to enter into an agreement of 2 years, this can then be followed by an extension of 1 year and followed by a further 1 year.

4.5 Proposed/Agreed key contractual clauses

The contract for this solution will be the supplied by the framework and appropriate for a cloud software solution. Key clauses relating to data protection and information security processes and risks will be discussed and agreed with colleagues from these business areas and included as appropriate.

4.6 Personnel implications (including TUPE)

This is an internal project and it is not expected that any TUPE will apply as a result of this project. A like for like transfer to a new solution would not present any personnel implications. If more services are incorporated with the CRM offer then potential resource transfers would need to be considered.

4.7 Procurement Strategy and implementation timescales

Detail and list below:

A detailed specification of the requirements for the new solution has already been commenced with representatives of the current system. This will be fully developed over the coming months in anticipation of a successful funding bid. In April 2022 we will be in a position to progress the procurement via the framework with the use of this framework allowing us to progress quickly. Early engagement with suppliers has indicated that an initial implementations will take approximately 6 months. Full details of timescales are included in section 6.4.

5.0 FINANCIAL CASE

5.1 INSERT FUNDING TABLE

The Capital Request Funding Form (Capital Finance Intranet site) must also be completed and submitted with the Full Business Case documentation.

Capital cost of project	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
Supplier	200	131			331
Hoople IT	55				55

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Project Management Fees	**58**				**58**
TOTAL	**313**	**130**			**444**

Funding streams (Indicate revenue or capital funding requirement)	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
Corporate capital funds	313	131			444
Revenue - TBC			109	109	218
TOTAL	**313**	**131**	**109**	**109**	**662**

5.2 Impact on the Council's income and expenditure account (revenue account)

Revenue budget implications	2022/23	2023/24	2024/25	Future Years	Total
note any impact on revenue budget, good or bad	£000	£000	£000	£000	£000
Supplier			109	109	218
Savings from Jadu		-21	-21	-21	-63
TOTAL		**-21**	**88**	**88**	**155**

No revenue budget or expenditure is currently allocated to the CRM system, this will therefore create a budget pressure and for which corporate revenue funding will need to be identified. Perpetual licences were purchased for the Microsoft Windows and CRM licences which has allowed Herefordshire Council to continue to use these without support or further licence cost. When originally implemented support was purchased from Ciber for the call guides and additional MS Dynamics support however since the company ceased trading this has not been paid.

6.0 MANAGEMENT CASE

6.1 Project Management Arrangements

Hoople IT services will be requested to provide project management support who will be required to follow the Herefordshire Council PMO and reporting arrangements.

6.2 Use of Consultants

Hoople IT services will be requested to provide business analysis support.

Herefordshire Council

128

6.3 Arrangements for benefits realisation

Delivery of benefits will be owned by the senior users and reported regularly. Implement a benefit framework to identify the potential benefits and the way in which these benefits will be planned for, tracked, measured and reported.

A number of objectives have been recognised that will deliver benefits in the short and long term. A strategy will be created to record baseline figures, collection and calculation methodology and reporting frequency based on improvements in efficiency and effectiveness.

Some desired benefits

- Increase automation of processes Number of processes
- Increase ability of customers to self-serve
- Increase customer satisfaction with the council and website
- Reduce the cost of key processes
- Reduce call handling time
- Increase quality assurance levels
- Increase internal and external user satisfaction

6.4 Arrangements for post project evaluation

As part of the project closure an analysis of the benefits achieved to date, a survey of the teams involved in the project and a sample of customers will be carried out to ensure that the project has delivered the stated objectives where these are achievable within the project timeline.

At the renewal of the contract with the supplier at the end of years 2 and 3 of the contract, an evaluation will be made to ensure that the solution is still delivering the stated benefits.

6.5 Timeframes

Stage/Milestone	Indicative Date	Comments
Stage 0 - Project Mandate approved		Included within digital strategy
Stage 1 - Outline business case completed	*November 2020*	Submitted by Natalia Silver
Stage 2 - Full business case completed	*July 2021*	
Full Council approval	*TBC*	
Approval to spend obtained	*April 2022*	
Stage 3 – Delivery	*April 2022*	Work will commence
Installation of environments by supplier	*June 2022*	
First phase - configuration complete	*October 2022*	
First phase - go live	*1 December 2022*	
Second phase - Integration to additional systems	*February 2023*	Business analysis work will determine integration work

Herefordshire Council

		will run in parallel to first phase
Stage 4 – Handover	*TBC*	
Stage 5 - Project Closure	*TBC*	

7.0 THE ENVIRONMENTAL CASE

Less reliance on paper and printing, and also a potential reduction in travel requirements for our customers resulting in an anticipated positive impact on climate change.

8.0 LEGAL IMPLICATIONS

The project involves the processing of the personal data of individuals and therefore a data protection by design approach is being taken as required by the UK General Data Protection Regulations (GDPR). Initially, as the CRM functions are replaced on a like-for-like basis the processing conditions regarding personal data will be the same, however as the project develops any new elements will be risk assessed for their impact on the privacy of individuals. Preparations have been made for a data protection impact assessment to be carried out to capture the existing data considerations and will be reviewed at each stage of the project to ensure that data protection compliance is central to the system. This will include reviewing privacy notices for transparency in processing, providing for data rights to be exercised where applicable, and data to be only retained only as long as is necessary. Representation from the council's information governance team is also provided on the Project Board.

The procurement process will include a supplier data security questionnaire and the contract will include data protection clauses and a schedule of processing setting out the expectation for processing by the supplier from the council.

9.0 EQUALITY IMPACT IMPLICATIONS

No differential impacts on specific groups. Joining up service delivery information and knowledge to enable us to respond at the right time and meet the needs of our diverse communities, ensuring equality of opportunity for all residents.

10.0 HEALTH & SAFETY IMPLICATIONS

There are no health and safety implications arising from this project.

11.0 SOCIAL VALUE IMPLICATIONS

Herefordshire Council defines social value as the important additional benefits that go beyond the direct delivery of any services purchased by the council.

These can be:

Social benefits that deliver positive outcomes for individuals and/or communities (examples could include, but are not be limited to: supporting the positive wellbeing of your staff, holding/participating in community engagement events, supporting local charities, community groups, residents groups, training staff in mental health first aid and helping to promote positive mental health in the Herefordshire workforce and community, enabling staff to volunteer in the Herefordshire community).

Economic benefits that strengthen a workforce, industry, sector and/or the economy- examples could include, but not be limited to: offering long-term job opportunities with training and pay above the Living

Wage to Herefordshire residents, sharing resources, assets and collaborating with other businesses or charities in Herefordshire, actively participating in business networks in Herefordshire to share good practice).

Environmental benefits that result in environmentally sustainable business practices and/or an improvement of the environment- examples could include, but not be limited to: commitment to minimising environmental footprint by use of electrical vehicles, support sustainable travel for staff, support for local environmental charities).

Providers will be required to contribute to enhancing the council's social value outcomes, be able to demonstrate positive impact through effective monitoring and be willing to share practice.

For more information about the council's social value expectations, please refer to https://www.herefordshire.gov.uk/business-1/business-council/2

APPENDICES - SUPPORTING EVIDENCE

Appendix A – Risk Register

Appendix A -
Business Case.xlsx

Appendix B – Stakeholders

MyAccount
Stakeholders.pdf

Herefordshire
Council

Hereford Museum & Art Gallery Redevelopment

Business Case

Date: 28th July 2021

Version Control

Version	Date	Summary of Change	Author
0.1	January 2021	First issue	
0.2	28th July 2021	Update for grant application submission	

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state "see track changes" in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

Approvals

Gateway	Approved by	Role	Date
1 – OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
2 – FBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	

Herefordshire Council

	Capital Portfolio Manager	Sense check	
	HPMO	Sense check	
	Assurance Board	Sense check	
	Capital Programme Board	Council Programme oversight	
	Cabinet	Corporate fit	
	Full Council	Approval (capital programme)	
Gateway Review	Director PMO Assurance	Assurance	
3 - Delivery	*Project Board / Director / Programme Board*	*Note major changes and approvals during delivery*	
Gateway Review	Director PMO Assurance	Assurance	
4 – Handover & project review	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Board	Programme oversight	
	Assurance Board	Assurance	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance	
Gateway Review	Director PMO Assurance	Assurance	

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

Distribution

This document has been distributed to

Name	Role	Date of issue	Version

Table of Contents

Contents

Herefordshire Council

136

Herefordshire Council

137

This Outline Business Case has been submitted as requested. Please note the information it contains is subject to change as we continue to develop the Full Business Case. This will be subject to further developing the design, costings, seeking planning approval etc. Herefordshire Council is not committed to the implementation of the project (or related expenditure) until the Full Business Case is approved and funding terms agreed.

1.0 PROJECT DESCRIPTION

This outline business case supports the proposed redevelopment of the current Hereford Library, Museum and Art Gallery. It would keep the original Victorian gothic façade of the building plus the original rooms and features behind that façade while providing an enhanced museum experience and improved gallery and community space in the rest of the building.

2.0 STRATEGIC CASE

2.1 Project aims and objectives

The project aim is to completely repurpose the building into a contemporary new museum and exhibition centre. The library will relocate to another venue and the current building will be redesigned using EnerPHit principles. EnerPHit is the established standard for refurbishment of existing buildings using the Passivhaus basic principles and components. The aim will be to deliver a modern, world class museum experience making use of the latest technology to provide opportunities for visitors to interact with the county's museum service collections. The project will significantly enhance the city's cultural offer, supporting community engagement to attract visitors and tourists into the city while signposting the wider heritage of the county, thereby creating a significantly enhanced place to attract people to live, study, work and invest in Hereford.

The project will provide a permanent home for the Herefordshire Hoard and will offer opportunities for working with other partners such as the National Museums and regional and local heritage attractions such as Hereford Cathedral. It will support employment and skills through the creation of jobs and volunteering opportunities as well as attracting visitors to the city and county, providing a major boost to the local economy. The project will also facilitate work with colleges, schools, NMiTE and other educational establishments in the county as well as connecting local residents to their heritage.

Objectives:

- Establish a new, modern, world class visitor attraction at the heart of Hereford city centre
- Engage residents of Herefordshire in formal and informal ways of learning about the history of their county, thereby strengthening their sense of place
- Support the growth of the tourism, cultural business and wider hospitality sectors through increased visitor numbers
- Deliver a museum of national renown, incorporating EnerPHit principles in its design standards where possible to limit the building's carbon footprint
- Showcase the county's extensive heritage collections, including new exhibitions of national and international importance such as the Herefordshire Hoard, making extensive use of technology and interactive displays
- Increase engagement with Hereford College of Arts and NMiTE

Herefordshire Council

- Encourage the development of skills and job creation through new roles in the museum and also in shop and café franchises

- Support community engagement and service sustainability through volunteering opportunities and by working with the Herefordshire Museum Service Support Group, local history groups, HVOSS and other interested organisations
- Act as a focal point for heritage and cultural creativity in the city and the county, attracting additional funding to the area. The project would act as the centre of a hub and spoke model, supporting the cultural and heritage offer in the market towns to provide countywide benefits
- Develop new income generation schemes to support the ongoing revenue funding of the building's operation. These include potential shop and café franchises, venue hire, philanthropic giving, sponsorship and donations/admission for visiting the museum and/or special collections

2.2 Strategic Drivers

2.2.1 National and Regional

The project contributes towards the UK Government's 'Build back better: our plan for growth' document published in March 2021. On page 13 of the report, the section addressing infrastructure says that the Government will 'Connect people to opportunity via the UK-wide Levelling Up Fund and UK Shared Prosperity Fund, as well as the Towns Fund and High Street Fund, to invest in local areas.'

The report also references in a number of place the need to reduce carbon emissions and this will be addressed by the application of EnerPHit principles in the design of the redeveloped museum.

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick √ below where applicable	Delivery Plan Reference(s)
Community	√	CO0.1
Economy	√	EC2.1 , EC5.1
Environment	√	EN5.1, EN5.2

CO0.1 – contributing towards the improved overall mental and physical wellbeing of residents of all ages by supporting residents to gain a greater understanding of place and their connection to the history of their community.

EC2.1 – a direct contribution to this element of the Delivery Plan which is to 'Work with partners to develop and implement a £25m Town Investment Plan for Hereford, to be funded through the Stronger Towns Fund.'

EC5.1 – consulting with local businesses in the planning stages as well as providing a new attraction for visitors and locals, thereby encouraging spend in the local economy will directly contribute to this element of the Delivery Plan, the aim of which is to 'Work with private sector partners to support the

Herefordshire Council

growth of the tourism industry across Herefordshire building on our strengths of outdoor activities, heritage and culture; and support the development of a destination business improvement district.'

EN5.1 – the project plans to apply EnerPHit principles where possible to reduce the building's carbon footprint. This supports directly this particular initiative to 'Reduce the Council's own carbon footprint through implementing our Carbon Management Action Plan.'

EN5.2 – Application of EnerPHit principles as mentioned above as well as installation of modern lighting and building improvements will contribute directly to the delivery of this element to 'improve the environmental and energy efficiency standards of Council buildings through the introduction of…a plan for investing in energy efficiency and renewable energy measures for existing buildings…'

EC2.5 – the project going ahead will support the delivery of this element of the Delivery Plan as it will enable the library which shares the building to move into Maylord Orchards, thereby contributing to the key initiative to 'Develop Maylord Orchards as a key strategic site; acting as a catalyst for the regeneration of Hereford city centre.'

2.3 Background and Rationale in Project Mandate

The Broad Street building is Victorian and the façade is built in the Victorian Gothic style. The building originally opened to the public in 1874 and was a philanthropic gift to the people of Hereford by Sir James Rankin, a local MP and President of the Woolhope Naturalists' Field Club. In 1911, following a bequest, land fronting Aubrey Street was purchased and the library was subsequently extended and an Art Gallery added. In 1963 a mezzanine floor was added to the lending library which enabled a separate children's library on the ground floor. A decade later, the building was entered as a Grade II listing on the Statutory List of Buildings of Special Architectural or Historic Interest. In 1974-75 the existing mezzanine floor was extended and a lift was added to the rear extension.

Further minor works have been undertaken in recent years, some of which led to the temporary closure of the building to allow for the removal of asbestos. This work uncovered some historic building features which were previously unknown including some riveted iron ceiling beams and carved wall decorations.

As mentioned above, the entire building was listed as a building of special architectural and historical interest in 1974 at Grade II, with the list description referring specifically to the Broad Street façade, the Woolhope Room (on the first floor overlooking Broad Street), original fire places containing Godwin tiles, the main staircase.

In 2013 a Conservation Management Plan of the building was written. It contained an outline of the overall significance of the building by looking at the heritage values which contributed to this. This included examples of the building's historical, aesthetic, evidential and communal values. This concluded that there are eleven elements to the building which are of international significance and a further twelve elements that are of national significance. Four additional elements have been noted as being of regional significance while seven more are of local significance.

The building currently houses a library, museum and art gallery. Each of these elements are smaller and have a more limited offer than would reasonably be expected for a city the size of Hereford. The Museum Resource Learning Centre at Friars Street houses some 100,000 items in its store which tell the story of Herefordshire. Because of lack of space and resources, only a limited number of these items ever see the light of day. The items in the collection have been acquired by, or given to, the museum service over a period of many decades but there is not currently the facility to share them with the residents of Herefordshire or with visitors.

The development of the building would also address longstanding issues with the fabric of the structure. In 2017-18 the museum was closed for four months due to work on the roof and in the last twelve months there have been two further instances of partial ceiling collapse or water ingress in the museum space.

Between 1998 and 2013, annual visitor numbers to the current museum ranged from 25,242 to 33,708 with an annual average of 29,768, as outlined in the table below

Year	Visitor Numbers
1998-99	29,461
1999-00	31,671
2000-01	33,424
2001-02	33,708
2002-03	31,300
2003-04	29,072
2004-05	25,242
2005-06	27,910
2006-07	30,790
2007-08	30,293
2008-09	21,116
2009-10	26,776
2010-11	27,855
2011-12	29,179
2012-13	28,726

Since 2013, a number of factors have impacted on the provision of the service such as cuts to the budget and resulting staff reductions which in turn led to a reduction in opening hours and visitor numbers. Issues with the fabric of the building have also affected ability to open. Access to the museum has been maintained by the use of volunteers. Visitor figures for the years since 2013 are in the table below with accompanying notes.

Year	Visitor Numbers	Comment
2013-14	23,467	Budget reductions and staff restructure in this year
2014-15	14,077	Opening hours halved
2015-16	6,666	Closed from 9th September 2015 due to discovery of asbestos
2016-17	2,420	Only open for February and March 2017 due to asbestos removal etc.

2017-18	10,413	Further budget reductions. Closed for four months for work on roof
2018-19	10,345	No staffing on site, museum opening supported by volunteers
2019-20	19,430	Increased visitors due to charged-for Lego exhibition
2020-21	2,068	Closed for most of the year due to Covid-19

The creation by the Government of the Stronger Towns Fund as well as the opportunity to bid for additional external funding via the National Lottery Heritage Fund allows for the possibility of a revised plan to deliver a world class museum, redesigned to operate on EnerPHit principles, thereby reducing ongoing revenue costs for running the building and reducing the building's carbon footprint.

During 2021, Herefordshire Council is working towards acquiring the Herefordshire Hoard, Viking artefacts discovered on land in the north of the county during 2015. The redevelopment of the current Broad Street site would enable the provision of an appropriate venue in which to display the Hoard. It would also provide the opportunity to exhibit more of the tens of thousands of items currently in storage at the Museum Resource Learning Centre on Friars Street. In addition, the redeveloped museum would enhance and be enhanced by its situation close to other visitor attractions, in particular Hereford Cathedral, providing synergies beneficial to all.

The proposed development would maintain and enhance the historical architectural features of the building while providing a modern visitor experience.

Development of the building would add to the attraction of a visit to Hereford, driving footfall into the city centre and supporting economic activity in local business and the hospitality sector.

2.4 Scope

2.4.1 In-Scope

- Building designs, plans and surveys as required
- Procurement
- Building refurbishment
- IT systems
- Installation of equipment and new technology
- Communications, marketing and engagement
- Development of monitoring and reporting mechanisms
- Confirmation of ongoing costs and resourcing requirements
- Plans for staffing and running of the building

2.4.2 Out of Scope

- Development of building usage post project delivery

2.5 Benefits

Herefordshire Council

224

142

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

In July 2021 Prince & Pearce were commissioned to prepare a report on the possible income generation opportunities that the redevelopment could provide. Their report is provided as an appendix to this business case. The summary table from the report which presents their findings around the revenue budget and cashable benefits from the first five years of a redeveloped site is included in section 5.2 below.

2.5.2 Non-cashable benefits

Non-cashable benefits from the project could include – but would not be limited to:

- Supporting the delivery of several of the aims outlined in the Herefordshire County Plan 2020-2024. For example:
- EN4 *Invest in low carbon projects* – This project, if conducted to EnerPHit standards, would greatly reduce the carbon footprint of the building. As an example, the heating system and hot water supply at the HARC building, which was built on Passivhaus principles, is operated by the equivalent of one household boiler
- EC3 *Invest in education and the skills needed by employers* – The project would support learning across all of the education sectors in Herefordshire from Primary to Higher Education. The redeveloped space would offer the facility for skills development through training and courses. There would be opportunities for apprenticeships, NVQs and other appropriate training and qualifications both through the museum service and also the café. The project will include increased volunteering opportunities for people to develop skills and experience and would extend the current 1,300 hours plus per year of volunteering that are already provided at the current museum. The project will support artists, creators, film makers, digital developers, historical researchers and students and will enable the development of skills in those areas
- EC5 *Protect and promote our heritage, culture and natural beauty to enhance quality of life and promote tourism* – The new museum would act as a hub for the whole county and the Marches region in promoting the heritage, culture and natural beauty of the area. It would enable more of the tens of thousands of items in the museum collection to be made available for visitors to view and would encourage community engagement in the stories, histories and places of the city, county and region. The development would also be an opportunity to promote other Herefordshire Council services and cultural sites within the city such as the relocated library and the Black & White House Museum. The development would raise the profile of Hereford and, by extension, of Herefordshire as a whole

The project would reflect several aspects of the three key themes of the County Plan.

In terms of connectivity it would allow connection with partners such as the City Council, businesses and the public and community sectors. Bringing increased numbers of visitors to the city centre to visit the Museum with an incentive to stay in the city and wider area for longer would have the benefits of supporting local and independent shops and traders, providers of overnight accommodation as well as the wider hospitality sector. The project would also improve digital connectivity, exploring exciting and innovative opportunities for visitors to interact creatively with the museum and its collections through the use of Virtual Reality and other mediums.

The project would support the theme of wellbeing. Through encouraging creativity and innovation it would recognise the value of art and culture as a contributor to wellbeing, both to those visiting the site and also those involved in exhibiting.

2.5.3 Dis-benefits

There will be disruption to service continuity in the delivery of this project. Depending on the delivery schedule for this and the related Maylord project which would see the library move to a new location, there would be a period of time when there is no library service available. This could be mitigated by ensuring preparation of the new library site before a decant from the current building and this may mean that there is a period of a few weeks where there is no library service available.

Construction work on the Broad Street building would mean that the museum provision in its current form would not be available for the duration of the construction project, possibly up to two years or more.

Mitigation will be the continuation of an element of the museum service being delivered at the Black & White House Museum. There is also the possibility of exploring community 'pop ups' by having display cases with items from the museum collections in community buildings.

2.6 Risks

The key project risks are identified in the current edition of the risk register which is attached as an appendix to this business case.

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

The move of the library element within the building to a new site. Options for this are being developed separately as part of the project to develop the Maylord shopping centre. This is one of the other projects in the Hereford Town Improvement Plan which has received funding via the Stronger Towns programme.

This project depends on:

In its current form, this project depends on the library moving out of the building to another venue.

The project mentioned in the section above involves moving the library out of the building in which it currently co-locates with the museum, to a new destination. Any delay in the progress of that project may hinder the progress of the Museum redevelopment.

2.8 Stakeholders

The key stakeholders for the project are the people of Herefordshire.

Herefordshire Council and the museum service has a long standing relationship with the Herefordshire Museum Service Support Group who represent users of the Museum service and advocate on the service's behalf. Officers of the group have already been involved in conversations with Herefordshire Council officers and Cabinet Member about the proposed project and are highly supportive. The group is currently in discussion with Council officers about how they might be able to act as the lead body in any public fundraising campaign to obtain the aforementioned Herefordshire Hoard as they would be eligible to claim an additional 25% in gift aid on any donations to support the project.

As the project plan develops, an engagement strategy for consultation will be formed. The project will make use of digital engagement and online surveys, existing networks and contacts as well as broadening its approach to reach and work with new areas of the community. Partners and stakeholders will be consulted during the concept

and planning stages to make use of their experience, knowledge and expertise. Engagement during the project will be via project board membership, commissioned work, surveys, targeted events, displays and social media and other campaigns.

A list of non-council stakeholders and partners is being regularly reviewed and currently includes, but is not limited to, Herefordshire residents, Herefordshire Museum Service Support Group, Woolhope Naturalist's Field Club, Herefordshire Cultural Partnership, Hereford College of Arts, NMiTE, local cultural and heritage organisations, National Lottery Heritage Fund, Arts Council England, British Museum, West Midlands Museum Development Group, Hereford Cathedral, museum service volunteers, Herefordshire Voluntary Organisations Support Service (HVOSS), Hereford Civic Society, Hereford Tourism Group, HBID, Hereford Business Board, Marches Local Enterprise Partnership, Hereford City Council, Heritage England, local businesses, local schools, local museums, local colleges, other museums that have undertaken similar developments, organisations that represent diversity, organisations that promote accessibility.

Ahead of any formal consultation, a letter of support for the scheme has been received from Bartonsham History Group.

3.0 ECONOMIC CASE

3.1 Critical success factors

The critical success factors will be:

- A full understanding of the physical infrastructure of the building to provide assurance that the redevelopment of the site can be supported
- The securing of the necessary capital funding from a variety of sources to enable the delivery of the project
- The development of a full and robust revenue business case over the forthcoming months to ensure the ability to operate in the years ahead
- The involvement of stakeholders and the community in shaping, supporting and championing the offer at the redeveloped site
- Provision of a site and service that directly contributes to the delivery of priorities in the County Plan

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Redevelopment of the museum site in a project with a budget of up to £20 million	Y	- Outline plan identified in feasibility study produced by Architype £5 million already allocated as part of Government Stronger Towns funding - Possibility of match funding from Heritage Lottery, Herefordshire Council and other sources - Option for a major redevelopment provides

		possible opportunities to host major exhibitions thereby increasing revenue income through ticket sales and potential high value sponsorship
Redevelopment of the museum site in a project with a budget of up to £15 million	Y	• Outline plan identified in feasibility study produced by Architype • £5 million already allocated as part of Government Stronger Towns funding • Possibility of match funding from Heritage Lottery, Herefordshire Council and other sources
Redevelopment of the museum site in a project with a budget of up to £10 million	Y	• Outline plan identified in feasibility study produced by Architype • £5 million already allocated as part of Government Stronger Towns funding • Possibility of match funding from Heritage Lottery, Herefordshire Council and other sources • Possible reduction in required funding from Herefordshire Council compared with the two options outlined above which may reduce pressure on ongoing revenue costs if capital loan repayments are reduced or eliminated • A reduced scheme may mean that revenue income would be lower than the two schemes outlined above and the offer to customers would not be of such high quality and variety
Redevelopment of the museum site in a project with a budget of up to £5 million	N	• No feasibility study on this option has yet been commissioned • No guarantee that the level of expenditure would deliver a sufficiently enhanced offer • Risk that the Government may not agree to a project scaled down to this extent and would not agree to sign off and fund the project
Library stays in its current building and is part of a redevelopment of the current site	N	• Would significantly impair the proposed museum redevelopment and reduce the planned offer

146

			• Would not generate adequate income • Reputational risk to the Council of not delivering on its proposed projects
Do nothing	N		• Hereford will continue to have an inadequate library and museum offer for a city of its size • Missing out on the opportunity to secure major external investment to develop a scheme that will enhance the offer to both visitors and residents and would encourage footfall and economic activity in the city centre • Reputational risk to the council of failing to deliver on the project and of having to reject the offer of government funding

3.2.2 Short-list of options

Option 1 – Detail	
Redevelopment of the museum site in a project with a budget of up to £10 million	
Cost	Up to £10 million This option was identified in the Feasibility study of January 2021 conducted by Architype (Section B, Preliminary Cost estimate) which is an appendix to this business case. This would involve a minimum intervention with the provision of a new lift core and main staircase; construction of new circulation elements; a new stair core and goods lift to the Aubrey Street entrance at the rear of the building; insulation improvements to the retained existing building elements; basic

	structural repairs and an allowance of £5 million for museum fit out works
Benefits	• Outline plan identified in feasibility study produced by Architype • £5 million already allocated as part of Government Stronger Towns funding • Possibility of match funding from Heritage Lottery, Herefordshire Council and other sources • Possible reduction in required funding from Herefordshire Council compared with the two options outlined above which may reduce pressure on ongoing revenue costs if capital loan repayments are reduced or eliminated ▪
Deliverability	£5 million of the required funding has been allocated through the Stronger Towns Fund. Initial conversations with the Regional Director of the Heritage Lottery Fund have indicated support for the submission of an Expression Of Interest for a bid of up to £5 million to support the scheme. This may mean that Herefordshire Council may not need to provide any capital funding which would reduce the risk of not being able to meet loan repayments. Confirmation would need to be sought from external funders whether they expect any level of match funding from Herefordshire Council as a condition of their funding. As a major construction project involving a listed building on a city centre site, there is a risk around the granting of planning permission. Pre-panning advice is being sought at this stage to discuss issues concerning the various options.
Pros	The scheme would deliver an improved museum and cultural hub for the city, county and region and raise the profile of Hereford nationally and internationally. It would provide options for increased income generation and support increased spend in the local economy by encouraging visitors to the city and county. A reduction in or the removal of the need for Herefordshire Council capital funding may reduce the pressure on the amounts of income revenue required annually. This scheme could be a used as the preferred fallback option if the development of the business case gives insufficient certainty that another option is deliverable.

Herefordshire Council

| Cons | There is a risk to being able to secure sufficient funding to undertake the development. Detailed conversations would be required to receive advice around the planning process and this may impact on the timeframe of the project delivery.

A project on this scale may not generate the visitor numbers and increased spend in the local economy that other options might provide. |
|---|---|
| Recommendation | **Not to proceed at this stage** |

| Option 2 – Detail

Redevelopment of the museum site in a project worth around £15 million	
Cost	Up to £15 million

In their feasibility study of January 2021, Architype identified this option as maximising the existing building fabric while introducing additional gallery and activity space by extending the building upwards. It would provide a new lift core and main staircase, construction of new circulation elements, new stair core and goods lift to the Aubrey Street entrance at the rear of the building, insulation improvements to the retained existing building elements, basic structural repairs and approximately £5 million allowance for museum fit out works.

Following a preliminary high level review of costs, in the time and within the budget allocated, Architype chose to further develop the costings around this option which would maximise the existing building fabric.

The feasibility contains an 'order of magnitude cost estimate' which provides a high level outline of the costs involved in delivering this option |
| Benefits | • Would provide a new facility which would be of major national and international standing
• At least 65% of the funding would be from sources other than Herefordshire Council
• Would raise profile of Hereford and Herefordshire nationally and internationally
• Would increase number of visitors to the city and the county, thereby supporting increased spending in local |

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	businesses and hospitality sector providing growth in the local economy • Redevelopment would apply EnerPHit principles where possible, thereby limiting the carbon footprint of the building • Would deliver a key element of the Town Improvement Plan • Would support the development of skills and provide new job and volunteering opportunities • Would provide opportunities to contribute to learning across the community both through informal means and also by engagement with educational establishments from young children through to Higher Education • Would enable residents of the county to learn more about their history, thereby strengthening a sense of place
Deliverability	£5 million of the required funding has been allocated through the Stronger Towns Fund. Initial conversations with the Regional Director of the Heritage Lottery Fund have indicated support for the submission of an Expression Of Interest for a bid of up to £5 million to support the scheme. The remaining £5 million could be sought from a capital loan or other funding streams. If this additional £5 million – or any portion of it – is not forthcoming – then the project could still be delivered to the level of option 3, with additions to that project depending on the amount of money available over and above £10 million As a major construction project involving a listed building on a city centre site, there is a risk around the granting of planning permission although as this option involves maximising the existing structure, the risk is probably reduced compared to option 1 which involved major demolition and reconstruction works. Pre-planning advice is being sought at this stage to discuss issues concerning the various options.
Pros	The scheme would deliver a high quality museum and cultural hub for the city, county and region and raise the profile of Hereford nationally and internationally. It would provide options for increased income generation and support increased spend in the local economy by encouraging visitors to the city and county.
Cons	There is a risk to being able to secure sufficient funding to undertake the development although the risk is reduced compared to option 1 as the amount of funding sought is lower for this option. Detailed conversations would be required to receive advice around the planning process required and this may impact on the timeframe of the project delivery.
Observations	This is the option which has been worked up in most detail in the feasibility study and provides a greatly enhanced museum

Herefordshire Council

	offer which would attract increased visitor numbers and spend in the local economy. External expertise has been commissioned to develop the architectural plans to RIBA stage 2 and support has also been commissioned to look at income generation opportunities, the amount that could be generated and a risk analysis of various models.
Recommendation	**This option be progressed to Full Business Case development as the preferred option.**

Option 3 – Detail	
Redevelopment of the museum site in a project worth up to £20 million	
Cost	Up to £20 million
	This option was identified in the Feasibility study of January 2021 conducted by Architype (Section B, Preliminary Cost estimate) which is an appendix to this business case.
	This would involve a major construction process, maintaining and refurbishing the existing building frontage on Broad Street, demolishing all remaining building elements and constructing a new, purpose designed five storey building behind the frontage. The cost included an allowance of approximately £5 million for fit out works
Benefits	• Would provide a new facility which would be of major national and international standing
	• 75% of the funding would be from sources other than Herefordshire Council
	• Would raise profile of Hereford and Herefordshire nationally and internationally
	• Would increase number of visitors to the city and the county, thereby supporting increased spending in local businesses and hospitality sector providing growth in the local economy
	• Redevelopment would apply EnerPHit principles where possible, thereby limiting the carbon footprint of the building
	• Would deliver a key element of the Town Improvement Plan
	• Would support the development of skills and provide new job and volunteering opportunities
	• Would provide opportunities to contribute to learning across the community both through informal means and also by engagement with educational

Herefordshire Council

	establishments from young children through to Higher Education • Would enable residents of the county to learn more about their history, thereby strengthening a sense of place
Deliverability	£5 million of the required funding has been allocated through the Stronger Towns Fund. Initial conversations with the Regional Director of the Heritage Lottery Fund have indicated support for the submission of an Expression Of Interest for a bid of up to £5 million to support the scheme. If £5 million is made available through a capital loan, it still leaves a further £5 million to be found from other unidentified funding sources which is a major risk to the deliverability of the project. As a major construction project involving a listed building on a city centre site, there is a risk around the granting of planning permission. Pre-panning advice is being sought at this stage to discuss issues concerning the various options.
Pros	The scheme would deliver a high quality museum and cultural hub for the city, county and region and raise the profile of Hereford nationally and internationally. It would provide options for increased income generation through sponsorship of high quality exhibitions and support increased spend in the local economy by encouraging visitors to the city and county.
Cons	There is a risk to being able to secure sufficient funding to undertake the development. Detailed conversations would be required to receive advice around the planning process required and this may impact on the timeframe of the project delivery
Observations	If additional external funding can be secured to take the available budget above £15 million, enhancements to move towards the £20 million project can be considered
Recommendation	**Not to proceed at this stage**

3.2.3 The preferred option

The preferred option is option 2

3.3 Supplier appraisals

This section compares the potential supplier deals and agrees the preferred supplier.

3.3.1 The Procurement process

Please outline your procurement process including the following:

• *Procurement route e.g. via OJEU/framework agreement*

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- *The long list criteria*
- *The short list criteria*
- *Economic appraisals – an overview of the costs and benefits associated with each of the selected service providers*
- *Non-financial benefits appraisals – an overview of non-cash releasing benefits, their weighting, score and impact on supplier ranking*
- *Non-financial risk appraisal – an overview of non-financial risks - their impact, probability and score on supplier ranking*

The process for procurement and the appointed suppliers will need to be identified as the project develops and the requirements are clearly known.

3.3.2 Preferred supplier

Following the above appraisals and analysis, the preferred supplier is confirmed below.

The preferred supplier(s) will be identified once the extent of the project and funding available is clear.

4.0 COMMERCIAL CASE

4.1 Required services

Based on the original feasibility study that was provided to inform the initial submission for inclusion in the Stronger Towns Fund Bid, work is currently underway to progress the architectural understanding of the building to RIBA Stage 2. As this work progresses it will be possible to develop the understanding of the services and goods required for the next phase and for the development of the Full Business Case for submission to Government in June 2022. At this stage the expectation is that the redeveloped building will provide

- A high quality museum experience which will involve permanent and changing exhibitions
- Art Gallery
- Shop
- Café
- Meeting rooms
- Space for events and activities
- Roof-level catering and hospitality facility

4.2 Potential/Agreed risk transfer

As owner of the property the Council would bear the ultimate responsibility for risk. The risk will be managed and mitigated by the adoption of appropriate processes through the stages of development via the following approach

- Procuring appropriately qualified professionals to design and develop the necessary building works including surveys
- Procuring an appropriately qualified contractor to deliver the relevant building works within an agreed timetable

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- Procuring appropriately qualified and experienced external advice and guidance to advise on income generation and opportunities including modelling different approaches and providing appropriate risk analyses
- Options for the operation of the proposed shop and café will be assessed by appropriate external advisors to advice on levels of risk and possible income
- Existing qualified and experienced museum staff will provide the core of the staffing and provide expert professional advice in the planning and design stages

4.3 Proposed/Agreed charging mechanism

- The development will be funded by the revenue income streams outlined in Section 2.5 of this Outline Business Case
- Expert external advice on income generation opportunities and possible levels of income has been commissioned and a report is expected before the end of July 2021 to inform the next review of the current Outline Business Case

4.4 Proposed/Agreed contract lengths

- Professional advisor contract lengths for the period of the design and implementation
- Relevant contractor contract lengths for the duration of the construction
- Length of contract for the provision of shop and café to be determined, dependent upon the current commissioned work to look at options for models of delivery

4.5 Proposed/Agreed key contractual clauses

- All external contractors, suppliers and advisors will be required to meet the Council's standard contractual obligations
- Wherever possible, contractual arrangements will be made to minimise the risk to the Council, for example in the operating models and obligations surrounding café and shop franchises

4.6 Personnel implications (including TUPE)

It is anticipated that TUPE will not apply to this project as salaried staff are already part of the Herefordshire Council staffing establishment.

4.7 Procurement Strategy and implementation timescales

Detail and list below:

- For RIBA Stage 1 (Feasibility stage) and 2a, direct appointments will be sought via procurement waivers for professional advisers who have been involved in the project development to date. This is because of the urgent need to progress the project to a particular stage by the end of July 2021
- For RIBA Stage 2 and beyond, a procurement of the relevant professional teams will follow in order to support the design stage up to planning approval
- A contractor(s) will be procured for the implementation stage
- Dependent upon the preferred delivery model, a procurement process will be undertaken for the delivery of a shop and cafe

5.0 FINANCIAL CASE

The intention is to seek funding for the project from a number of sources. A sum of £5 million has already been allocated from the Government's Stronger Towns Fund. Conversations have also taken place with the Regional Director of the Heritage Lottery Fund who has seen the Hereford Town Improvement Plan as well as the feasibility study for the redevelopment of the building produced by Architype in January 2021. On the basis of those discussions a verbal invitation has been received to submit an initial Expression of Interest document requesting permission to apply for funding of up to £5 million. This Expression of Interest is currently being drafted and will be submitted to Management Board for consideration in July 2021, with subsequent submission to Heritage Lottery if approved.

A further amount of up to £5 million is being sought. This has been identified as coming through Herefordshire Council's Capital funding but may be in the form of a loan which will need to be paid back over a period of forty years. If the full amount of £5 million is obtained in this way, then total repayments over the 40 year period would be £9,716,056 with annual repayments of £242,901.

The revenue income generated by the project would need to be sufficient to cover this amount annually as well as covering any additions to the staffing establishment to service the museum's operation.

A piece of work modelling opportunities for income generation and the sort of income that those models could generate has been commissioned to assess the risks associated with this level of loan and repayment structure and will inform the development of the business case and project.

A reduction in the overall amount of capital loan that is accessed will reduce proportionally the level of monthly repayments and the total sum of the loan plus interest that would need to be repaid.

Details of the repayment schedule for a capital loan of £5,000,000 over a forty year period are outlined in the table below. A review of the ongoing revenue position for the first five years of operation of a redeveloped site is included in section 5.2 below and takes into account the proposed requirement to make an annual loan repayment of £240,000.

Year	Life Remaining	b/fwd	PB Spent	MRP	c/fwd	Interest 4.00%	Total Capital Financing Costs		Average cost per annum	
21/2			5,000,000		5,000,000		0			
22/2	40	5,000,000		52,617	4,947,383	190,284	242,901			
23/2	39	4,947,383		54,722	4,892,660	188,179	242,901			
24/2	38	4,892,660		56,911	4,835,749	185,990	242,901			
25/2	37	4,835,749		59,187	4,776,562	183,714	242,901			
26/2	36	4,776,562		61,555	4,715,007	181,346	242,901			
27/2	35	4,715,007		64,017	4,650,990	178,884	242,901			
28/2	34	4,650,990		66,578	4,584,412	176,324	242,901			
29/3	33	4,584,412		69,241	4,515,171	173,660	242,901			
30/3	32	4,515,171		72,011	4,443,160	170,891	242,901			
31/3	31	4,443,160		74,891	4,368,269	168,010	242,901			
33/3	30	4,368,269		77,887	4,290,383	165,015	242,901			
34/3	29	4,290,383		81,002	4,209,380	161,899	242,901			
35/3	28	4,209,380		84,242	4,125,138	158,659	242,901			
36/3	27	4,125,138		87,612	4,037,526	155,289	242,901			
37/3	26	4,037,526		91,116	3,946,410	151,785	242,901			
38/3	25	3,946,410		94,761	3,851,649	148,140	242,901			
39/4	24	3,851,649		98,551	3,753,097	144,350	242,901			
40/4	23	3,753,097		102,494	3,650,604	140,408	242,901			
41/4	22	3,650,604		106,593	3,544,011	136,308	242,901			
42/4	21	3,544,011		110,857	3,433,154	132,044	242,901			
43/4	20	3,433,154		115,291	3,317,862	127,610	242,901			
44/4	19	3,317,862		119,903	3,197,959	122,998	242,901			
45/4	18	3,197,959		124,699	3,073,260	118,202	242,901			
46/4	17	3,073,260		129,687	2,943,573	113,214	242,901			
47/4	16	2,943,573		134,875	2,808,699	108,027	242,901			
48/4	15	2,808,699		140,270	2,668,429	102,632	242,901			
49/5	14	2,668,429		145,880	2,522,549	97,021	242,901			
50/5	13	2,522,549		151,715	2,370,833	91,186	242,901			
51/5	12	2,370,833		157,784	2,213,049	85,117	242,901			
52/5	11	2,213,049		164,095	2,048,954	78,806	242,901			
53/5	10	2,048,954		170,659	1,878,294	72,242	242,901			
54/5	9	1,878,294		177,486	1,700,809	65,416	242,901			
55/5	8	1,700,809		184,585	1,516,224	58,316	242,901			
56/5	7	1,516,224		191,968	1,324,255	50,933	242,901			
57/5	6	1,324,255		199,647	1,124,608	43,254	242,901			
58/5	5	1,124,608		207,633	916,975	35,268	242,901			
59/6	4	916,975		215,938	701,036	26,963	242,901			
60/6	3	701,036		224,576	476,460	18,325	242,901			
61/6	2	476,460		233,559	242,901	9,342	242,901			
62/6	1	242,901		242,901	0	0	242,901			
			5,000,000	5,000,000		4,716,056	9,716,056		242,901	

Other funding streams area also being explored which could reduce the requirement for Council capital funding. Initial discussions have been held with regional representatives of Arts Council England and discussions have also taken place with the Marches Sustainable Energy Project Manager to look at opportunities to access funding to support the reduction of the carbon footprint of the building through the SEPuBU (Sustainable Energy in Public Buildings) grants programme. These conversations will continue once more information is available following the current commissioned work to move the project to RIBA Stage 2.

5.1 INSERT FUNDING TABLE

The capital cost figures below are **indicative** and are based on a start date of the summer of 2022. This project is dependent upon the library service element moving out of the building so the timeline and spread of proposed costs across the years will need to be more accurately profiled as work on both projects progresses over the coming months.

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Further work is currently being carried out by Architype with a structural engineer providing more detailed assessments of and costings for the proposed work, the results of which will inform the capital spending requirements and timeframe

It is assumed at this stage that as final sign off for the project may not occur until July 2022 at the earliest, resultant procurement processes will mean a lower capital spend in 2022/23 with most spend occurring in the following years.

Work to profile spending will continue as the OBC is developed to Full Business Case stage.

5.2 Impact on the Council's income and expenditure account (revenue

Capital cost of project	2022/23	2023/24	2024/25	Future Years	Total
	£700,000	£6,000,000	£6,000,000	£800,000	£13,500,000
Project Management Fees & Development Costs	£300,000	£700,000	£400,000	£100,000	£1,500,000
TOTAL	£1,000,000	£6,700,000	£6,400,000	£900,000	£15,000,000

Funding streams (Indicate revenue or capital funding requirement)	2022/23	2023/24	2024/25	Future Years	Total
Stronger Towns Fund (secured capital)					£5,000,000
Heritage Lottery (capital)					£5,000,000
Herefordshire Council funding and/or other external funders					£5,000,000
TOTAL					£15,000,000

account)

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External consultants Prince & Pearce were commissioned in July 2021 to provide a report addressing the possible impact on the council's revenue budget of the development. They assessed the expected number of visitors, the amount of potential income that could be generated and the possible staffing requirements for the development. Their full report is attached as an appendix to this business case. Below is a summary table from the report which presents their findings and indicates their conclusions around the revenue budget relating to the first five years of a redeveloped site.

	Year	1	2	3	4	5	Average	%
2	General visitors, free entry	39,600	45,540	50,094	52,599	52,599	48,086	46%
3	Annual uplift factor	1.000	1.150	1.100	1.050	1.000		
4	Special exhibition visitors	46,200	53,130	58,443	61,365	61,365	56,101	54%
5	Annual uplift factor	1.000	1.150	1.100	1.050	1.000		
6	Total number of visitors	85,800	98,670	108,537	113,964	113,964	104,187	100%
7								
8	Special exhibitions income	219,450	252,368	277,604	291,484	291,484	266,478	34%
9	Gift Aid at 25% of special exhibition income @ 50%	27,431	31,546	34,701	36,436	36,436	33,310	4%
10	Space hire, corporate hospitality etc	59,400	59,400	59,400	59,400	59,400	59,400	7%
11	Corporate sponsorship for special exhibitions	31,500	31,500	31,500	31,500	31,500	31,500	4%
12	Retail income at £1.30 per visitor (ex VAT)	111,540	128,271	141,098	148,153	148,153	135,443	17%
13	Catering income at £1.80 per visitor (ex VAT)	154,440	177,606	195,367	205,135	205,135	187,536	24%
14	Hereford museum net revenue budget 2020-2021	80,000	80,000	80,000	80,000	80,000	80,000	
15	Projected annual income (£)	683,761	760,690	819,669	852,108	852,108	793,667	100%
16								
17	Staff (12.5 ftes at £22,000 x 1.25)	343,750	343,750	343,750	343,750	343,750	343,750	65%
18	Direct advertising and promotion	17,094	19,017	20,492	21,303	21,303	19,842	4%
19	Cost of retail and catering (excluding staff)	88,651	91,763	100,939	105,986	105,986	98,665	19%
20	Hired-in exhibition costs	63,000	63,000	63,000	63,000	63,000	63,000	12%
21	FM costs at £30 per m2 measured over GIA	71,280	71,280	71,280	71,280	71,280	71,280	14%
22	FM costs discounted by 100%	-71,280	-71,280	-71,280	-71,280	-71,280	-71,280	-14%
23	Projected annual costs (£)	512,495	517,530	528,181	534,039	534,039	525,257	100%
24								
25	Operational outturn (£)	171,266	243,160	291,488	318,069	318,069	268,410	
26	Cost of capital loan repayment	240,000	240,000	240,000	240,000	240,000	240,000	
27	Annual outturn including cost of capital loan repayment	-68,734	3,160	51,488	78,069	78,069	28,410	

6.0 MANAGEMENT CASE

6.1 Project Management Arrangements

The project will be managed by a Project Management Officer (PMO) allocated by Herefordshire Council. There will be a Project Board which will meet at a regularity to be determined. As well as the PMO the Project Board will consist of the Museums, Libraries and Archives Manager, the Museum Team Leader and officers representing Legal Services, Property Services, Finance (both capital and revenue), Communications Team and Commercial Services. As required and when relevant, other officers will be invited to attend Project Board meetings. These officers will represent – but not be limited to – service areas such as Human Resources, Insurance and ICT provision.

6.2 Use of Consultants

In the first stage of the business case development, Architype will be used to develop the architectural design process through to RIBA Stage 2. Prince & Pearce consultancy will be used to advise on the development of opportunities for income generation to support ongoing revenue costs and they will also work with Architype through to the end of August 2021 to look at options for building layout and segmentation to maximise opportunities for income generation while maintaining the integrity of the building in its primary role as a museum and art gallery.

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The use of external consultants after August 2021 will be subject to the next phase of business case developments and the requirements that are identified.

6.3 Arrangements for benefits realisation

This will be developed as part of the Full Business Case.

6.4 Arrangements for post project evaluation

Reports will be made during the project as required by Herefordshire Council and also to comply with any requirements of the Hereford Stronger Towns Board. An end of project evaluation and assessment will also be undertaken.

6.5 Timeframes

Stage/Milestone	Indicative Date	Comments
Stage 0 - Project Mandate approved	January 2021	Project mandate was approved and submitted. £5 million allocated to the project by Stronger Towns in June 2021
Stage 1 - Outline business case completed	28th July 2021	Submission to Hereford Stronger Towns Board
Stage 2 - Full business case completed	30th June 2022	Final date for completion of Full Business Case
Full Council approval	T.B.C.	
Approval to spend obtained	July 2022	Approval to be obtained upon satisfactory Full Business Case submission
Stage 3 – Delivery	August 2022	Subject to expert advice on appropriate scheme of works
Insert key milestone	*Insert Date*	
Insert key milestone	*Insert Date*	
Stage 4 – Handover	March 2025	Indicative date subject to appropriate advice on scheme of works
Insert key milestone	*Insert Date*	
Stage 5 - Project Closure	T.B.C.	Subject to requirements

7.0 THE ENVIRONMENTAL CASE

As part of their initial feasibility study, Architype conducted an initial one day site survey and some subsequent modelling using the Passivhaus energy spreadsheet, PHPP9. The report of their work and findings can be found on pp. 19-20 of the feasibility study. The study looked at factors such as fenestration, insulation and temperature control. While the initial study was limited and more work will need to be done on this, comments in the study say that

'the Passivhaus Enerphit standard should be achievable with modest levels of insulation'

and

'initial explorations…highlight the significant savings in energy use that can be achieved by quite small reductions in average temperature but without any compromise on staff comfort'

While more extensive work needs to be done on the environmental case, it is clear that there are significant opportunities in applying EnerPHit principles to reduce the building's carbon footprint.

8.0 LEGAL IMPLICATIONS

There are historic covenants in place on the use of the building which would need to be reviewed to ensure compliance. The original agreement in 1893 was for the building to be given to be a 'free library' for the city of Hereford. In 2000 the covenant was amended to allow the building to provide a museum and art gallery as well. The agreement is between the Chapter of Hereford Cathedral and Herefordshire Council.

Herefordshire Council's Legal Team is currently reviewing the covenant and will provide advice on the required course of action and a strategy to support compliance with and/or request amendments to the existing covenant.

There is a legal obligation under the 1964 Museums & Public Libraries Act for Herefordshire Council to provide a 'comprehensive and efficient' library service. As the library is currently in the building due to be redeveloped for the museum project, the interdependencies of this project and the project to move the library to Maylord would need to be recognised and the legal obligation outlined to be borne in mind.

9.0 EQUALITY IMPACT IMPLICATIONS

Equality Impact Assessments will be carried out at the appropriate stage(s) of the project development. Guidance has been received from the Equality and Compliance Manager about the requirements for the project. An Equality Impact Assessment covering the project at the current position is attached as an appendix and will be reviewed on a regular basis as the project progresses.

10.0 HEALTH & SAFETY IMPLICATIONS

The health and safety of visitors to the site is paramount at all times. All staff and visitors will be expected to adhere to the health and safety guidance in force at the site at the time of their visit and to comply with any additional measures that might be in place to minimise the risks associated with Covid-19. Any external contractors working at site will be expected to wear the appropriate PPE for the task they are undertaking.

11.0 SOCIAL VALUE IMPLICATIONS

The project development and procurement processes will be guided by Herefordshire Council's Social Value Toolkit and Framework. This Framework ensures that for each procurement exercise with a value of over £75,000, Herefordshire Council will identify which of the Social Value Pledges and Key Value Indicators are relevant and proportionate to be included in each contract for inclusion.

To enable Herefordshire Council to ensure their commissioning and procurement provides the most effective response to Social Value, it is important to provide clear information on the council's Social Value position. Herefordshire Council's Social Value Pledges are:

- **Social and Community** - strengthen communities to ensure that everyone lives well and safely together.
- **Health and Wellbeing** - sustain resilient people and communities, increasing both physical and mental wellbeing.
- **Crime and Justice** - support our local people, communities, and businesses to feel safe in their homes, communities, and places of work.
- **Economy** - develop a strong local economy which builds on our rural county's strengths and resources.
- **Education and Skills** - develop and increase high quality education and training that enables local people to fulfil their potential.
- **Jobs -** support local businesses to grow jobs and keep unemployment rates low to help our rural county prosper.
- **Environment** - protect and enhance our environment and keep Herefordshire a great place to live and work.
- **Leadership** - Herefordshire Council to lead and encourage others to adopt forward-thinking strategies that develop, deliver, and measure social and local value.

Through understanding the priorities for the county, the council can promote the delivery of Social Value where it will have the most significant impacts for the residents of Herefordshire. Aligned to each of the pledges are key value indicators and their associated supplier commitments. These are provided in the framework spreadsheet available to all suppliers during the tender process. This approach ensures transparency for all types, legal structures, and sizes, of organisations when responding to social value questions in tender opportunities.

APPENDICES - SUPPORTING EVIDENCE

Appendix 1 – Architype Feasibility Study for Hereford Museum and Art Gallery development, January 2021

Appendix 2 – Prince & Pearce report 'Income generation for a redeveloped Hereford Museum', July 2021

Appendix 3 – Risk Register. July 22nd 2021

Appendix 4 – Equalities Impact Assessment, July 2021

Herefordshire Council

Greening the City

Business Case

Date: 24/6/21

Herefordshire Council

Version Control

Version	Date	Summary of Change	Author
0.1		First issue	

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state "see track changes" in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

Approvals

Gateway	Approved by	Role	Date
1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
2 - FBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Portfolio Manager	Sense check	
	HPMO	Sense check	

Herefordshire Council

	Assurance Board	Sense check	
	Capital Programme Board	Council Programme oversight	
	Cabinet	Corporate fit	
	Full Council	Approval (capital programme)	
Gateway Review	Director PMO Assurance	Assurance	
3 - Delivery	*Project Board / Director / Programme Board*	*Note major changes and approvals during delivery*	
Gateway Review	Director PMO Assurance	Assurance	
4 – Handover & project review	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Board	Programme oversight	
	Assurance Board	Assurance	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance	
Gateway Review	Director PMO Assurance	Assurance	

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

Distribution

This document has been distributed to

Herefordshire Council

Name	Role	Date of issue	Version

Table of Contents

Contents

Herefordshire Council

4.3 Proposed/Agreed charging mechanism

4.4 Proposed/Agreed contract lengths

4.5 Proposed/Agreed key contractual clauses

4.6 Personnel implications (including TUPE)

4.7 Procurement Strategy and implementation timescales

5.0 FINANCIAL CASE

5.1 INSERT FUNDING TABLE

5.2 Impact on the Council's income and expenditure account (revenue account)

6.0 MANAGEMENT CASE

6.1 Project Management Arrangements

6.2 Use of Consultants

6.3 Arrangements for benefits realisation

6.4 Arrangements for post project evaluation

6.5 Timeframes

7.0 THE ENVIRONMENTAL CASE

8.0 LEGAL IMPLICATIONS

9.0 EQUALITY IMPACT IMPLICATIONS

10.0 HEALTH & SAFETY IMPLICATIONS

11.0 SOCIAL VALUE IMPLICATIONS

APPENDICES - SUPPORTING EVIDENCE

The Outline Business Case has been submitted as requested below. Please note - the information contained is subject to change as we continue to develop the Full Business Case (developing design, costings, seek planning approval etc). The council is not committed to the implementation of the project (or related expenditure) until the Full Business Case is approved, and funding terms agreed.

1.0 PROJECT DESCRIPTION

Greening the city project will significantly improve the appearance and attractiveness of the city through the commencement of a range of interrelated cycling/walking, greening, public realm, and digital connectivity projects - significantly enhancing Hereford as a place to visit, learn, live, work and invest.

The programme will contain a suite of individual but complementary projects, including the following activities:

- Improvements to the cycle and walking infrastructure across the city, supporting the development of a free flowing network by increasing the number of access points on the network, provide additional ATM routes and improve the visual appearance and improve security on existing routes.
- Enhancements to the public realm at key entry points to introduce a welcoming public environment.
- Enhancing the visitor experience by providing digital information points across the city to provide visitors with key information about local attractions and features such as the river, as well as signposting to business clusters such as independent retailers, food and drink outlets.
- Introducing Green infrastructure at prominent locations across the city centre to improve the visual appearance of the city, increase the biodiversity, reduce carbon and differentiate the city as a "green" city. Green infrastructure could include – green walls, trellis systems, green screens, parklets, or street furniture incorporating greenery.

2.0 STRATEGIC CASE

2.1 Project aims and objectives

The project will significantly improve the environment of the city centre, through the commencement of a range of projects that are both complementary to, and add value, to a number of current and planned initiatives; aiming to make Hereford an accessible, vibrant and bustling centre that people want to visit and explore. The suite of interrelated projects include building and open space greening, additional public realm improvements, cycling/walking and digital connectivity projects which will significantly enhance Hereford as a place to visit, learn, live, work and invest.

The project objectives are:

- Support the overall vision of Active Travel, to make active travel in Hereford the natural choice for journeys in and around the city centre

- Enable economic growth by delivering and supporting an active travel network that supports mobility innovation and is suitable for all users

- Support Herefordshire Council's target of becoming carbon neutral by 2030 by following the green infrastructure plan (Map at Annex 1, greening the city and providing the infrastructure for active travel, resulting in improved air quality.

- Encourage modal shift to walking and cycling and promote active travel as an affordable, cost effective, convenient, safe and healthy mode of transport - resulting in numerous benefits including improved physical health and well-being, improved air quality, reduced city centre

congestion, improved access to the city centre and associated services, as well as supporting the development of a free flowing network (including integration with the wider ATM network)

- Increase the number of visits to the city centre, increase dwell times and create positive first and lasting impressions that result in repeat visits

- Improve the sense of pride and place within the city for both residents and visitors by enhancing the local distinctiveness; through greening the city centre and creating calming, inviting public open spaces that encourage people to interact in different ways with the city centre

- Improve accessibility to the city centre through improved cycle and walking routes, overcoming physical barriers

- Encourage easier navigation and orientation from key entry points with the addition of digital signage and key focal points

- Improve access to the city centre and associated employment, recreation, health and transport services for residents south of the river through enhanced walking and cycling routes.

2.2 Strategic Drivers

2.2.1 National and Regional

- Stronger Towns Fund is part of the Government's plan to improve the UK economy

- The Environment Bill, which is currently progressing through Parliament, is anticipated to be the most radical environmental legislation to date and includes the introduction of general duty to enhance biodiversity in England and Wales, as well as the introduction of biodiversity net gain for any future developments

- Department for Transport's Cycling and walking Investment Plan (2016); NICE: Physical Activity and the Environment

- The Marches LEP Strategic Economic Plan identifies that growth will be enabled through the generation of high quality places to live and invest and that Hereford, along with Shrewsbury and Telford, is a node for employment generation and wider service delivery as envisaged within the TIP

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick √ below where applicable	Delivery Plan Reference(s)
Community		
Economy	√	EC5 - Protect and promote our heritage, culture and natural beauty to enhance

		quality of life and support tourism
Environment	√	EN2 - Improve and extend active travel options throughout the county EN7 - Protect and enhance the county's biodiversity, value nature and uphold environmental standards

Cycling and walking improvements – by delivering improvements to cycle and walking infrastructure within the city this aspect of the programme will directly address the priority to improve and extend active travel options throughout the county (see map – TIP projects highlighted in yellow).

Specifically, the project will provide enhanced active travel infrastructure between communities in the deprived areas south of the river and the range of services, leisure facilities and employment in and around the city centre by making improvements to the Great Western Way cycle route from Belmont through to Widemarsh. In addition, improvements will be made on the Old Wye Bridge gateway and upgraded to a shared use path on Hinton Road.

In addition, improved cycle infrastructure will be developed to connect the Railway Station with the education facilities at Aylestone Hill (first tranche is funded via Active Travel Fund) and beyond that to the Park and Choose facilities at Aylestone Park. This will connect students and commuters with dedicated cycle and walking infrastructure to the city centre, as well as residential areas to the north of the city centre.

Enhancing the visitor experience – delivering digital information points across the city, which signpost visitors to local attractions and features, will enhance their experience and guide them to/make them aware of places of interest. This will directly address the priority to promote our heritage and culture by supporting tourism in the city. It has the ability to increase tourism dwell times, improve footfall across the city, and benefit businesses / attractions located outside of the city core.

Enhancements to the public realm and greening – introducing greenery to the city, both in the city centre and at key entry points, will provide a unique and distinctive feature that will differentiate Hereford from other towns and cities as well as boosting biodiversity and bringing a range of other benefits. Through the use of native species this project will directly contribute to the priority - seeking to enhance the county's biodiversity. There is an additional cross over with the priority to promote and support tourism.

The proposed projects will support the recovery of the local economy following Covid 19.

Both the connectivity and accessibility - and the sense of place elements - of the project align with international climate emergency and contributes to the aims and objectives in the Carbon Management Plan 2020/21 (supporting carbon neutral target by 2030).

2.3 Background and Rationale in Project Mandate

The focus of this programme of projects is to improve accessibility into the city, mitigate the access issues presented by physical infrastructure (such as the ring road and A49T through the city) through the provision of enhanced cycling and walking routes.

Herefordshire Council

Hereford has limited access routes that join the predominately residential areas to the south of the river with the range of employment, leisure, culture and retail. By providing a unique and welcoming environment that features green infrastructure at key entry points, and providing easy to access, up to date and accurate information through new digital information points, the project will enhance the visitor offer, increase visits (day and overnight) and dwell times which are proven to lead to increased spend. The significantly enhanced environment, connectivity, and digital information will also help attract higher education students to study in the city, critical to addressing our long term economic challenges (developing higher level skills, and retaining a younger generation to live and work in the county).

There is considerable potential to increase the number of non-vehicular journeys within Hereford city. Increasing the popularity of active travel measures (cycling and walking) will relieve pressure on the road network and offer a more sustainable and healthy form of transport across the city.

The intention is to improve one of the principle active travel routes – the Great Western Way - which runs from the Belmont and Newton Farm residential areas northwards across the river to Widemarsh. This route runs parallel to the A49 and connects residential areas with employment and service areas in and around the city centre. Improvements would include upgraded and additional lighting, widening and carriageway improvements, crossing and access upgrades, and safety measures.

The project also includes improvements to another north/south link across the river at the Old Wye Bridge and onto Hinton Road – upgrading to a shared use path improving the safety to both pedestrians and cyclists.

In addition, the active travel route from the city centre and railway station to, and beyond, Aylestone Hill, will be improved and extended (part of which is funded via Active Travel Fund) and beyond, which forms part of this project. This will link the Railway Station and education provision at Aylestone Hill, and the Park and Choose facility at Aylestone Park. This provision will provide better active travel access for students and commuters coming from the north of the city.

The programme will improve the visitor experience through the provision of improved public open spaces and greening key focal points within town and assistance with navigation and orientation with the use of digital signage.

The visitor economy is a key sector to the Herefordshire economy, although currently only a relatively small proportion of visitors to the wider county visit the city. The project is seeking to redress this by encouraging visitors to come into the city by sustainable means and when there, to provide an enhanced experience through the provision of information and a unique environment which uses green infrastructure to enhance the public realm.

These sense of place elements will look to change perceptions of the city by introducing significant amounts of greening. This will lead to a more welcoming and unique place to visit and spend time within, leading to increased footfall in the city centre as well as longer dwell times.

The sense of place element involves introducing green infrastructure on and around prominent buildings and key access points / vistas within the city, such as Widemarsh Street, Commercial Road/Street, Broad Street and High Town. Introducing green infrastructure will significantly change the impression and experience within the city and help differentiate Hereford as a city with local distinctiveness and connections into its surrounding landscape.

Complementing these installations, the project will look to introduce enhanced signage at key visitor access points where improvements are required to create a welcoming experience and provide a clear sense of arrival and direction to the city centre.

This element will introduce new digital visitor signage highlighting routes into and across the city, directing to points of visitor interest such as the river, cathedral and museum, and giving real time information on traffic, activities and events taking place within the city, and the retail offer.

These interrelated projects will significantly improve the environment of the city and will complement, and add value to, a number of current and planned initiatives including Hereford City Centre Improvements Project, Hereford City Centre Transport Project, countywide Active Travel Measures and two projects that have received funding as part of the Accelerated Funding phase - eBikes and tree planting.

These projects also aim to emphasise the importance of green interventions to help achieve the targets not only outlined in the Towns Fund Guidance but those set by the council in the Carbon Management Plan 2020/2021, Local Transport Plan including the Local Cycling and Walking Infrastructure Plan, The County Plan and the Herefordshire Biodiversity Action Plan.

Collectively the projects in this package will generate increased connectivity and accessibility, create an enhanced sense of place, and generate a different visitor offer leading to increased visitor numbers and subsequent increased employment.

2.4 Scope

2.4.1 In-Scope

The programme will contain a suite of individual but interlinked projects, including the following activities:

- Improvements to the Great Western Cycleway by improving the visual appearance, improving security, increasing the number of access points, to increase the number of people who regularly use the cycle route to travel across the city in north to south orientation, reducing congestion and addressing some inequalities by improving access to the city centre and associated services.

- Improvements to the Aylestone Hill cycle route by improving the connectivity from the Park and Choose to the city centre. With improved safety, access points, and connectivity this will lead to an increased number of people who regularly use the cycle route to travel across the city to employment or education, reducing congestion and making travel more accessible and affordable.

- Enhancing the visitor experience by providing digital information points across the city to provide visitors with key information about local attractions and features such as the river, Hereford Cathedral, Castle Green as well as signposting to business clusters such as independent retailers, food and drink outlets, and key public buildings like the museum.

- Gateway improvements at key road access points providing a welcoming environment and delineating Hereford from its hinterland.

- Green infrastructure at prominent locations and public and private buildings across the city centre to improve the visual appearance of the city, increase the biodiversity, reduce carbon and differentiate the city as a "green" city.

2.4.2 Out of Scope

Public realm and active travel improvements within the city centre are out of scope of the Greening the City project as these interventions will be included within the Hereford City Centre Improvements Programme (HCCIP).

Any sustainable or active travel measures required of a development and included within either the conditions of a planning permission or as part of a S106 agreement will be out of scope.

2.5 Benefits

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Council

The anticipated benefits of the proposed project are:

2.5.1 Cashable benefits

It is predicted that there is potential for additional dwell time and visitor spend within the city as a result of the increased connections, improved wayfinding information, and more pleasant environment. Providing a definable measurement of these benefits has not yet been achieved and some specialist economic modelling work will be required to provide these benefits.

2.5.2 Non-cashable benefits

- Improved access into and around the town through enhanced walking and cycling infrastructure.
-
- The improved signage in and around the city will give a clearer direction to visitors and residents of the various focal points within the city and the availability of car parking and other attractions. This will lead to reduced congestion and a higher approval rating for the city.
-
- The improved cycle path infrastructure will lead to increased use of sustainable travel measures across the city as the greater number of access points and improved security encourages people to use the infrastructure.
-
- Greening will add to the local distinctiveness of Hereford as a place to live, visit, work and learn and provide an enhanced environment, encouraging longer dwell times by all who use the town.
-

Protecting and enhancing local biodiversity and air quality, reduced greenhouse gas emissions from transport

Improving Public Health & Wellbeing

Support for local businesses by increasing footfall within the town and visitor dwell times

Benefits of introducing "Green" infrastructure such as green walls, trellis systems and green screens:

Social Benefits	Private Benefits
Aesthetics Planting patterns with varied species provide a stunning alternative to common building products.	Aesthetics Planting patterns with varied species provide a stunning alternative to common building products.
Increased Biodiversity Living walls provide an alternative ecological habitats for insects, bats and birds.	Branding Opportunity Presenting brand logos with foliage is a unique environmental statement.
Social Impact Enhancing public areas can reduce vandalism including graffiti. Positive impact on both physical health and mental well-being.	Staff Morale Many studies have shown the positive effect that plants can have on staff morale in the workplace.
Sound Insulation	Sound Insulation

Whether indoors or outside, plants absorb and deflect noise.	Whether indoors or outside, plants absorb and deflect noise.
## Temperature Regulation Reduces the effects of 'urban heat island' in cities. Also acts as insulation to regulate. A building's temperature can allow for the reduction in air conditioning requirements.	## Property Value Living walls have the potential to increase residential and commercial property value, and can also help secure planning permission.
## Improved Air Quality Plant leaves filter out pollutants from the air and absorb dust particles.	## Structure Protection Outdoor structural protection from both ultraviolet rays and acid rain is increasingly important. Plants provide a natural answer to both of these considerations.

2.5.3 Dis-benefits

None identified at this stage.

2.6 Risks

The key risks identified are:

Risk	Mitigation
Cost overruns could occur due to construction or cost inflation of materials, a change of project scope, or change of legislation or design and this could impact on the scale of project delivery.	Mitigation – Council Project Management Team will be engaged to manage the project and ensure that project scope is kept to the brief. The green infrastructure works will present a range of potential interventions that can be scaled. Cost overruns would inevitably then mean that less is delivered but the risk of overall budget being exceeded would be significantly reduced.
Permissions will be required for the projects from a range of parties to include Highways, Planning and building owners specifically for installations of green walls. This will be facilitated by the fact that Herefordshire will be delivering the schemes themselves and there is opportunity to use their own buildings throughout the town centre.	Mitigation – early engagement with the planners has already occurred to investigate the broad planning requirements. Formal pre app advice has been sought concerning greening of buildings.
Existing buildings may not be structurally sound for the proposals to be taken forward. Surveys need to be taken at the next stage to identify feasible locations.	Mitigation – building survey costs will be included within the feasibility costs for setting up greening. A number of potential locations will be identified that could be green walled, these will be prioritised, with the assistance of the Steering Group mentioned below. If a building is considered to be structurally unfit for green wall infrastructure then the next location on the list will be approached.

Herefordshire Council

The proposed model for the green walls is to engage with private sector landlords to install infrastructure on or around their buildings. There is a risk that they may not have an interest in pursuing this. Engagement needs to be undertaken at the next stage to determine interest.	Mitigation – early engagement of organisations such as Hereford BID, Hereford City Council, Chamber of Commerce, and Hereford in Bloom to establish potential demand at full business case stage.
It is unclear currently how much infrastructure is in place for the digital signage such as AV or data.	Further exploration at FBC stage including potential engagement of specialist utility consultants.
Stakeholder engagement needs to be well-planned and regular, to ensure local buy-in and engagement. This will include local businesses and town centre users.	Mitigation – involve Hereford BID, Hereford in Bloom and Hereford City Council as key stakeholders in the project through a combined Steering Group that brings in their experience and knowledge of the city and the business base. Undertake early business consultation, in particular where it impacts on open space and physical public realm.

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

None identified.

This project depends on:

There are no project dependencies, but the project does complement a number of on-going projects including the range of active travel measures in the city, the Hereford City Centre Improvement Scheme, and the Accelerated Funding financed St Owens Street cycle contraflow, eBikes scheme and tree planting scheme.

2.8 Stakeholders

Hereford City Council as the local parish council with elected representation

Hereford BID as a representative of over 500 businesses including multiples and independents from a range of sectors

Hereford Civic Society as the local interest group in the public realm and built environment.

Businesses across the city who may be directly impacted

Hereford based businesses and investors/property owners

Hereford City Tree Wardens

Herefordshire Tree Forum

Herefordshire Wildlife Trust – Hereford Group

Hereford in Bloom

Cyclists – navigating the town

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Several partners identified in the above list could be directly involved in the project delivery, either as a potential source of revenue income or through use of their resources. It is proposed to form a Steering Group from these direct partners, these are likely to be the Hereford BID and Hereford City Council. The other interested parties will be asked to join a consultative group that is engaged to inform the composition and delivery of the project. Whilst the strategic intent and ambition will be broadly set out by the council, representative views will be sought on the detailed delivery – for example, the proposed implementation of green infrastructure – the appropriate mix of species – the best locations for interventions.

3.0 ECONOMIC CASE

3.1 Critical success factors

- Support the overall vision of Active Travel, to make active travel in Hereford the natural choice for journeys in and around the city centre and integrate with the wider network

- Connect the more deprived communities south of the city with the jobs and range of leisure, retail, health, and transport services that are located north of the city through enhanced walking and cycling routes including two ATM river crossings

- Support Herefordshire Council's target of becoming carbon neutral by 2030

- Increase the number of visits to the city centre, increase dwell times and create positive first and lasting impressions that result in repeat visits

- Complement public realm improvement projects and add value by extending these two key areas and key gateways into the town

- Improve the sense of pride and place within the city for both residents and visitors by enhancing the local distinctiveness; through greening the city centre and creating calming, inviting public open spaces that encourage people to interact in different ways with the city centre

- Encourage easier navigation and orientation from key entry points with the addition of digital signage and key focal points

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

The long list of options identified below has been based on their ability to deliver the critical success factors identified above.

Option	Short-list Y/N	Reasons
Do nothing	Y	There is circa £2m cost pressure on the overall Towns Fund budget. Cutting this as a project would significantly reduce the budgetary pressure and enable all other Towns Fund projects to proceed -benefiting a wide range of community groups

Herefordshire Council

Deliver a wider range of Active Travel Measures as opposed to green infrastructure or signage	Y	Improving connectivity across the city has been identified during the public consultation as a key driver for the project, and one of the critical success factors
Deliver a wider range of green infrastructure measures as opposed to active travel measures or signage	Y	Providing increased green infrastructure within the city has been identified during the public consultation as a key driver for the project and one of the critical success factors due to its ability to differentiate the city from other locations and improve the perception of the city
Provide a balance of green infrastructure and Active Travel Measures	Y	This approach meets a wide range of critical success factors without excluding others. It is a complementary suite of projects that also aligns with other projects within the TIP
Provide a range of sustainable transport options to include electric buses, tram systems, ebikes, or other measures to better connect the city and improve green credentials	N	Projects are likely to be either outside of the scale of the Towns Fund in terms of remit or price – tram systems, or already being considered by other Towns Fund projects or the council – electric buses/ebikes.

3.2.2 Short-list of options

Option 1 – Do Nothing	
Cost	£0
Benefits	None
Deliverability	No delivery risk.
Pros	There is circa £2m cost pressure on the overall Towns Fund budget. Not delivering this project would significantly reduce the budgetary pressure and enable all other Towns Fund projects to proceed -benefiting a wide range of community projects
Cons	There would be nothing within the TIP to address the connectivity issues north / south across the city. Communities south of the river would not benefit from improved walking and cycling routes in the city centre and benefits of improved connections on the Aylestone ATM routes would not be recognised.
	The benefits associated with improved ATMs at the river crossings and green infrastructure, specifically those relating to

	enhancement of the public realm and increased dwell time for visitors would not be realised.
Recommendation	Not taken forward

Option 2 – Deliver a wider range of active travel measures as opposed to green infrastructure or signage.	
Cost	£1.5m
Benefits	Improving connectivity across the city has been identified during the public consultation as a key driver for the project and one of the critical success factors
Deliverability	Would require permissions for works within highway. Would require detailed design for the works. Ownership of the significant majority of work would be within the public highway and within council control
Pros	Would maximise the benefit of connectivity elements to the TIP and enable an increased focus on improving the connectivity across the city
Cons	Would detract from the green infrastructure and improve wayfinding elements of the project that were identified as important within the community consultation
Observations	
Recommendation	Reject

Option 3 – Deliver a wider range of green infrastructure measures as opposed to active travel measures or signage.	
Cost	£1.5m
Benefits	Improving the visual appearance of the city through the targeted use of green infrastructure has been identified during the public consultation as a key driver for the project and one of the critical success factors
Deliverability	Depending on the interventions undertaken would require permissions for works on privately owned buildings. Securing this might take time and there is no certainty that the buildings / areas most in need of enhancement would be available to

	participate within the project. Would require detailed design for the works
Pros	Would maximise the benefit of green infrastructure elements to the TIP and enable an increased focus on improving the physical appearance of the city
Cons	Would detract from the active travel and improved wayfinding elements of the project that were identified as important within the community consultation There is uncertainty whether the project would get sufficient private sector engagement to spend the whole budget on green infrastructure. this is particularly an issue when green infrastructure would be required to be located on private sector owned buildings
Observations	
Recommendation	Reject

Option 4 – Provide a balance of green infrastructure and Active Travel Measures.	
Cost	£1.5m
Benefits	Improving connectivity across the city and enhancing its visual appearance have both been identified during the public consultation as a key drivers for the project and one of the critical success factors Would enable a blended approach to the delivery of the project and ensure that two elements identified within the TIP are addressed
Deliverability	Depending on the interventions undertaken would require permissions for works on privately owned buildings. Securing this might take time and there is no certainty that the buildings / areas most in need of enhancement would be available to participate within the project. Would require detailed design for the works Would require permissions for works within highway. Would require detailed design for the works. Ownership of the

Herefordshire Council

	significant majority of work would be within the public highway and within council control
Pros	Enables two elements of the TIP that the Board, and community engagement, considered important to be taken forward.
	Brings both Active Travel connectivity and green infrastructure benefit
	Having a more limited expenditure on green infrastructure enables the testing of the market to establish whether the range of potential interventions are deliverable and enjoy private sector engagement.
Cons	Having a blended approach may mean that the benefit is diluted and benefit from focusing on one of the two main elements is not achieved
Observations	
Recommendation	Approve

3.2.3 The preferred option

Option 4 – Provide a balance of green infrastructure and Active Travel Measures.

4.0 COMMERCIAL CASE

4.1 Required services

New interactive signage to allow signposting to points of interest, routes to the city centre and route circuit walks. Style to match existing city centre finger post and mapping signage.

Improvements to the Great Western Way cycle and pedestrian infrastructure to include: improved access points, new lighting, vegetation removal, and repaved cycleway. The exact range of services to be procured will be influenced by the detailed design of the route.

Path widening at the Old Wye Bridge and onto Hinton Road to improve safety of pedestrians and cyclists and improve river crossing.

Improvements to the Aylestone Hill cycleway, to include crossing improvements for Active Travel, improved segregation and connection, improved pedestrian and cycle crossings and upgrade to existing Park and Choose (improving capacity and attractiveness).

A range of green infrastructure services to include sedum roofed bus and cycle shelters, green wall installation, trellis system installation, green parklets to enable on street activity / café seating / cycle parking, moss sculptures. Service cost to be provided on a per item or per sqm basis to allow scaling and flexibility when determining the required infrastructure.

4.2 Potential/Agreed risk transfer

The council as the project promoter will ultimately be responsible for risk generated by the project costs, timescales and delivery. A risk assessment has been undertaken which identifies risks and required mitigation.

Discussions are ongoing between the council and the Hereford BID and City Council with regard to the ongoing operation and responsibility for the interactive signage. The council are negotiating that either the BID or City Council become the responsible party for updating, managing and maintaining the signage. Either of these parties would be the risk owner for the ongoing costs associated with this element of the project.

The location and type of the green infrastructure will determine who is the risk owner and responsible for ongoing costs and maintenance:

- Sedum roofed bus shelters will be the responsibility of the council.
- Green walls will be the responsibility of the building owner.
- Parklets could be either the responsibility of the council if community orientated or business if used for specific business purposes.
- Trellising or green fencing will be the responsibility of the building owner.

The council will be the risk owner for any active travel measure infrastructure.

4.3 Proposed/Agreed charging mechanism

Details to follow at FBC stage but considerations already being taken into account include:

Depending on location and size there is the potential for building owners to be requested to make a contribution towards the cost of installing green wall infrastructure. Private sector landlords will be required to sign up to a minimum term period (potentially 5 years) for management and maintenance costs.

Parklets have potential to be charged to specific business owners depending on use and location. For example, they could accommodate external seating for a restaurant/café/public house where there has been no previous provision.

4.4 Proposed/Agreed contract lengths

Details to follow at FBC stage but considerations already being taken into account include:

Should Parkets be leased to specific business owners it is likely that contracts would be renewable annually.

Interactive signage would be renewed on an annual basis to ensure that information and maintenance is up to date, contract length could be for three years to maintain continuity of supply.

4.5 Proposed/Agreed key contractual clauses

Details to follow at FBC stage.

4.6 Personnel implications (including TUPE)

It is anticipated that TUPE will not apply to this investment.

4.7 Procurement Strategy and implementation timescales

Detail and list below:

Detailed procurement advice will be required to inform the procurement strategy. The procurement and installation of green infrastructure is likely to be undertaken on a per item basis, for example x number of sedum bus shelters, y sqm meters of green wall. The infrastructure for Active Travel Measures is likely

to be procured in a single package. The Project Team will follow the procurement route published on the council thresholds for each element of the project, for example, invitation to quote, open tender, framework etc.

5.0 FINANCIAL CASE

Please complete these tables if you are able and where the funding and/or income is known or can be accurately estimated. It is accepted that accurate costs may not be known at the start of the full business case where the preferred option is yet to be developed.

It is vital however, that you assess and note any future revenue funding requirements as a result of the project, for example: additional or new building costs, service, licence or maintenance charges, and changes to staffing or services.

If figures are not available, then provide a written statement outlining the anticipated costs, funding and changes, accompanied by an explanation of how these will be funded in the explanatory text box within each section.

5.1 FUNDING TABLE

Estimated total Capital cost of project (if known)	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
Active Travel Improvements	225	646	120		991
Green Infrastructure	134	135			269
Interactive Signage		90			90
Project Management Fees (est. 10% project value)	40	100	10		150
TOTAL	399	971	130		1,500
EXPLANATORY TEXT: **Once initial designs are undertaken**					

Potential Funding streams (if known)	2022/23	2023/24	2024/25	Future Years	Total
	£000	£000	£000	£000	£000
Towns Fund capital	399	971	130		£1.5m
TOTAL					£1.5m
EXPLANATORY TEXT: This is the total awarded by the Towns Fund Board for the project at TIP submission date. It is now known that the government award requires a reduction in the overall budget by at least £1.6m and					

Herefordshire Council

that there is the potential for a reduction in the funding awarded to this project. Should this be the case then the project scope would be scaled back to reflect the available budget.

It is unlikely that there are any other immediate funding sources for this activity. The Active Travel Measures have been high level costed as part of the Designated Funds Bid to Highways England, however, as yet, the three elements contained within this project do not have funding.

It may be possible to encourage individual private sector partners to introduce green infrastructure on or around their premises at their cost but would result in an uncoordinated and disparate programme of installation over which the Towns Fund Board and council would have no control.

Project Revenue budget implications (if known)	2021/22	2022/23	2023/24	Future Years	Total
note any impact on revenue budget, good or bad	**£000**	**£000**	**£000**	**£000**	**£000**
TOTAL					

EXPLANATORY TEXT:

In terms of an ongoing revenue budget it is anticipated that both the connectivity and accessibility, and the greening the city project elements and the sense of place element will both have some form of ongoing revenue implications.

In terms of the sense of place element this will involve working with a range of partners such as the Hereford City BID, the City Council, and individual business and building owners. This range of partners and their roles and responsibilities will determine the location of ongoing revenue costs for example the revenue costs of maintaining a green walled private building will be incurred by the building owner.

It is anticipated that the revenue costs for the connectivity and accessibility element will be managed through the council's public realm contract in the same manner that any other network infrastructure improvements would be funded.

6.0 MANAGEMENT CASE

6.1 Project Management Arrangements

The project will be delivered as a programme of interrelated projects, each with their own Lead Officer/Team within Herefordshire Council. The Lead Officer will be supported by internal corporate project management and a Programme Manager will be required to oversee the programme delivery.

Each element of the programme will be delivered in a different way. It is envisaged that the physical work making improvements to the cycle infrastructure will be operated as construction contracts procured through an open competitive tender process. Other elements such as the greening infrastructure of buildings and public open spaces, will be delivered via direct procurement of goods and services, some elements may operate both as a grant scheme where private landlords receive grant support to introduce greenery to their premises, and operate as a construction contract which is procured through an open competitive tender.

Herefordshire Council

The interactive signage project will be commissioned through a competitive tender process in the case of the signage.

6.2 Use of Consultants

As the project develops, and to inform the FBC, engineering support will be required to undertake detailed designs for the active travel infrastructure, this will need to be commissioned via a procurement process.

The green infrastructure element, with its flexibility of interventions, will require different support depending on the activity. An intervention such as a parklet for use by a café will need design support but this is likely to be provided by the supplier, whereas greening a building will need specialist support in terms of building surveyors, designers, and ecologists.

Utility design engagement may be require to ensure that the interactive signage is able to access the required connectivity.

6.3 Arrangements for benefits realisation

To be confirmed as project business case develops.

6.4 Arrangements for post project evaluation

To be confirmed but the evaluation could cover;

- The usage of the Great Western Way, Old Wye Bridge gateway and Aylestone Hill cycle routes
- Footfall and dwell times within the city centre
- Air quality within the city
- Visitor perceptions

6.5 Timeframes

Stage/Milestone	Indicative Date	Comments
Stage 0 - Project Mandate approved	*January 2021*	Project mandate was approved and submitted. £1.5 million allocated to the project by Stronger Towns in June 2021
Stage 1 - Outline business case completed	*July 2021*	
Stage 2 - Full business case completed	*April 2021*	
Full Council approval	*Insert Date*	
Approval to spend obtained	*Insert Date*	

Herefordshire Council

Stage 3 - Delivery	*From August 2022*	This is a target date that will depend on when government release funds for Towns Fund works.
Insert key milestone	*Insert Date*	
Insert key milestone	*Insert Date*	
Stage 4 – Handover	*Insert Date*	
Insert key milestone	*Insert Date*	
Stage 5 - Project Closure	*Insert Date*	

7.0 THE ENVIRONMENTAL CASE

There is a strong environmental case to be made for all elements of this project. The Active Travel Measures are intended to improve non-vehicular travel within the city, reducing congestion and improving air quality.

The green infrastructure elements are intended not only to improve the physical appearance of the city but also to improve biodiversity, improve air quality, provide sound insulation and temperature regulation of buildings.

The specific environmental benefits of the projects will be developed in more detail as the FBC progresses and the detailed design and interventions are known.

8.0 LEGAL IMPLICATIONS

There is no legal obligation to undertake these works.

Legal Agreements with owners of buildings.

9.0 EQUALITY IMPACT IMPLICATIONS

Equality Impact Assessments will be carried out at the appropriate stage(s) of the project development. Guidance is being sought from the Council's Equality Compliance Manager on the appropriate time(s) in the development of the project when such assessments should be undertaken.

10.0 HEALTH & SAFETY IMPLICATIONS

11.0 SOCIAL VALUE IMPLICATIONS

The project development and procurement processes will be guided by Herefordshire Council's Social Value Toolkit and Framework. This Framework ensures that for each procurement exercise with a value

of over £75,000, Herefordshire Council will identify which of the Social Value Pledges and Key Value Indicators are relevant and proportionate to be included in each contract for inclusion.

To enable Herefordshire Council to ensure their commissioning and procurement provides the most effective response to Social Value, it is important to provide clear information on the council's Social Value position. Herefordshire Council's Social Value Pledges are:

- **Social and Community** - strengthen communities to ensure that everyone lives well and safely together.
- **Health and Wellbeing** - sustain resilient people and communities, increasing both physical and mental wellbeing.
- **Crime and Justice** - support our local people, communities, and businesses to feel safe in their homes, communities, and places of work.
- **Economy** - develop a strong local economy which builds on our rural county's strengths and resources.
- **Education and Skills** - develop and increase high quality education and training that enables local people to fulfil their potential.
- **Jobs -** support local businesses to grow jobs and keep unemployment rates low to help our rural county prosper.
- **Environment** - protect and enhance our environment and keep Herefordshire a great place to live and work.
- **Leadership** - Herefordshire Council to lead and encourage others to adopt forward-thinking strategies that develop, deliver, and measure social and local value.

Through understanding the priorities for the county, the council can promote the delivery of Social Value where it will have the most significant impacts for the residents of Herefordshire. Aligned to each of the pledges are key value indicators and their associated supplier commitments. These are provided in the framework spreadsheet available to all suppliers during the tender process. This approach ensures transparency for all types, legal structures, and sizes, of organisations when responding to social value questions in tender opportunities.

APPENDICES - SUPPORTING EVIDENCE

Annex 1 – Green Infrastructure Plan – map of Hereford city

Annex 2 – Towns Fund Active Travel Schemes Context Map
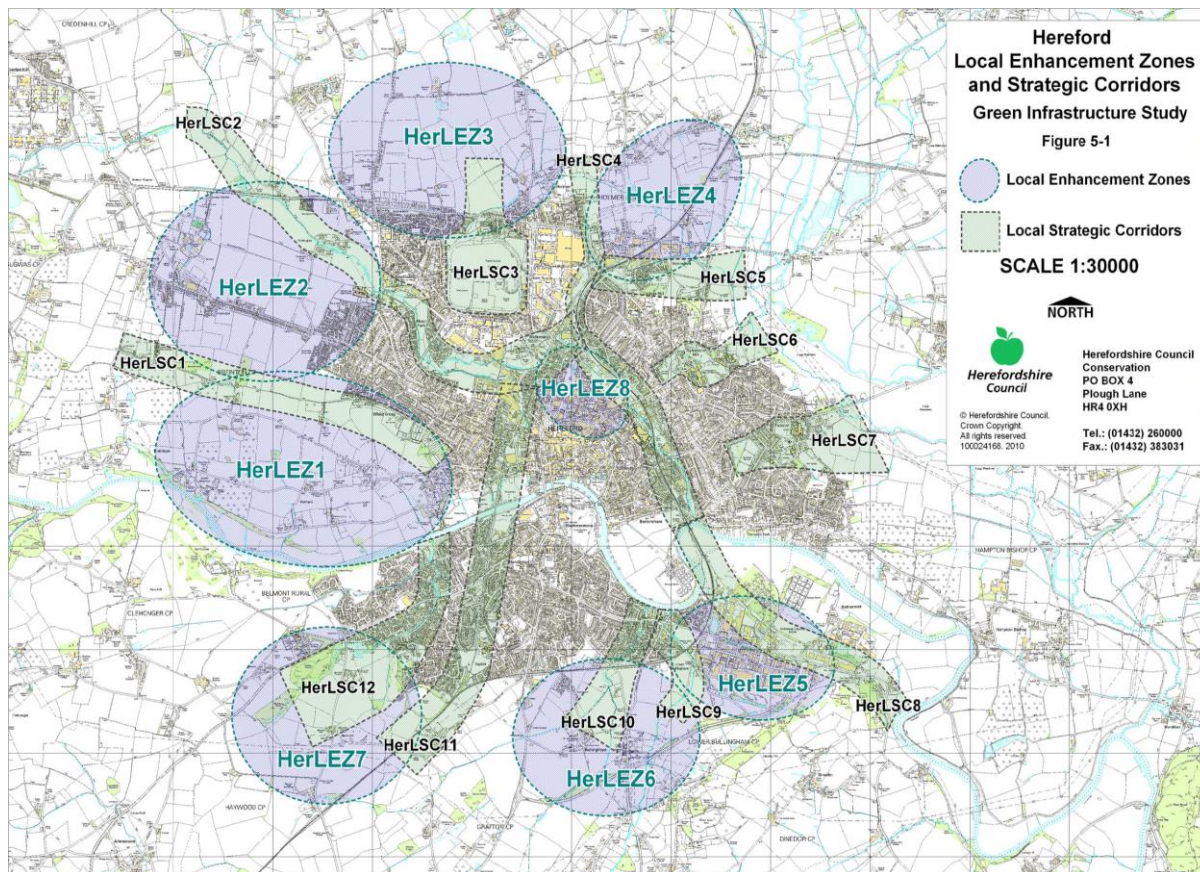
Maylord Orchard Redevelopment and Learning Resource Centre

Outline Business Case

Herefordshire Council

Date: 12/7/21

Version Control

Version	Date	Summary of Change	Author
0.1	January 2021	First issue	
0.2	12th July 2021	Update for Grant Application Submission	

The first draft will be 0.1 and each successive draft of the document should be numbered sequentially 0.2, 0.3 and so on. The final version of the document is 1.0. Any incidental changes to the final live version should be numbered sequentially 1.1, 1.2, etc. If any major changes are made, the version number should be changed to 2.0. The person making the changes e.g. PMO Development Manager or SRO should track them (using tracked changes in Microsoft Word) and write a brief description of what has changed – or if there are major changes state "see track changes" in the Version Control Log. The version with the track changes should be saved before any are accepted or rejected. Once saved, the active version will be the next sequential number.

Approvals

Gateway	Approved by	Role	Date

1 - OBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
2 - FBC	SRO	Owner	
	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Delivery Board	Programme oversight	
	Capital Portfolio Manager	Sense check	
	HPMO	Sense check	
	Assurance Board	Sense check	
	Capital Programme Board	Council Programme oversight	
	Cabinet	Corporate fit	
	Full Council	Approval (capital programme)	
Gateway Review	Director PMO Assurance	Assurance	
3 - Delivery	*Project Board / Director / Programme Board*	*Note major changes and approvals during delivery*	
Gateway Review	Director PMO Assurance	Assurance	

4 – Handover & project review	Project Board	Detailed project oversight	
	Director	Service Director	
	Programme Board	Programme oversight	
	Assurance Board	Assurance	
	Capital Programme Board	Council Programme oversight	
Gateway Review	Director PMO Assurance	Assurance	
5 – Project Closure	Capital Portfolio Manager/ Head of PMO	Governance	
Gateway Review	Director PMO Assurance	Assurance	

Note: You don't need an actual signature but you should have an e-mail agreement or alternative method of audit trail to refer to.

Distribution

This document has been distributed to

Name	Role	Date of issue	Version

Table of Contents

Contents

Herefordshire Council

Herefordshire Council

7.0 THE ENVIRONMENTAL CASE

8.0 LEGAL IMPLICATIONS

9.0 EQUALITY IMPACT IMPLICATIONS

10.0 HEALTH & SAFETY IMPLICATIONS

11.0 SOCIAL VALUE IMPLICATIONS

APPENDICES - SUPPORTING EVIDENCE

This Outline Business Case has been submitted as requested. Please note the information it contains is subject to change as we continue to develop the Full Business Case. This will be subject to further developing the design, costings, seeking planning approval etc. Herefordshire Council is not committed to the implementation of the project (or related expenditure) until the Full Business Case is approved and funding terms agreed.

1.0 PROJECT DESCRIPTION

The purpose of the project is establish a new Learning Resource Centre (LRC), creating a mixed development to support the regeneration of the city centre as a whole, and to modernise the atrium space of Maylord Orchard Shopping Centre.

Maylord Orchard Shopping Centre is a strategically significant site located at the heart of Hereford city centre. The council secured control of the site in June 2020 to enable its redevelopment to support the regeneration and the diversification of the city centre as a whole.

Herefordshire Council

The previous leasehold owners had stopped investing in the site, there were an increasing number of empty retail units, and through seeking to sell their interest there was a risk any new owner would potentially look to asset strip (taking the value out of remaining leases without reinvesting/ proactively seeking new tenants) a key location at the heart of the city centre. Through gaining control of the site the council's intention it is to create a new mixed use purpose, ensuring city centre's long term viability - creating a vibrant dynamic focal point to the city, maximising the social value benefits for local communities whilst creating a new purpose for people to visit the city centre.

The impacts of the Covid 19 pandemic in 2020/21 and 2020/22 has further accelerated the decline of retail in city centres, with many national and local retailers closing stores. This has further enhanced the need for urgent action to re-purpose and regenerate Hereford city centre as the local economy seeks to recover from the economic crisis as soon as possible.

As demonstrated in the picture below the Maylord Orchard site is a very significant footprint at the heart of Hereford, over 145,000 sq ft.

The proposed development of a LRC in Maylord Orchard's will create a new mixed use purpose at the heart of the city centre, diversifying the shopping centres offer and moving away from a dependence on retail. The creation of the LRC (alongside other Towns Fund projects such as Powerhouse and the Rural Media Digital Creative Hub) will attract people to return to/ visit the city centre as a whole as leisure and education become an increasingly important part of the city's future.

The LRC will include a new library (relocated from Hereford Museum and Art Gallery, enabling the development of the linked Town Investment Plan project), meeting rooms/ facilities to access training and public services, and a re-use community café.

Herefordshire Council

As well as enabling the physical regeneration of the city centre, the LRC will also support local residents to recover from the impacts of Covid 19. The LRC will provide access to opportunities to access local training and support as people look to re-skill and potentially seek new employment opportunities post the pandemic. As of July 2021 Herefordshire has experienced a 123% rise in people receiving unemployment benefits compared to March 2020. Younger generations have been particularly badly affected by the economic impacts of the crisis, with a 111% rise in 16 to 24 year olds seeking unemployment benefits since March 2020.

2.0 STRATEGIC CASE

The proposed project will regenerate a strategically significant site at the heart of Hereford, creating a new mixed use purpose through the development of a LRC which will support the physical and social recovery of the city centre from Covid 19.

The proposed project will deliver the following strategic priorities.

County Plan 2020 to 2024 – A priority of the County Plan 2020 to 2024 is to *'Use council land to create economic opportunities and bring higher paid jobs to the county'*, and to *'Invest in education and the skills needed by employers'*. The County Plan also states *'We will work with partners to maximise the Stronger Towns Fund grant (up to £25m) awarded to Hereford and to support investment programmes across all our market towns'*.

Herefordshire Council Delivery Plan 2020 to 2022 – The proposed project will deliver the following actions identified in the Delivery Plan;
- *EC2.1: Work with partners to develop and implement a £25m Town Investment Plan for Hereford, to be funded through the Stronger Towns Fund*
- *EC2.5: Develop Maylord Orchards as a key strategic site; acting as a catalyst for the regeneration of Hereford City Centre*
- *EC3.2: Work with partners to expand our adult and community learning programme, with a particular focus on those at risk of long term unemployment, and young people at risk of not being in education, training or employment*

Hereford Town Investment Plan – the proposed project has been identified as a priority in the Town Investment Plan within the 'cultural assets package', which was considered by government and included in their £22.4m award to the city announced on the 8th June 2021. The Town Investment Plan states the project '*will deliver the following Towns Fund Intervention Framework outcomes: 1. New, upgraded or protected community centres, sports or athletics facilities, museums, arts venues, theatres, libraries, film facilities, prominent landmarks or historical buildings, parks or gardens 2. Delivery of quality residential or commercial space in key locations (town centres, gateway areas, employment sites) 3. Delivery of new public spaces'*.

2.1 Project aims and objectives

Aim: To repurpose the Maylord Orchard shopping centre as a key strategic site to support the regeneration of Hereford City Centre through creating a Learning Resource Centre to drive footfall in to the city centre and provide enhanced services to the Herefordshire community.

Objectives:

- Regeneration of a key city centre site through the refurbishment and re-use of the current underutilised atrium space creating a new focal point to drive footfall and spend into Hereford as a whole.
- Within Maylord Orchards create a LRC including public and higher education library space, improving the quality of life for local people, the infrastructure required to support the development of critical skills in the county addressing the gap identified in the Town Investment Plan , and an 'attractor' to bring people into the city centre.

2.2 Strategic Drivers

2.2.1 National and Regional

The proposed project will deliver the governments *'Build Back Better Strategy: our plan for growth'*, specifically *'Regenerate struggling towns in all parts of the UK via the UK Shared Prosperity Fund and the UK-wide Levelling Up Fund'.* Government have reviewed the Hereford Town Investment Plan and relate projects, selecting those to go forward which meet their national priorities.

The project will deliver the following **Marches Strategic Economic Plan 2019** priorities;
- *A growing place, attracting more people to come, stay and build their careers and businesses.*
- *A destination not a boundary - gateway to markets in the Midlands, Wales, South West, North and Europe. A visitor destination with significant natural and cultural resources that is well known and attracts people looking for a high-quality experience.*
- *An inclusive place that enables residents from all communities to thrive and develop with quality jobs offering good wages, training and progression.*

The project will also deliver the following priority with the draft **Marches Local Industrial Strategy**:
'*Place – develop prosperous and resilient places for people to live, work and visit, and for businesses to succeed by improving infrastructure, delivering the Opportunity Towns programme, developing a campaign to attract people to the Marches, and developing a co-ordinated Visitor Economy Strategy'.*

2.2.2 Local

Your project must directly support at least one of the County Plan priorities. Please indicate in the box below which priority(s) the project addresses

County Priority – please select from	Tick √ below where applicable	Delivery Plan Reference(s)
Community	√	- *EC3.2: Work with partners to expand our adult and community learning programme, with a particular focus on those at risk of long term unemployment, and young people at risk of not being in education, training or employment*

Economy	√	• *EC2.5: Develop Maylord Orchards as a key strategic site; acting as a catalyst for the regeneration of Hereford City Centre* • *EC3.2: Work with partners to expand our adult and community learning programme, with a particular focus on those at risk of long term unemployment, and young people at risk of not being in education, training or employment*
Environment		

2.3 Background and Rationale in Project Mandate

Across the country physical retail has been in decline for some time, given an ever increasing shift to on line buying of goods and services which has been further exacerbated by Covid 19. Prior to the pandemic £1 of every £5 of retail spend had moved to online purchases. The following graph highlights the rise in online sales over recent years, including the significant increase caused by Covid 19. Although in terms of total retail sales, volumes decreased by 4.8% up to August 2020 as all sectors except for food and non-store retailing saw a fall in sales (ONS Great Britain Retail Sales August 2020).

For a number of years retailers located in town centres have encountered falling footfall, reduced trade, whilst still encountering costs not incurred to the same degree by online retailers such as business rates and building related costs (lease, utilities etc).   In recent weeks large retail chains such as Debenhams and the Arcadia Group have announced they are going into administration with the loss of significant numbers of jobs across the country.

The KPMG 'The Future of Towns and Cities report' (January 2021) states that 'We *expect that 40-50% of all non-essential retailing will be transacted online going forward, up from around 30% pre-COVID'.* The report states that '*Those that succeed will be likely to have a range of cultural assets as well as easy access to green space, which will serve to boost the quality of living in the area''*

Where retail has been the primary footfall driver for many years, town centre (local residents as well visitors from other places) are now looking for a range of experiences. For example, leisure, events, café culture, socialising, meeting friends and/ or seeking retail experiences not readily available of line, for example through distinctive independent shops. 64% of all retail and leisure units nationally are now independent (BIRA/Local Data Company).

The Towns Funding guidance recognises the challenges cities such as Hereford face. The national guidance states that: '*Town centres may be hit hard by the impacts on retail, adding to longer-running trends and pressures. In particular, towns may want to consider how they can reconfigure town centres for mixed uses'.*

Herefordshire Council

Figure 7: Online retail reached a record proportion of total retail in January 2021 at 35.2 %

Value sales, seasonally adjusted, Great Britain, January 2018 to January 2021
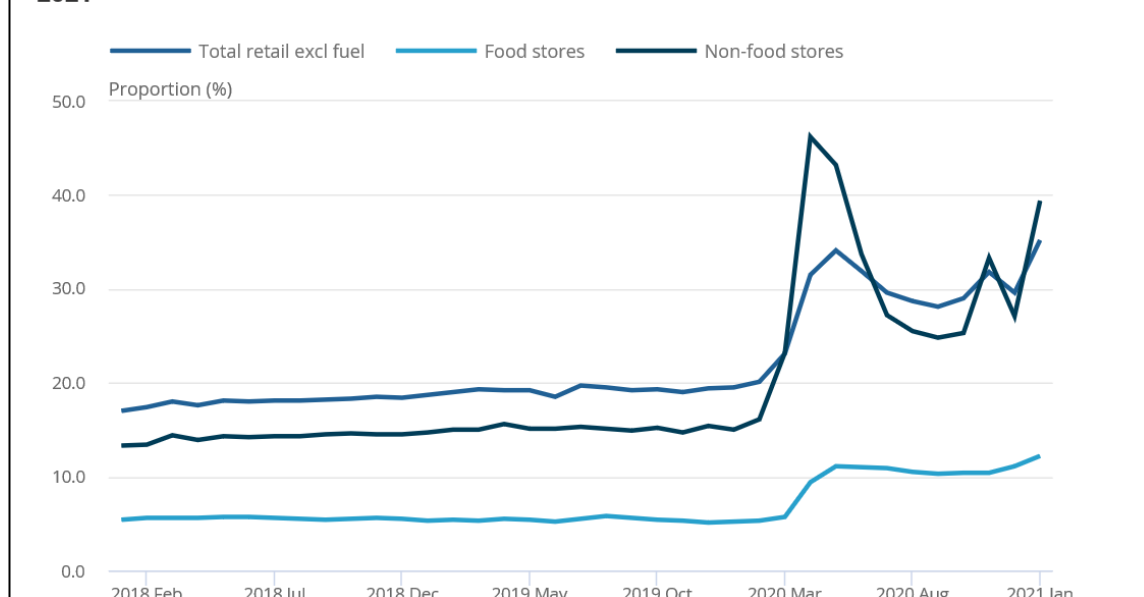
Source: ONS Jan 2021

2.4 Scope

Since acquiring the Maylord Orchards in June 2020 the council has already made some significant progress in reinvigorating the shopping centre. Units along Gomond Street have been successfully marketed for pop up independent retailers, initially offering cost covering rents. This has brought opportunities for businesses to start up or expand in a prominent city centre location, filling vacant units and creating new interest in visiting the city centre.

Powerhouse theatre company have taken a large unit in the shopping centre, creating a completely new attraction/ culture, and reason to visit the shopping centre.

Learning Resource Centre Including New Library

A key feature of the project/ refurbishment of the atrium building will be the development of a Learning Resource Centre including a new public library (including study space) and community café. The LRC located in a prominent city centre location will provide the whole community with a wide range of services to support the development of their skills, advice and support in seeking new career or personal development opportunities.

For example the LRC will have flexible space such a rooms available (for hire to cover costs) for a wide range of community focussed services to be provided at a central and accessible location such as the DWP Youth Employment Hub, the council's Adults and Community Learning Service, the Skills Foundry, HE/ FE providers, health and wellbeing service provision (such as the NHS Health on the High Street Strategy).

The new library will provide space for students to study, supporting the growth of Higher Education services in the city such as through the development of the New Model Institute in Technology and Engineering (NMITE) and the growth of the Hereford College of Arts (HCA).

The following is an indicative plan of the potential location of the LRC in the Maylords shopping centre. Architype architects have been appointed to review options and develop to Riba stage 2a.

Study B – Ground Floor Plan (Left), First Floor Plan (Right).
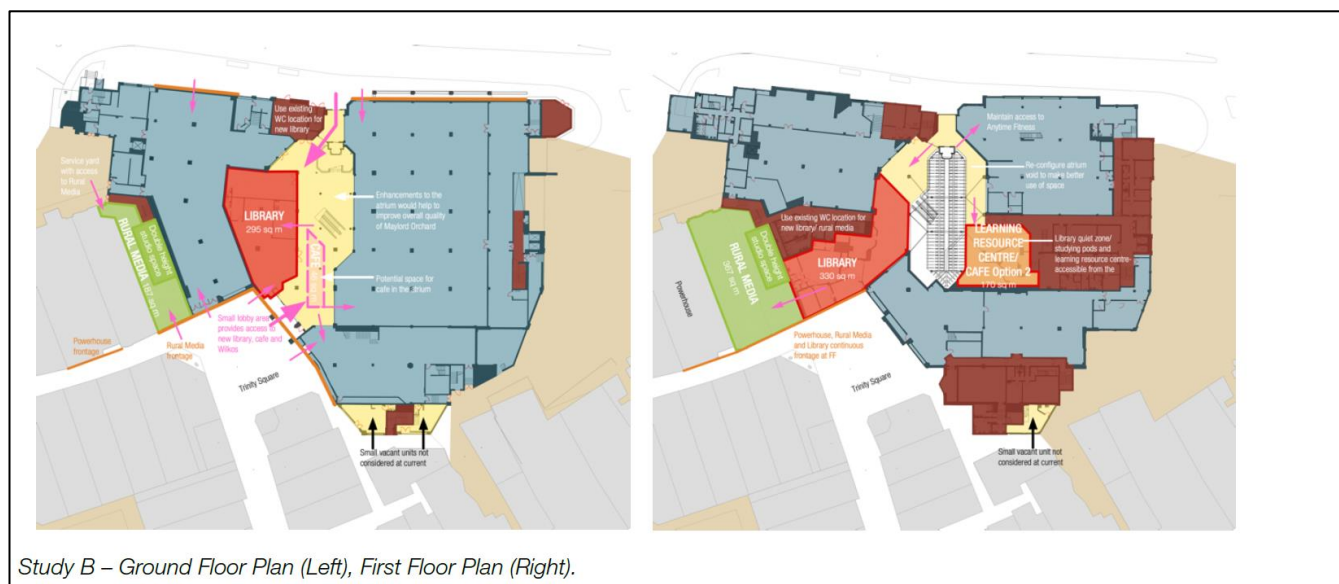
Refurbishment of the Atrium

The project will also refurbish the atrium (60,000 sqft) area of the shopping centre as far as possible within the available grant. The building was constructed in the 1980s, and is now very dated in appearance externally and internally. The space is underutilised. Through refurbishing the atrium area the project will create a modernised mixed use space, including opening the area for activities, meeting/ socialising area. The project will also ensure that wherever possible the refurbishment of the building will include measures to improve its energy efficient and reduce the buildings environmental impact.

Hub for Learning/ Skills Service Delivery

A number of other skills focussed projects being developed as part of Hereford Town Investment Plan require a prominent city centre location as an element of their delivery such as the Rural Media Digital Culture Hub and Powerhouse. The redevelopment of Maylord Orchards could potentially accommodate some of these linked added value uses, creating a learning hub at the heart of the city centre. This would provide enhanced services to local residents, encourage people from outside the county to live and study in the city, and drive new footfall and related spend in the centre of Hereford.

Community Café

In the LRC or one adjoining units in the atrium building the project would establish a community café (social enterprise). The not for profit community enterprise would generate an income to support the Learning Resource Centre and other social value activities. The previous café in the shopping centre has closed leaving a gap in the available services in the area. The provision of a café would provide an additional draw to the shopping centre, but also provide facilities for those that are visiting and studying in the Learning Resource Centre to be able to socialise. This could for example provide opportunities for

Herefordshire Council

197

young people (such as through the Kickstart scheme) and or those with learning difficulties to gain work experience working in the café.

It is also anticipated that the community café will play a role in wider community engagement – providing a place for community groups to meet, an engagement point for communications regarding health and wellbeing, and a social and welcoming space to help those suffering isolation and loneliness.

2.4.1 In-Scope
- Relocation of the library from the Museum and Art Gallery to Maylord Orchards, to create a Learning Resource Centre.
- Refurbishment of the Maylord Orchard atrium, creating a more modern and attractive environment for residents and visitors (as far as possible within the available grant, following development of the LRC).

2.4.2 Out of Scope
- Structural changes to the wider Maylord Orchard site.
- Consideration of any other Town Investment Plan projects considering location options in Maylord Orchards.
  - ▪

2.5 Benefits

The anticipated benefits of the proposed project are:

The project will deliver the following benefits;

2.5.1 Cashable benefits
- Potential income from the community café supporting the operational cost of the LRC
- Potential income from meeting room hire/ learning facilities supporting the operational cost of the LRC.

2.5.2 Non-cashable benefits
- Refurbished and modernised mixed use centre (60,000 sq ft) attracting people to visit and spend.
- Creating new job opportunities in the city through encouraging increased trade.
- Improving quality of life for local people though the new LRC
- Providing a prominent city centre location for public services to engage local people.
- Supporting the improvement of skills of local residents.
- Improved public sector service delivery through enhanced community engagement.

2.5.3 Dis-benefits
- Disruption to library users during the relocation of the service. We will seek to ensure disruption is minimised as far as possible.
- Disruption to tenants and visitors to Maylord Orchards during construction works – particularly any significant changes to the atrium entrances, escalators and lift. We will seek to ensure disruption is minimised as far as possible.

2.6 Risks

Risk	Mitigation
Trade in the city centre continues to decline as high street retail continues to reduce, without alternative uses to attract people to visit and spend.	The proposed project and others in the Town Investment Plan (such as the edevelpoment of the Museum and Art Gallery) will re-purpose/ regnerate the city cenre.
The current atrium site will continue to be under-utilised and come increasingly dated. Without an alternative mixed use focus there is the potential for vacant units and for a key part of the city centre to become run down.	The proposed project will support the creation of a Learning Resource Centre (mixed use purpose), and refurbish the atrium building.
The capital costs are indicative at this stage, based on an early feasibility study.	Additional professional advice, including architectural, building condition surveys and specialist design are being commissioned to further support the development of the project. The LRC will be the priority focus as the outputs relate to the operation of the new centre. Atrium refurbishment works will be in line with remaining budget.
The revenue income generated by the community café and meeting room/ training facilities may not meet the increased operational costs of the LRC. The LRC will need to meet the cost of business rates.	Specialist consultancy support has been procured to consider income generating opportunities. It may be possible for the income generated from the wider site could support some of the social value operational costs of the LRC. The focus of the project is to bring currently unused areas of the site back into use minimising the loss of any potential alternative income.
The refurbishment work may cause significant disruption to existing businesses during the construction phase. Although they would benefit from enhanced facilities and new mixed use offering attracting more potential customers as an outcome.	The implementation programme for the project will wherever possible limit disruption to other businesses and visitors.

2.7 Constraints and Dependencies

Initiatives which depend on this project are:

- The extent of the changes to the building and the space will be constrained by current uses and tenants.

- The project is dependent on the library moving out of the Museum building, which is subject to another towns fund application.

- The LRC will be dependent on generating income from the community café and the hire of meeting rooms etc from the service providers identified above.

2.8 Stakeholders

The council owns the Maylord Orchard shopping centre, and responsible for the delivery of a number of the identified services in the Learning Resource Centre such as the library, and the adult and community leaning service.

Tenants of the site and adjoining premises would be impacted through the construction phase and changes to use. They will be consulted throughout the development of the project.

The council will work in partnership with all local skills providers such as NMITE, Hereford College of Arts, Hereford and Ludlow College, and Hereford and Worcester Group Training, promoting the opportunity to utilise the Learning Resource Centre to engage local residents and deliver their services.

The council will work in partnership with other local public sector public service providers who may also benefit from utilising the centrally located Learning Resource Centre space, such as DWP and Wye Valley NHS Trust.

3.0 ECONOMIC CASE

The Hereford Town Investment Plan identifies a broad range of economic challenges and opportunities for the city. Hereford and the surrounding county face some significant long term economic challenges, such as;
- Low average wage levels (18% lower than national weekly average).
- Low productivity - Gross Value Added per head of population is 27% lower than the national average. Productivity per hour (£24.20) is the lowest in England.
- 24% population aged 65 or over (18% nationally).
- Higher rates of self-employment, 16.8% compared to 10.7% nationally.
- Skills – 35.8% of the population has a qualification at NVQ level 4 compared to a national average of 40.3%.
- 4,700 people aged 16+ claiming unemployment related benefits in April more than double the number in March 2020 (+123%); compared to England (+114%)
- At end of March 2021, 9,900 people on furlough through the Job Retention Scheme

The proposed project will seek to regenerate a key strategic site at the heart of Hereford City Centre, creating a new mixed use purpose which will create a new reason for people to visit and spend time and money in the city centre as a whole. The LRC will also provide local people with access to an enhanced library and access to public services in the centre of Hereford.

3.1 Critical success factors

- Securing the Town Investment Plan grant.
- Identifying a suitable location in the Maylord Orchard site to create the Learning Resource Centre, relocating the current library.
- Securing planning permission.
- Design and fully procured services within the available budget.
- Construction works delivered to time and budget.
- Timing of library relocation aligned to the museum redevelopment project.

Herefordshire Council

- Revenue income can sustain increased operational costs.

3.2 Options and Do Nothing Option

3.2.1 Long-List of options

Option	Short-list Y/N	Reasons
Do nothing	Y	Base case
Develop Learning Resource Centre in the current Maylord Orchards atrium building.	Y	Project as currently proposed.
Refurbish Maylord Orchard site without relocating the library.	Y	Option could reduce capital costs.
Undertake major redevelopment of site, demolishing current buildings to create a more significant mixed use development.	N	Costs would be very high given need to secure vacant possession of the current units and to re-build.
Extend the current premises into the service yard to create more operational space.	N	Costs would be prohibitive, access rights from surrounding land owners (including fire safety) would prohibit.

3.2.2 Short-list of options

Option 1 – Do nothing. Do not pursue the grant funding, do not create the LRC or refurbish the wider site.	
Cost	£3m
Benefits	No disruption to library services, existing tenants and visitors to Maylord Orchards.
Deliverability	N/A
Pros	• No disruption to library services, existing tenants and visitors to Maylord Orchards.
Cons	• Loss of grant funding (£3m)

	• Library remaining in the museum building likely to impact upon the separate Towns Funding project. • Maylord Orchard building could fall further into disrepair. • Lack of mixed use purpose in the city centre may result in a further decline to footfall, impacting future economic viability. ▪
Recommendation	Rejected

Option 2 – Delivery of the project as proposed, developing a Learning Resource Centre (relocating the library) in the refurbished the current shopping centre.	
Cost	£3m
Benefits	Creates new repurposed city centre offer, modernising the current shopping centre and uplifting trade in the wider city centre.
Deliverability	Deliverable subject to further development of the design and costs, and revenue income generation meeting operational costs.
Pros	• Provides a new Learning Resource Centre to re-purpose the city centre and provide residents with access to services. • Supports physical and social recovery from Covid 19. • Redevelops a dated site that may otherwise fail to retain/ attract tenants. • Creates learning opportunities for local people. • Enables the linked Museum and Art Gallery project to proceed due to relocation of the library. ▪
Cons	• Possible disruption to other businesses during capital works. • Possible disruption to library users during the relocation. • Current library operational costs will increase, such as business rates and service charge. ▪
Observations	The development of the full business case will further explore this option, better understanding costs and outcomes.
Recommendation	Proceed.

Option 3 – Refurbish Maylord Orchard site without relocating the library.	
Cost	C £3m

Benefits	Would enable more significant redevelopment of the Maylord Orchards site
Deliverability	Subject to design and costing
Pros	• More extensive redevelopment of the current shopping centre, a strategically significant site at the heart of the city centre.
Cons	• Likely to negatively impact the museum redevelopment project as the library won't be relocated. • More significant disruption to current tenants and visitors. • Town Investment Plan outputs relate to learning opportunities from the Learning Resource Centre. • Failure to create a mixed use purpose.
Observations	Significantly limits outcomes and purpose of the project, and impairs another linked project.
Recommendation	Rejected

3.2.3 The preferred option

Subject to the successful development of the full business case (including full design, tendered costs and planning permission), the preferred option is option 2.

4.0 COMMERCIAL CASE

4.1 Required services

- LRC established and successfully operated, including community café provision, and meeting rooms/ training rooms.
- Refurbished Maylord Orchards atrium space, modernising the current offer, improving the tenant and visitor experience. Opening up the atrium space through for example removing the escalators to provide an open space for a modern, accessible and flexible library.

4.2 Potential/Agreed risk transfer

As the owners of the shopping centre and operator of the proposed Learning Resource Centre the council would ultimately be responsible for the risks relating to the projects. However, this will be mitigated through;

- Procuring appropriately qualified (with relevant indemnity insurance) professional services to design the development, undertake full building condition surveys etc.
- Procuring qualified contractor to deliver the capital works to time and budget.
- Seeking appropriately qualified (with relevant indemnity insurance) professional advisers regarding the development and operation of the LRC, including review of revenue income opportunities.
- Currently experienced and qualified council staff will operate the library.
- Options for the operation of the proposed community café will be fully explored, for example franchising to or creation of a social enterprise.

4.3 Proposed/Agreed charging mechanism

- Income from the proposed community café and meeting/ training room hire will support the operational cost of the LRC.
- Establishing the library in the current atrium will utilise current unused space, so will now result in any lost revenue income from the existing units, and services charges will be minimal.

4.4 Proposed/Agreed contract lengths

- Professional adviser contract lengths for period of design and implementation.
- Contractor contract length for construction period.
- Community café operator contract length to be determined.

4.5 Proposed/Agreed key contractual clauses

- Professional advisors and contractors to meet standard council contractual clauses.
- Should the community café element be franchised, a contract will need to be established which minimises any risk to the council.

4.6 Personnel implications (including TUPE)

- No TUPE implications. Council's current library staff will operate the LRC following relocation.

4.7 Procurement Strategy and implementation timescales

- RIBA Stage 1 (Feasibility)/ 2a – given the urgent need to establish an Outline Business Case by the 30th July, direct appointments to professional advisers who have supported the development of the project to date will be sought.
- RIBA stage 2b onwards – Professional team to be procured to support the detailed design stage of the project up to planning approval.
- Implementation – Contractor to be procured to implement the development of the LRC and wider refurbishment works.
- Community café operation – subject to preferred delivery method, possible procurement of a café operator.

5.0 FINANCIAL CASE

5.1 FUNDING TABLE

Estimated total Capital cost of project (if known)	2021/22	2022/23	2023/24	Future Years	Total

Herefordshire Council

		2021/22	2022/23	2023/24	Future Years	Total
Learning Resource Centre/ Atrium Improvements			£500,000	£2,200,000	£0	£2,700,000
Project Management/ Development 10%		£200,000	£70,000	£30,000	£0	£300,000
TOTAL		£200,000	£570,000	£2,230,000	£0	£3,000,000

EXPLANATORY TEXT:

Estimates of phasing – Development of full business case by June 2022 (professional fees to this point), contractor mobilisation factored into lower 2022/23 spend.

Potential Funding streams (if known)	**2021/22**	**2022/23**	**2023/24**	**Future Years**	**Total**
Town Investment Plan	£200,000	£570,000	£2,230,000		£3,000,000
TOTAL	£200,000	£570,000	£2,230,000		£3,000,000

EXPLANATORY TEXT:

Project Revenue budget implications (if known)	**2021/22**	**2022/23**	**2023/24**	**Future Years**	**Total**
Expenditure					
Business Rates for Learning Resource Centre			£TBC		£TBC
Rental Service Charge (replacing current income, please see notes below)			£14,600		£14,600
Library staffing and operation (as per current provision)			£131,590		£131,590
Indicative Community Café including staffing (based on the Prince and Pearce costs for the museum)			£100,000		£100,000
Total Expenditure			**£246,190**		**£246,190**
Income					
Community Café average of £1.50 per visitor (based on Prince and Pearce Museum review)			£221,177		**£211,177**
Current Library Services Budget (as above)			£131,590		**£131,590**
Meeting Room Hire			£10,000		*£10,000*
TOTAL Income			**£362,767**		**£362,767**

Herefordshire Council

205

5.2 Impact on the Council's income and expenditure account (revenue

Capital cost of project	2022/23	2023/24	2024/25	Future Years	Total
To be funded from TIP grant	**£000**	**£000**	**£000**	**£000**	**£000**
Project Management Fees (est. 10% project value)					
TOTAL					

Funding streams (Indicate revenue or capital funding requirement) Or Grant funding that may be sought?	2021/22	2022/23	2023/24	Future Years	Total
Town Investment Fund (capital)	£200,000	£570,000	£2,230,000		£3,000,000
Indicative Re-use café/ meeting room hire (revenue)			£231,177		£231,177
Existing Hereford library revenue service budget			£131,590		£131,590
TOTAL	**£200,000**	**£570,000**	**£2,592,767**		**£3,362,767**

account)

Herefordshire Council

Revenue budget implications	2021/22	2022/23	2023/24	Future Years	Total
Business Rate of LRC units (expenditure)			£TBC		£TBC
Library operation (current base budget)			£131,590		£131,590
Current Income from units proposed for library (expenditure)			£14,600		£14,600
Indicative Community Café Operational Cost			£100,000		£100,000
Total Expenditure			**£246,190**		**£246,190**
Indicative Café (income)			£221,177		£221,177
Indicative Meeting/ Training Room (income)			**£10,000**		**£10,000**
TOTAL Income (excluding current service operational budget)			**£231,177**		**£231,177**

6.0 MANAGEMENT CASE

6.1 Project Management Arrangements

A Project Board is in place to oversee the development of the project, including representation from the council's legal, finance (revenue and capital), property services, service area and procurement.

A Project Manager will be assigned to the project as soon as available.

The development and implementation of the project will follow the council's Project Management Office systems and processes.

6.2 Use of Consultants

Professional services will be appointed (procured in accordance with the council's contract procedure rules) to support the development and implementation of all stages of the project.

Contractors will be procured (in accordance with the council's contract procedure rules) to implement the project.

6.3 Arrangements for benefits realisation

In developing the full business case, a business plan for the operation of the Learning Resource Centre will be established, outlining costs, income, staffing, services to be delivered and how the outputs will be delivered.

6.4 Arrangements for post project evaluation

The council will report on delivery of the project to the Towns Fund Board in accordance with any grant funding agreement requirements. At the end of development and output delivery period, and evaluation will be undertaken to understand the full impact of the project and identify lessons learnt.

6.5 Timeframes

Stage/Milestone	Indicative Date	Comments
Stage 0 - Project Mandate approved	*Insert Date*	
Stage 1 - Outline business case completed	*30th July 2021*	To be submitted to the Hereford Towns Fund Board.
Stage 2 - Full business case completed	*30th June 2022*	Full business case required by end of June 2022
Full Council approval	*Insert Date*	
Approval to spend obtained	*July 2022*	Once business case approved
Stage 3 - Delivery	August 2022	
Insert key milestone	*Insert Date*	
Insert key milestone	*Insert Date*	
Stage 4 – Handover	*March 2024*	To be informed by professional advice on construction timeframe.
Insert key milestone	*Insert Date*	
Stage 5 - Project Closure	*TBC*	Subject to contract reporting period.

7.0 THE ENVIRONMENTAL CASE

The project will modernise a dated 1980 shopping centre, seeking wherever possible to improve the environmental impact of the dated building. Refurbishing rather than seeking to demolish and rebuild the current atrium space will re-use the core of an existing building. The creation of a more open streetscape will reduce the heating and air management requirements of the current atrium space.

Replacement of internal lighting will utilise LEDs. The council will investigate the potential to remove the current escalators (energy inefficient) and replace the existing lift with a more energy efficient alternative.

The proposed reuse café will provide a focal point for recycling, and will focus on the use of local produce and potentially offering employment opportunities to disadvantaged groups.

8.0 LEGAL IMPLICATIONS

Other than the Heads of Terms, the contractual conditions associated with the grant are not currently known.

9.0 EQUALITY IMPACT IMPLICATIONS

Please see attached Equality Impact Assessment.

10.0 HEALTH & SAFETY IMPLICATIONS

The detailed design of the building will fully assess all H&S implications.

11.0 SOCIAL VALUE IMPLICATIONS

The project development and procurement processes will be guided by Herefordshire Council's Social Value Toolkit and Framework. This Framework ensures that for each procurement exercise with a value of over £75,000, Herefordshire Council will identify which of the Social Value Pledges and Key Value Indicators are relevant and proportionate to be included in each contract for inclusion.

To enable Herefordshire Council to ensure their commissioning and procurement provides the most effective response to Social Value, it is important to provide clear information on the council's Social Value position. Herefordshire Council's Social Value Pledges are:

- **Social and Community** - strengthen communities to ensure that everyone lives well and safely together.
- **Health and Wellbeing** - sustain resilient people and communities, increasing both physical and mental wellbeing.
- **Crime and Justice** - support our local people, communities, and businesses to feel safe in their homes, communities, and places of work.
- **Economy** - develop a strong local economy which builds on our rural county's strengths and resources.
- **Education and Skills** - develop and increase high quality education and training that enables local people to fulfil their potential.
- **Jobs -** support local businesses to grow jobs and keep unemployment rates low to help our rural county prosper.
- **Environment** - protect and enhance our environment and keep Herefordshire a great place to live and work.
- **Leadership** - Herefordshire Council to lead and encourage others to adopt forward-thinking strategies that develop, deliver, and measure social and local value.

Through understanding the priorities for the county, the council can promote the delivery of Social Value where it will have the most significant impacts for the residents of Herefordshire. Aligned to each of the pledges are key value indicators and their associated supplier commitments. These are provided in the framework spreadsheet available to all suppliers during the tender process. This approach ensures

transparency for all types, legal structures, and sizes, of organisations when responding to social value questions in tender opportunities.

APPENDICES - SUPPORTING EVIDENCE

Herefordshire
Council

Title of report: 2022/23 Budget setting

Meeting: Council

Meeting date: Friday 11 February 2022

Report by: Leader of the council

Classification

Open

Decision type

Budget and policy framework

Wards affected

(All Wards);

Purpose

To approve the 2022/23 budget and associated medium term financial strategy and treasury management strategy.

The proposed budget reflects current and expected service delivery requirements and the provisional local government settlement announced on 16 December 2021. Overall the base budget for 2022/23 is proposed to increase to fund budget pressures. Savings of £2.6m are required in 2022/23 and an increase in council tax of 2.99% (inclusive of 1% adult social care precept) is proposed to deliver a balanced budget.

The draft medium term financial strategy (MTFS), attached at appendix A, has been updated to reflect current assumptions on future years funding and service requirements in line with the County Plan.

The treasury management strategy, attached at appendix D, includes the proposed borrowing and investment strategy, the council's expected minimum revenue provision and the associated prudential indicators which demonstrate that the council's proposed capital investment budget is affordable, prudent and sustainable.

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

293

Recommendation(s)

That: Council approves;

a) **the council tax base of 70,252.52 Band D equivalents in 2022/23;**

b) **an increase in core council tax in 2022/23 of 1.99%;**

c) **an additional precept in respect of adult social care costs of 1% applied to council tax in 2022/23 resulting in a total council tax increase of 2.99%, increasing the band D charge from £1,652.30 to £1,701.70 for Herefordshire Council in 2022/23;**

d) **the balanced 2022/23 revenue budget proposal totalling £175.9m, subject to any amendments approved at the meeting, specifically the net spending limits for each directorate as at appendix C;**

e) **the use of the new service grant one off funding in 2022/23 to support the economy and environment three year savings delivery plan;**

f) **to use the one off collection fund surplus of £1.3m to fund property services budget costs in 2022/23;**

g) **delegates to the section 151 officer the power to make necessary changes to the budget arising from any variations in central government funding allocations via general reserves;**

h) **the medium term financial strategy (MTFS) 2022-25 at appendix A; and**

i) **the treasury management strategy at appendix D be approved.**

Alternative options

1. It is open to Council 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. If it is proposed to spend less, the impact on service delivery of the proposed reduction should be considered.

2. Cabinet can agree a council tax increase above the referendum principle levels. This is not recommended as doing so would require the increase to be subject to a local referendum, incurring additional costs to the council.

Key considerations

3. The medium term financial strategy (MTFS), attached at appendix A, has been updated to reflect current spending and savings plans. It reflects the provisional financial settlement announced on 16 December 2021 and the current understanding of future years funding and responsibilities.

4. Funding and service demand pressures continue, a balanced budget for 2022/23 is proposed. The proposal includes a 2.99% total increase in council tax and central government funding announced in the provisional financial settlement.

5. The proposed 2022/23 revenue budget is based on an assumed total council tax increase of 2.99%, 1.99% increase in core council tax and a 1% adult social care precept. This increases the band D equivalent charge to £1,701.70 representing an increase of £0.95 per week. This is the maximum increase permitted, a higher increase would require the support of a referendum.

6. The 1% adult social precept will generate £1.5m of additional income to fund pressures identified in the adults and communities directorate reflecting both the demand and cost for services required for the county's residents.

Provisional 2022/23 Local Government Financial Settlement

7. The provisional settlement shared on 16 December 2021 is for one year only. This is the fourth consecutive one-year local government finance settlement rolling forward key elements of the previous year alongside increases in major pressures and priority areas, such as social care. The settlement did not include Covid 19 specific support, if this is forthcoming it will sit outside the settlement funding. The settlement did confirm:-

    a. Council Tax –the council tax referendum limit will be 2% for local authorities, with social care authorities allowed an additional 1% social care precept.

    b. Business Rates Retention –the business rates multiplier has been frozen for 2022/23. The under-indexing multiplier grant has been increased to compensate local authorities with what would have been received from an increase in the multiplier.

    c. 2022/23 Services Grant – this new grant has been distributed for one year only and that, whilst the funding will remain in future years, it will be distributed differently. £2,250k for Herefordshire.

    d. Revenue Support Grant –this has been increased by 3.1%, in line with what would have been the increase to the multiplier.

    e. Social Care Grant – this has increased, by £2,183k for Herefordshire. Its distribution is based on the Adult Social Care Relative Needs Formula and has taken into account the ability of authorities to raise the additional social care precept.

    f. Social Care Funding (New) – Called the "Market Sustainability and Fair Cost of Care Fund", this new social care funding for the Adult Social Care Reform is included in the Core Spending Power figures for 2022/23 at £594k for Herefordshire. This has been distributed based on the Adult Social Care Relative Needs Formula.

    g. Lower Tier Services Grant – A further year of lower tier services grant has been given.

    h. Rural Services Delivery Grant – There has been no change to this grant, 2022/23 amounts remain the same as 2021/22.

    i. Local Government Funding Reform – No papers were published relating to the Fair Funding Review or the Business Rates Reset. It would appear the government intend to make further announcements in the New Year, before then consulting on any potential changes.

2022/23 base budget proposed and savings plan

8. The detailed base budget proposed for 2022/23 is summarised below and detailed in appendix C with the savings detail in appendix B:-

Detail	21/22 base budget £000	Pressures & Bids £000	Savings £000	22/23 proposed budget £000
Community Wellbeing	58,939	4,233	(718)	62,454

Children and Young People	36,911	4,415	-	41,326
Economy & Environment	26,328	3,902	(1,384)	28,846
Corporate	18,150	4,168	-	22,318
Sub Total	**140,328**	**16,718**	**(2,102)**	**154,944**
Central	20,668	796	(500)	20,964
TOTALS	**160,996**	**17,514**	**(2,602)**	**175,908**
Funded by;-				
Council tax	112,944			119,549
Business rates	36,753			38,284
Collection fund deficit	(200)			1,260
Revenue support grant	638			663
Rural sparsity delivery grant	5,353			5,353
Social care support grant	5,508			7,691
Market Sustainability & Fair Cost of Care	-			594
Lower Tier Services Grant	-			264
2022/23 Services Grant	-			2,250
TOTALS	**160,996**			**175,908**

9. Budget pressures are shown in the table below;-

Detail	Pressures £000	Budget bid £000
Community Wellbeing		
Inflation and other contractual increases	2,500	
ILS (Independent Living Service)		115
All ages commissioning (bolstering of Children's Quality Assurance)		118
Loss of discharge to assess funding	1,500	
Children and Young People		
Inflation and other contractual increases	1,355	
High needs pressure	160	
Voice of the Child		200
Special Education Needs (SEN) Transport	200	
Placements	2,500	
Economy and Environment		
Inflation and other contractual increases	2,557	

Car parking		400
CCTV Monitoring		120
Planning income		400
Archaeology income		65
Public Realm:		
Impact of red diesel legislation changes		60
revenue impact of HCCI projects		100
Unresolved Savings 2021/2022		200
Corporate		
Inflation and other contractual increases	1,056	
Procurement resources: responding to the pipeline of projects	80	
Canvassers income : end to central government funding	60	
Additional PMO support for projects	300	
Legal external fees	200	
Democratic Services: additional revenue pressures expected in regard to re-thinking governance recommendations	87	
Legal services		1,005
Additional HR support re Childrens and Young People		60
Additional Health and Safety resource		60
Property Services, one year pressure to resolve structural issues	1,260	
Central		
Increase discretionary Housing Payment scheme budget, to support those most in housing related need, taking the budget for this scheme from £272k to £772k		500
Contribution to general reserves for costs that may arise which aren't anticipated in the budget proposals		296
TOTALS	**13,815**	**3,699**

10. The new services grant was announced in the provisional settlement as one off funding and the proposed use of this funding is as follows;-

	£
One-off monies (Local Services Grant 2022/2023 £2.25m less grant assumed recurring)	1,800,000
E&E shortfall 2022/2023 (Year 1)	(£807,485)
E&E shortfall 2023/2024 (Year 2)	(£601,314)

Remaining balance	£391,201
To fund: Decarbonising the Education Estate (12 month programme one-off) Public Right of Way (PROW)/Traffic management (TRO) insourcing (12 month programme one-off) Investment in Public Right of Way (PROW) and Traffic Management (3 year programme)	(120,000) (115,000) (156,201)
Final Balance	Nil

11. The means that the saving requirement for economy and environment will be profiled over the next three years as follows;-

	2022/2023	2023/2024	2024/2025
Total Highways, Environment and Waste savings proposals identified	£558,515	£206,171	£601,500
Improvement in delivery of 2021/22 savings	£18,000	0	0
Total E&E Savings	£576,515	£206,171	£601,500
Total E&E savings requirement	£1,384,000	£807,485	£601,314
In Year Budget shortfall	£807,485	£601,314	0

12. The base budget proposed shows the net budget position; the gross budget includes the dedicated school grant, housing benefit subsidy, improved better care fund and public health grant. Appendix I details the three year Public Health budget. How the net budget requirement has changed by directorate is shown in the graph below.

Net budget requirement by directorate

Legend: Community Wellbeing, Children and Young People, Economy & Environment, Corporate, Central

	19/20 base budget £000	20/21 base budget £000	21/22 base budget £000	22/23 proposed budget £000
Central	10%	10%	11%	13%
Corporate	10%	10%	11%	13%
Economy & Environment	19%	19%	16%	16%
Children and Young People	19%	21%	23%	23%
Community Wellbeing	37%	36%	37%	36%
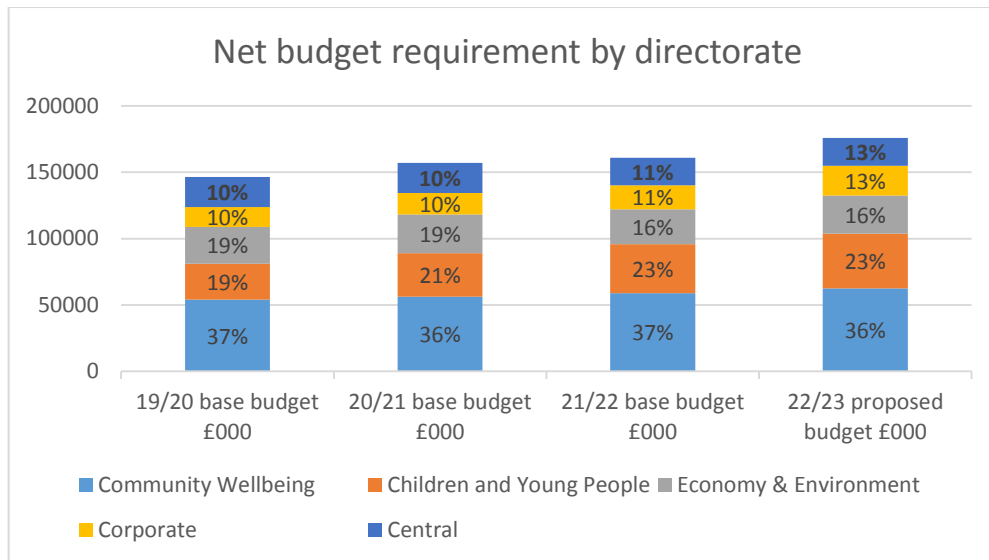
13. If the final settlement provides additional monies to the draft base budget shown above, unless the use of those funds is specified by government, Cabinet will seek the views of the scrutiny committees as to the best way of deploying the extra funding. In the interim the funding will be allocated to reserves.

Reserves

14. 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 basis of transactions needs to be clearly defined. Cabinet reviews ear marked reserves on an annual basis, the last report to Cabinet was in September 2021. A forecast of the reserve position is attached at appendix E.

15. Following the decision taken by Council on the 24th of August 2008 to dispose of Grange Court, Leominster, to LARC Development Trust (a registered charity) a funding package was secured to carry out a range of refurbishments to the building by LARC Development Trust. This included a BIG Lottery grant of £1m and a bank loan of £0.450m.

16. In February 2010 LARC Development Trust entered into a 10 year Loan Agreement with Futurebuilders England Limited (Futurebuilders) for £450k. The purpose of the loan was the acquisition and refurbishment of Grange Court as a community hub. It was explicit in the Loan Agreement that the outstanding balance of the loan including all accrued interest was to be repaid at the end of the ten-year term. The agreed date of the end of the ten year team was 31st October 2021.

17. In September 2010 Herefordshire Council executed a guarantee to support the repayment of the loan by LARC Development Trust to Futurebuilders. This was a precondition to loan drawdown by LARC Development Trust. The Guarantee was widely drafted and covered all monies obligations or liabilities arising under the Loan Agreement. The Guarantee was enforceable by Futurebuilders against the Council without a demand being made to LARC Development Trust first.

18. In October 2021, the lender, now called the Social investment Bank (SIB), advised the Council that the remaining balance on the loan amounted to some £0.309m and as per the terms of the guarantee, required the Council to replay the outstanding balance; this was actioned at the end of October 2021, with the funds being taken from General Reserves.

Community impact

19. The MTFS and budget demonstrate how the council is using its financial resources to deliver the priorities within the proposed corporate plan.

20. The council is committed to delivering continued improvement, positive change and outcomes in delivering our key ambitions.

21. In accordance with the principles of the code of corporate governance, the council is committed to promoting a positive working culture that accepts, and encourages constructive challenge, and recognises that a culture and structure for scrutiny are key elements for accountable decision making, policy development, and review.

Environmental Impact

22. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

23. Whilst this overarching budget setting document will not detail specific environmental impacts, consideration is always made to minimising waste and resource use in line with the council's Environmental Policy. A specific environmental impact assessment for the service specific budget proposals will be considered as appropriate to seek to minimise any adverse environmental impact and actively seek opportunities to improve and enhance environmental performance.

Equality duty

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

25. 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. A service specific equality impact assessments for the service specific budget proposals will be completed as required to assess the impact on the protected characteristic as set out in the Equality Act 2010. 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. 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

27. The financial implications are as set out in the report. The ongoing operational costs including, human resources, information technology and property resource requirements are included in the draft budget and will be detailed in separate governance decision reports as appropriate.

Legal implications

28. 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.

29. In acting prudently, the council has an obligation to determine whether any planned council increase is excessive (based on a set of principles defined by the Secretary of State, and approved by the House of Commons).

30. The level of council tax rise does not meet the definition of an excessive increase so can be approved without the need for a referendum.

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. 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 attached at Appendix F.

35. The council's budget and policy framework rules require that the chairpersons 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.

36. Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on a calculation which might affect the calculation of the council's budget, if he or she has an outstanding council tax debt of over two months. If a councillor is present at any meeting at which relevant matters are discussed, he or she must disclose that section 106 applies and may not vote. Failure to comply is a criminal offence.

Risk management

37. 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. This report is attached at appendix F.

38. The budget has been updated using the best available information; current spending, anticipated pressures and the provisional 2022/23 funding settlement.

39. The known most substantial risks have been assessed as part of the budget process and reasonable mitigation has been made where possible. Risks will be monitored through the year and reported to cabinet as part of the budget monitoring process.

40. We are maintaining a general fund reserve balance above the minimum requirement, ear marked reserves and an annual contingency budget to manage these risks.

41. The risks and mitigating action is shown in Appendix M4 of the MTFS, copied below:-

Key Financial Risks	Likelihood	Impact	Mitigating Actions
Not delivering required improvements The council must address its non-statutory improvement notice	Low	Medium	An improvement board is in place and working with the Department for Education advisor is underway Dedicated resources have been allocated to support this
Unexpected events or emergencies By its nature, the financial risk is uncertain	Low	High	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 £9.1m (5.7% of budget) Additionally national resources have historically been provided
Increasing demand for Social Care for adults and children Demand for children's services continue and demand for adult services increase as the population gets older	High	Medium	Demand led pressures provided for within our spending plans Directorates monitor their performance and it's trends regularly and are able to identify changes in demand. Talk Community and strength Based Assessment have evidenced managing demand Investing in Early Help will also assist at an earlier stage.
Potential overspend and council does not deliver required level of savings to balance spending plans	Medium	Medium	High risk budget areas have been identified and financial support is targeted towards these areas Regular monitoring reports to Management Board and Cabinet

Volatility in Government funding streams The government settlement for 2022/23 is a one year settlement meaning that the MTFS is based on assumptions for future years that cannot be confirmed.	High	Medium	Prudent assumptions made in budget proposals
EU exit Impact of EU exit may lead to increased volatility in economic stability, increasing supply chain costs and reduced access to funds	Medium	Medium	Allowance included for potential availability and cost escalation impacts
Interest/Inflation Forecasts indicate these could temporarily increase significantly	Medium	Medium	The treasury management strategy uses latest forecasts and increases in borrowing rates will be offset by increases in investment returns

Consultees

42. The council's constitution states that budget consultees should include parish councils, health partners, the schools forum, business ratepayers, council taxpayers, the trade unions, political groups on the council, the scrutiny committees and such other organisations and persons as the leader shall determine.

43. Local budget consultation zoom events were held in September 2021, 14 consultation events were held with Parish Councils and other key stakeholders. The aim of the sessions was to ask key questions specifically related to the 2022/23 budget but also to have more in-depth discussion about ideas that were introduced in last year's budget consultation sessions. There were 51 participants. There was support to increase the general Council Tax charge by 1.99%, which is the proposed increase. See Appendix G for a summary report.

44. An online public consultation was open between 27 August and 4 October 2021. The webpage was visited 442 times during the consultation period. A total of 134 responses were received to the online questionnaire, see Appendix H for details.

45. Recommendations and responses from the consultation with scrutiny committees approved by Cabinet 31 January are provided in Appendix J.

Appendices

Appendix A   Medium Term Financial Strategy
Appendix B   Savings Proposals includes links to equalities and environmental impact assessments
Appendix C   Proposed Directorate Base Budget
Appendix D   Treasury Management Strategy
Appendix E   Reserves
Appendix F   S151 officer section 25 statement
Appendix G   Impact report on Local Budget Consultation
Appendix H   Online budget consultation summary
Appendix I   Public Health Three Year Budget
Appendix J   Consultation with scrutiny committees

Background papers

None

Report Reviewers Used for appraising this report:

Governance	Sarah Buffrey, Democratic Services Officer Date 07/01/2022
Finance	Andrew Lovegrove Date 03/02/2022
Legal	Alice McAlpine Date 12/01/2022
Communications	Luenne Featherstone Date 10/01/2022
Equality Duty	Carol Trachonitis Date 10/01/2022
Procurement	Mark Cage Date 19/01/2022
Risk	Kevin Lloyd Date 10/01/2022

Approved by	Claire Ward Date 03/02/2022

Herefordshire Council

Medium Term Financial Strategy

2022/23 – 2024/25
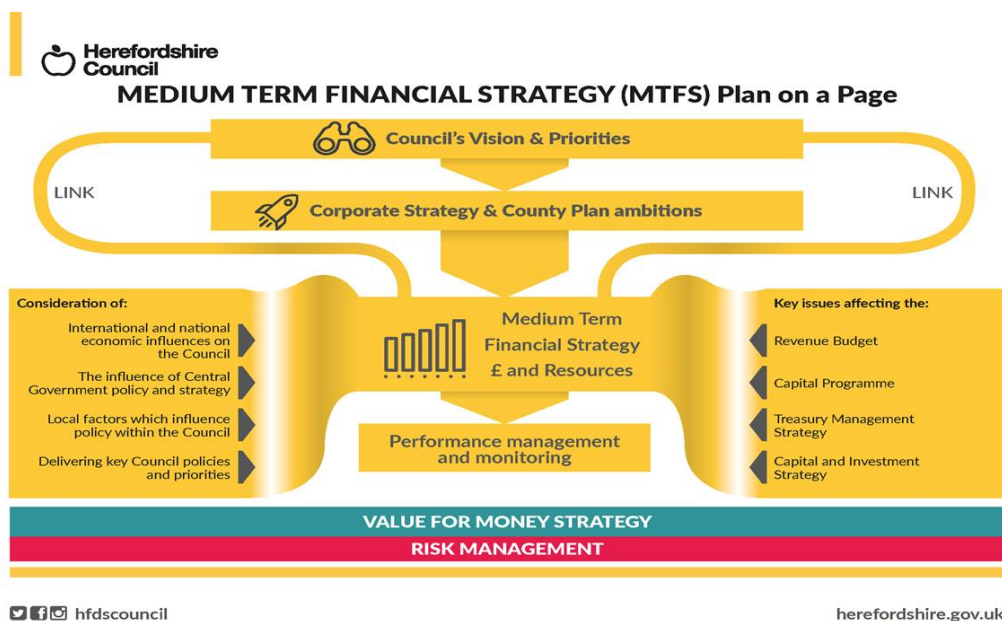
Herefordshire Council's Medium Term Financial Strategy

1. Introduction

This Medium Term Financial Strategy (MTFS) covering the period 2022/23 to 2024/25 is being presented following the on-going impact of Covid-19. The MTFS balances the County Plan 2020-2024 ambitions with targeted available resources.

The MTFS provides the strategic framework for managing the council's finances and ensures that:
- Resources are aligned to achieve corporate objectives detailed in the County Plan over the medium/longer term, and;
- The Revenue Budget, Capital Investment Budget, Treasury Management Strategy and required Prudential Indicators are appropriately aligned.

The County Plan was adopted in February 2020 and shared a clear vision for the future of the county. The County Plan has three key themes - connectivity, wellbeing and sustainability, which sit at the core of policy making, planning and design for the future. These themes will form the basis of plans including the Delivery Plan and this MTFS.

Connectivity	Wellbeing	Sustainability
Connecting people digitally and physically across communities, in local neighbourhoods and to the wider world	Helping people feel safe, supported and valuing Herefordshire and their community	Pride in Herefordshire's unique and beautiful environment and rural heritage and tackling the climate challenge through new approaches to sustainability
Our aims: • Digital connectivity – supporting flexible working, connecting rural communities and businesses • Connecting and supporting communities – especially deprived communities • Connecting with partners – parish councils, businesses, public and community sector • Connecting locally – supporting and promoting local, independent shops and businesses	**Our aims:** • Supporting vulnerable people and communities and developing the strong community networks that have grown and flourished • Improving quality of life – appreciating what's special about the county as a place to live, work and visit • Helping people most impacted by pandemic (jobs/business/young people) • Being creative and encouraging innovation • Recognising the value of art and culture as a contributor to wellbeing • Welcoming visitors, promoting pride in the place and all it has to offer	**Our aims:** • Building to strong environmental standards • Travel to work/school – encouraging more walking and cycling • Public transport – safe, accessible and connecting communities • Rural environment – supporting farming and rural communities • Shopping/buying/doing business locally

2. Background

The council has an annual revenue budget of around £380m, used to deliver services to over 187,000 residents. These services include maintenance of over 2,000 miles of roads, collection of over 85,000 residential bins, safeguarding around 1,000 children (including 354 who are in our care) and providing care and support to 2,500 vulnerable adults.

We employ approximately 1,300 staff (excluding staff in schools) and support many more local jobs through our contracts with local businesses.

Using our resources wisely is one of our core principles so we are always seeking new ways to provide efficiencies in service delivery and to maximise our purchasing power to ensure we deliver value for money that benefits Herefordshire businesses and residents.

3. **National Context**

Steps taken by central government supported local authorities in the COVID-19 pandemic response. This action has averted system-wide financial failure at a very challenging time. However, the financial position of local government nationally remains a cause for concern. Many authorities will be relying on reserves to balance their budgets. Despite continuing support into 2021-22 the longer term outlook is uncertain.

4. **Transformation**

The council is embarking on a period of transformation. Improving our children's services is our top corporate priority. Our aim, working alongside our improvement advisor is to develop a well-led cohesive team that will define our vision for children's services, consistently deliver the highest levels of social care and safeguarding practice, and improve outcomes for the children, young people and families of Herefordshire. This MTFS shows the financial commitment we are making to achieve this.

Future Revenue Resources

5. **Core Government funding**

Austerity has seen the council have to make significant savings to deliver a balanced budget, £106m to date. We have achieved this by being more efficient, streamlining services and finding new and innovative ways of operating while still delivering the vital services residents rely on and value. We have and continue to expand the services of our subsidiary, Hoople Ltd, to maximise our efficiencies.

Planned local government finance reforms are expected; the review of relative needs and

resources (also called the Fair Funding Review), the business rates reset and the parameters of the new homes bonus have been on hold. This places uncertainty over funding over this MTFS.

Anticipated core grants are shown below, some of these sit outside the councils net budget requirement but remain funding to be utilised on providing council services.

Core Grants:	2022/23	2023/24	2024/25
Revenue Support Grant	663	663	-
Improved Better Care Fund	6,682	6,682	6,816
New Homes Bonus	1,413	1,635	1,635
Rural Services Delivery Grant	5,353	5,353	5,460
Social Care Grant	7,691	7,691	7,691
2022/2023 Services Grant one-off monies	2,250	450	450
TOTAL CORE FUNDING	**24,052**	**22,474**	**22,052**

6. Council tax

Council approved an enhanced council tax reduction scheme for 2021/22 in response to the challenges households were facing from the financial impact of Covid-19.

The adult social care precept will continue in 2022/23 due to the increasing pressures this budget is facing from an aging population and the cost pressures of supporting independent living that this can require.

This council has decided to adopt empty home council tax premium charges to encourage re-occupation and uses this funding to finance an empty property officer to assist this process.

7. 2022/23 budget proposal

The MTFS proposes a balanced 2022/23 budget achieved by proposing savings targets alongside an increase in council tax charge of 2.99% (inclusive of 1% adult social care precept).

Detail	21/22 base budget £000	Pressures £000	Savings £000	22/23 proposed budget £000
Community Wellbeing	58,939	4,233	(718)	62,454
Children and Young People	36,911	4,415	-	41,326
Economy and Environment	26,328	3,902	(1,384)	28,846
Corporate	18,150	4,168	-	22,318
Sub Total	**140,328**	**16,718**	**(2,102)**	**154,944**
Central	20,668	796	(500)	20,964
TOTALS	**160,996**	**17,514**	**(2,602)**	**175,908**
Funded by;-				

Detail	21/22 base budget £000	Pressures £000	Savings £000	22/23 proposed budget £000
Council tax	112,944			119,549
Business rates	36,753			38,284
Collection fund deficit	(200)			1,260
Revenue support grant	638			663
Rural sparsity delivery grant	5,353			5,353
Social care support grant	5,508			7,691
Market Sustainability & Fair Cost of Care	-			594
Lower Tier Services Grant	-			264
2022/23 Services Grant	-			2,250
TOTALS	**160,996**			**175,908**

8. Post 2022/23

The Medium Term Financial Strategy (MTFS) outlines the financial strategy for the period up to 2024/25. The 2022/23 spending review was announced December 2021, this MTFS reflects that, however, future years are less certain.

9. Total funding

The MTFS proposes a balanced 2022/23 budget achieved by increasing council tax charges by 2.99% (inclusive of 1% adult social care precept). Projections for future years assume an annual increase in council tax of 2%.

Net budget funding source	2022/23	2023/24	2024/25
	£000	£000	£000
Council Tax	119,549	122,538	125,601
Retained Business Rates	38,284	38,050	38,621
Collection Fund Surplus	1,260	-	-
Revenue Support Grant	663	663	-
Rural Sparsity Delivery Grant	5,353	5,353	5,353
Social Care Support Grant	7,691	7,691	7,691
Market Sustainability & Fair Cost of Care	594	3,000	4,000
Lower Tier Services Grant	264	-	-
2022/23 Services Grant	2,250	450	450
Totals	**175,908**	**177,745**	**181,716**

The net budget funding assumptions above exclude grant funding received in addition to that which funds the gross budget. This grant funding includes the improved better care fund (£6.7m), public health (£9.5m) and dedicated schools grant funding.

Expenditure pressures

10. Current expenditure profile

The pandemic caused extraordinary financial costs to Herefordshire including lost local tax income. Central government has supported councils financially, however the effects of Covid-19 will be felt through this MTFS period with costs and losses of income likely to continue. It is difficult to predict the uncertain nature of how the pandemic, and its legacy, will impact Herefordshire. If the Coronavirus mutates again, it will be extremely important for us to respond and step in as we have already done to protect our vulnerable communities, contain the virus, and keep our local economies going.

There are pressures in homecare due to staff shortages in the provider market, this reflects the national picture. There is a local and national backlog, waiting lists and delayed discharges from care homes and hospitals leading to ongoing financial implications.

There are in house operational workforce issues with difficulties in recruiting permanent social workers with the impact that the use of locums and/or agency staff costing double that of permanent staff.

Inflation pressures are expected however these are expected to be temporary, if high inflation persists then considerable expenditure pressures could be seen especially in the council's capital investment budget.

Inflation (CPI)

Source: ONS, OBR
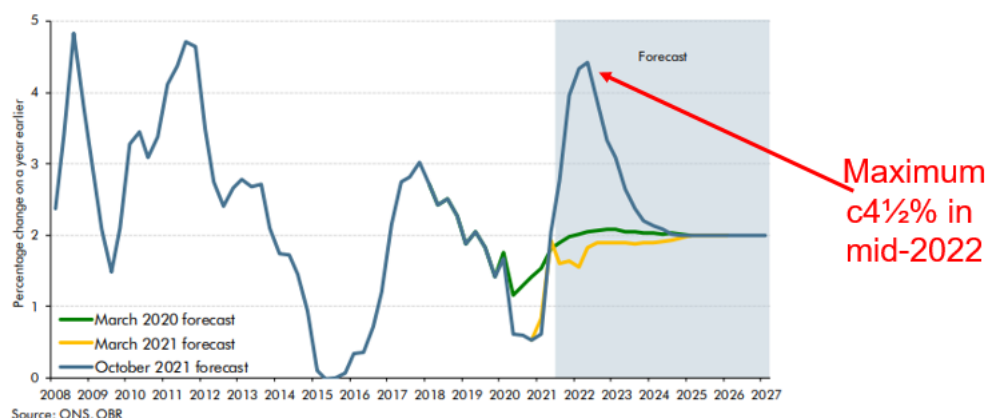
11. High needs deficit

The number of children and young people with Education, Health and Care Plans (EHCPs) has risen year on year for the past decade. The costs of Special Educational Needs and Disabilities (SEND) are funded through the dedicated school grant however many councils are in a deficit position, meaning the cost exceeds the funding provided.

It is illegal for councils to contribute to the high needs budget without the secretary of state's approval. The Department for Education has put in place a regulation override however this expires imminently and a number of councils are highlighting this as a major risk. Herefordshire is not currently in a deficit position and a funding increase in 2022/23 is expected to mitigate the risk of Herefordshire entering a deficit position.

12. <u>Pay policy</u>

The latest pay policy was approved by the council's employment panel on 17 January 2022.

13. <u>Expenditure Pressures</u>

A number of budget pressures have been identified in 2022/23, these are listed below and are funded within the directorate expenditure limit.

Detail	Pressures £000	Budget bid £000
Community Wellbeing		
Inflation and other contractual increases	2,500	
ILS (Independent Living Service)		115
All ages commissioning (bolstering of Children's Quality Assurance)		118
Loss of discharge to assess funding	1,500	
Children and Young People		
Inflation and other contractual increases	1,355	
High needs pressure	160	
Voice of the Child		200
Special Education Needs (SEN) Transport	200	
Placements	2,500	
Economy and Environment		
Inflation and other contractual increases	2,557	
Car parking		400
CCTV Monitoring		120
Planning income		400
Archaeology income		65
Public Realm: Impact of red diesel legislation changes		60

Detail	Pressures £000	Budget bid £000
Revenue impact of HCCI projects		100
Unresolved Savings 2021/2022		200
Corporate		
Inflation and other contractual increases	1,056	
Procurement resources: responding to the pipeline of projects	80	
Canvassers income : end to central government funding	60	
Additional PMO support for projects	300	
Legal external fees	200	
Democratic Services: additional revenue pressures expected in regard to re-thinking governance recommendations	87	
Legal services		1,005
Additional HR support re Childrens and Young People		60
Additional Health and Safety resource		60
Property Services, one year pressure to resolve structural issues	1,260	
Central		
Increase discretionary Housing Payment scheme budget, to support those most in housing related need, taking the budget for this scheme from £272k to £772k		500
Contribution to general reserves for costs that may arise which aren't anticipated in the budget proposals		296
TOTALS	**13,815**	**3,699**

14. <u>Saving plans</u>

To propose a balance budget savings are required as follows.

Directorate	Savings Required 2022/2023 £000
Community Wellbeing	718
Children and Young People	-
Economy and Environment	1,384
Corporate	-

Sub total	**2,102**
Central	500
Total	**2,602**

Central Savings Proposal

Ref	Proposal	Summary	Saving Year 1	Saving Year 2	Saving Year 3
			2022/2023	**2023/2024**	**2024/2025**
1	**Efficiencies**	Efficiencies in treasury management and pensions	**£500,000**	0	0

Community Wellbeing Savings Proposals

Ref	Proposal	Summary	Saving Year 1	Saving Year 2	Saving Year 3
			2022/2023	**2023/2024**	**2024/2025**
1	**Recommissioning Supported Living Service**	We will redesign, refresh and then go to retender for our arrangements for supported living services for people with complex needs	**£123,000**	0	0
2	**CHC/S117 – Continuation of the 'Fair and Consistent Care & Funding Pathway'**	We will work with our NHS colleagues, individuals and families to continue to ensure that all people which should receive Continuing Healthcare funding will do so	**£250,000**	0	0
3	**Demand management**	We will work with people who require a Care Act assessment, family carers, voluntary sector agencies, community organisations, NHS & care providers and colleagues to ensure that people receive the right care at the right time to maximise their independence	**£345,000**	0	0

Economy & Environment Savings Proposals

Ref	Proposal	Summary	Saving Year 1	Saving Year 2	Saving Year 3
			2022/2023	2023/2024	2024/2025
1	**Energy Charges**	Stop free electric vehicle charging and increase charges for solar energy	**£5,250**	**£750**	**0**
2	**Introduce charges for non-domestic waste at the Household Recycling Centres**	Introduce charges for soil, DIY waste, tyres and plasterboard at Household Recycling Centres	**0**	**0**	**£345,000**
3	**Waste collection charges increases**	Increase charges for commercial and bulky waste services	**£25,000**	**£25,000**	**£25,000**
4	**Introduce Parking Charges in Kington**	Introduce Pay and Display parking in off street car parks in Kington	**£21,500**	**0**	**0**
5	**General Parking Charge Increase**	10p per hour increase across all tariffs in 2022/23, no increase in 2023/24, then 10p per hour increase across all tariffs in 2024/25	**£170,000**	**£30,000**	**£200,000**
6	**On Street Parking charges expansion in Hereford**	Introduction of additional on street pay and display charging in Hereford City Centre	**£29,000**	**£12,500**	**0**
7	**Moving Traffic Enforcement by Camera**	Introduction of Camera enforcement for a variety of moving traffic offences at locations across Herefordshire.	**£33,500**	**£25,000**	**0**
8	**Review of Resident Parking Permit Fees**	A phased increase in residents parking permit fees in 23/24 and 24/25	**0**	**£30,000**	**£30,000**
9	**Review of Parking Enforcement**	An external review of parking enforcement to maximise the effectiveness of the service	**0**	**£50,000**	**0**
10	**Increase New Roads and Streetworks Act income**	Additional income from increased inspection and enforcement of 3rd Party works on the public highway	**£85,000**	**£15,000**	**0**

11	**Review Capital Revenue splits in line with activity**	Staff time spent on capital projects is appropriately recharged to capital budgets	**£100,000**	0	0
12	**Plant Utilisation**	Contractor plant and equipment is shared between services to minimise hire costs	**£10,000**	0	0
13	**Invest to Save – purchasing plant items**	Purchase of construction plant to reduce ongoing hire charges	**£34,265**	**£11,421**	0
14	**Review of skips, scaffolds and drop kerbs' charges**	Increased licence charges for skips, scaffolds and drop kerbs	**£5,000**	**£1,500**	**£1,500**
15	**Home To School/ College Transport**	Review and retendering of school and college transport routes to maximise efficiency	**£40,000**	**£5,000**	0
16	**Additional savings in 2021/2022**	Savings already achieved in 2021/2022	**£18,000**	0	0

15. <u>Capital investment</u>

Detailed in appendix M2 is the proposed capital programme, detailing each project and the budget profile over the current and future years. The capital programme has a budget of £303.612m currently and a number of areas to be invested in are housing, a care home, new school build at Peterchurch and integrated wetlands. Along with continued investment in the councils estate, IT, highways, broadband, energy projects, continued development of the enterprise zone and other potential employment land. A number of annual grants for highways, schools maintenance and disabled facilities grant continue each year.

The £303.612m is funded from using £30.608m of the £44.6m capital receipts reserve, £152.938m grants of which £37.1m have yet to be secured and confirmation of the final Stronger Town Funds grant allocations, £2.462m use of revenue reserves and £117.604m borrowing.

There are a number of projects that will be developed in the next financial year for waste management changes, development of the Hereford Town Investment Plans projects such as a new Museum, development of the Maylords site, which were part of a £25m funding bid. The third council project was for greening the city and business cases for all continue to be developed as the Towns Board progress towards deciding which projects to move forward. The council is the accountable body for the £22.4m funding but a number of projects will be run by other organisations.

Other projects being developed include the improvement works at the Shirehall and a costed plan is likely to form part of next year's budget setting but could be in the region of an additional £5.5m to what is already in the capital programme. Currently options for expanding the Westfield school site are being developed for the current site or other land owned by the Council. Once the best option is agreed the full costs of the project will be developed and funding sought to deliver the project, expected in the region of £14m, although additional costs will be incurred if third party land is purchased.

Town Investment Plan - Hereford Museum and Art Gallery Redevelopment

In response to the Hereford Town Investment Plan submission to government, on the 8th June 2021 the government awarded the city £22.4m of Towns Funding. This included initial support for the council's proposed redevelopment of the Hereford Museum and Art Gallery, to establish a significantly enhanced cultural asset and tourism attraction at the heart of the City Centre. The proposed £15m project is based on seeking a £5m contribution from the Towns Fund, £5m million through making an application to the Heritage Lottery Fund, and through seeking a £5m contribution from the council. Subject to the development of a full business case, and securing the Towns Funding and Heritage Lottery Fund grants, the council contribution would be funded though borrowing, to be repaid through income generated from the redeveloped museum.

16. <u>Capital Strategy and Revenue Implications of the Capital Strategy</u>

Any requirement to make capital repayments from revenue budgets (for example, for an invest-to-save prudential borrowing project) will be explicit in the Resource Implications of the relevant decision report. It is important the implications on the future revenue budget is understood so that the budget is in place for when these repayment deductions are taken. These are referred to as projects generating a return on investment which therefore funds the capital costs incurred through either reduced costs or increased income.

Where a capital budget (with either internal or external funding) is approved within the council's capital programme, service areas will also be asked to commit to funding any abortive costs from their revenue budgets when seeking approval to spend the capital budget provision, should a capital project initially begin delivery but is unable to complete for any reason. In the event that a capital asset has been enhanced / purchased / created by the incomplete capital investment this would remain as capital expenditure, although there may be implications if an external funding source (e.g. capital grant) is lost due to the project being incomplete. Careful consideration needs to be taken to ensure the council are not over exposed for projects where the risk is high that they may not be delivered and abortive costs are high.

17. <u>Value for Money</u>

The council spends public money and it is vital that it ensures value for money is delivered; this is within the context that the demands for services is increasing in conjunction with decreases in income.

Herefordshire Council, seeks to ensure that money is spent as carefully, wisely and efficiently as possible. This means constantly reviewing and adjusting the way that the council works in order to continue to deliver value for money for the residents and businesses of Herefordshire.

To that end, the council has worked closely with our auditors to develop a new Value for Money Strategy as shown in Appendix M5 and also a more comprehensive internal Value for Money Policy.

As a custodian of public funds, the council strives to achieve value for money in the delivery of services and acquisition of assets. It seeks to achieve, and where possible improve, value for money, for example through the council's corporate procurement and commissioning strategy, by ensuring that:

- Contract procedure policies are regularly reviewed in line with national policy and incorporate social value and local needs.

- Procurements translate the desired outcomes into the right contracts and select the supplier or suppliers that will deliver these in the way that offers best value for money thus enabling the optimal whole-life blend of economy, efficiency and effectiveness that achieves the intended outcome of the business case.

The council will ensure that although it can be difficult to measure value for money in qualitative areas, value for money activity will not be focused simply on the quantitative aspects of service delivery, and that where a wider social value can be achieved, these opportunities are explored in full.

The council recognises that social value should take into account what is important to the local community, local environment and local economy, through considering different ways of delivering services to positively impact the community, considering how current local challenges can be resolved by working with our communities and considering how local businesses can be supported.

Details of the new draft Value for Money Strategy can be found in Appendix M5.

18. Risks

There are a number of external risks that could affect the delivery of the MTFS, appendix M4 sets out more detail on the key risk areas which are:

- The government settlement for 2022/23 is a one year settlement meaning that the MTFS is based on assumptions for future years that cannot be confirmed.
- The looked after children population is higher than our statistical neighbours and continues to require significant resources to support. The requirement for complex needs funding and supported accommodation up to the age of 25 are growing pressures. The council has started a well-resourced transformation journey expected to address some issues in this area.
- The high needs budgets are funded by the dedicated schools grant, but any overspend becomes a council liability, this is currently being maintained within budget however the national trend is for a growing pressure.

19. Treasury Management Strategy (TMS)

The TMS sets out how daily cash-flow activities will be managed to balance cash requirements whilst achieving the council's strategic outcomes. The TMS includes investment and borrowing strategies with consideration to security, liquidity and interest rate risks with the aim to maximise return on investments and minimise interest rate costs. The council's policy remains to borrow when funds are required. This policy minimises the cost of borrowing, and is supported by the Councils external treasury management advisors, who estimate that this approach saves the council in excess of £1m of borrowing costs per annum.

Currently interest rates are low, this means it is sensible to borrow over the longer term to mitigate the potential higher interest costs in future years however due to holding large cash balances there is no urgent need to borrow. The low interest rate market means that interest cannot be earned on cash balances invested therefore to borrow now would include additional interest costs due to lower interest rate earned on cash balances held. It would also increase the exposure to investment counterparty risk although this risk is mitigated as described in the TMS.

20. Reserves

The council holds both general and earmarked reserves as appropriate. The reserves policy is attached at M3. The general reserve currently totals £9.1m.

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 basis of transactions needs to be clearly defined. Cabinet reviews earmarked reserves on an annual basis.

Use of earmarked reserves

Reserves enable 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.
- Create a means of building up funds, often referred to as earmarked reserves, to meet known or predicted liabilities.
- Enables the smooth transition when moving to doing things differently

The overall level of reserves balances will be reported to Cabinet at least annually, the last report to Cabinet was in October 2021. A forecast of the earmarked reserve position is shown below:-

Reserves	Balance as at 31/03/2021 £m	Expected Movements £m	Balance as at 31/03/2022 £m	Expected Movements £m	Expected balance 31/03/2023 £m
Unallocated Reserve	9.1	(0.3)	8.8	0.3	9.1
Earmarked Reserves					
County Plan					
Planned future revenue spending	4.9	0.2	5.1	0.2	5.3
Planned future capital spending	2.6	1.5	4.1	(3.0)	1.1
Business Risk					
Identified Operational Risks	10.8	(0.1)	10.7	0.0	10.7
Resilience & Risk Mitigation	17.3	2.3	19.6	(5.0)	14.6
Children & Families					
Childrens Services	5.7	(3.7)	2.0	(2.0)	0.0
School balances	10.4	(1.6)	8.8	0.0	8.8
Adults Services	4.6	(0.3)	4.3	(0.3)	4.0
Economy and Place					
Non-Covid grants and receipts carried forward	8.4	(0.1)	8.3	2.0	10.3
Covid government grants carried forward	23.8	(23.8)	0.0	0.0	0.0
Corporate and Central					
PFI Contractual commitments	10.0	3.0	13.0	3.0	16.0
Contractual commitments	2.7	2.3	5.0	0.0	5.0
Digital Infrastructure	0.5	(0.1)	0.4	0.0	0.4
Reactive & Transitional Reserves	3.9	(0.4)	3.5	0.0	3.5
Total unallocated and earmarked reserves	**114.7**	**(21.1)**	**93.6**	**(4.8)**	**88.8**

The financial resilience reserve was established to manage risks present in the base budget, for example additional placement costs from unexpected demands. This reserve will also fund the two year transformation programme the council has embarked upon to improve the journey of the children in our care and services to the local community in line with the corporate plan.

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

21. <u>Conclusion</u>

This medium term financial strategy proposes delivering a balanced budget with a clear focus on aligning resources to deliver the revised county plan ambitions.

Appendices

Appendix M1 - Net Revenue budget

Appendix M2 - Proposed Capital Investment Budget

Appendix M3 - Reserves Policy

Appendix M4 - Risk Assessment

Appendix M5 – Draft Value for Money Strategy

Net Revenue budget and Directorate Spending Limits 2022/23

Detail	21/22 base budget £000	Pressures £000	Savings £000	22/23 proposed budget £000
Community and Wellbeing	58,939	4,233	(718)	62,454
Children and Young People	36,911	4,415	-	41,326
Environment & Economy	26,328	3,902	(1,384)	28,846
Corporate	18,150	4,168	-	22,318
Sub Total	**140,328**	**16,718**	**(2,102)**	**154,944**
Central	20,668	796	(500)	20,168
TOTALS	**160,996**	**17,514**	**(2,602)**	**175,908**
Funded by;-				
Council tax	112,944			119,549
Business rates	36,753			38,284
Collection fund deficit	(200)			1,260
Revenue support grant	638			663
Rural sparsity delivery grant	5,353			5,353
Social care support grant	5,508			7,691
Market Sustainability & Fair Cost of Care	-			594
Lower Tier Services Grant	-			264
2022/23 Services Grant	-			2,250
TOTALS	**160,996**			**175,908**

Proposed capital investment budget

Scheme Name	Spend in Prior Years £000	2021/22 Total Budget £000	2022/23 Total Budget £000	2023/24 Total Budget £000	2024/25 onwards Total Budget £000	Total scheme budget £000
Hereford City Centre Transport Package	34,042	1,789	1,880	2,940	0	40,651
Hereford City Centre Improvements (HCCI)	178	1,925	2,947	950	0	6,000
Hereford ATMs and Super Cycle Highway		1,000	0	0	0	1,000
Emergency Active travel Fund	19	119	0	0	0	137
Passenger Transport Fleet (Electric)		0	7,800	15,600	15,600	39,000
Transport & Place Making Delivery Board	**34,239**	**4,832**	**12,627**	**19,490**	**15,600**	**86,788**
Local Transport Plan (LTP)		15,466	12,272	12,272	12,272	52,282
Pothole & Challenge Fund 20/21	5,311	2,363	0	0	0	7,674
Priority Flood Repair Works	1,547	853	1,627	0	0	4,027
E & P's S106		784	0	0	0	784
Extra Ordinary Highways Maintenance & Biodiversity Net Gain		1,369	930	0	0	2,299
Public Realm Maintenance - Mitigating Risk on the Network			3,685	1,265	0	4,950
Winter Resilience			532	145	725	1,402
Highways Equipment			548	0	0	548
Investment in Infrastructure Assets	943	1,057	0	0	0	2,000
Highway asset management		1,868	0	0	0	1,868
Highways Maintenance Delivery Board	**7,802**	**23,759**	**19,594**	**13,682**	**12,997**	**77,835**
Integrated Wetlands	66	775	1,159	0	0	2,000
Marches Renewable Energy Grant	159	261	0	0	0	420
Solar Photovoltaic Panels	642	350	1,142	0	0	2,134
SEPUBU Grant	76	101	255	0	0	432
Warm Homes Fund	491	469	0	0	0	960
Schools Transport Route Planning	74	16	0	0	0	90

Air Quality Monitoring Station Resource Improvements		192	0	0	0	192
Green Homes Grant - Local Authority Delivery		1,820	0	0	0	1,820
Sustainable Landscape Sustainable Places	163	31	0	0	0	195
Environment & Sustainability Delivery Board	**1,671**	**4,016**	**2,556**	**0**	**0**	**8,243**
Hereford Enterprise Zone	12,111	2,336	500	0	0	14,947
Hereford Enterprise Zone - Further funded dev	5,297	135	0	0	0	5,432
Hereford Enterprise Zone - Infrastructure Works		675	0	0	0	675
Herefordshire Enterprise Zone Shell Store	6,923	393	0	0	0	7,316
Marches Business Investment Programme	701	1,250	1,273	205	0	3,428
Employment Land & Incubation Space in Market Towns	341	0	9,265	10,350	745	20,701
Leominster Heritage Action Zone		1,009	2,217	374	0	3,600
Safer Streets / CCTV		278	0	0	0	278
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment		250	750	6,700	7,300	15,000
Stronger Towns Fund - Greening the City			230	180	0	410
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre		150	620	2,230	0	3,000
Herefordshire Hoard			1,500	0	0	1,500
Development Partnership activties	10,415	346	4,422	5,418	0	20,600
Economic Development Delivery Board	**35,788**	**6,822**	**20,777**	**25,456**	**8,045**	**96,888**
Fastershire Broadband	21,460	7,259	7,020	0	0	35,738
PC Replacement	819	349	349	0	0	1,516
Electronic Document Management Storage	24	356	0	0	0	380
Capital Development Fund		250	750	0	0	1,000
Technology Enabled Communities	38	462	1,000	0	0	1,500
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)			490	0	0	490

Primary Data Storage Area Network (Plough Lane)			335	0	0	335
My Account			313	130	0	443
Flexible Futures	22	260	568	0	0	850
Corporate & Digital Delivery Board	**22,363**	**8,935**	**10,824**	**130**	**0**	**42,252**
Colwall Primary School		66	0	0	0	66
Schools Capital Maintenance Grant		2,410	1,195	1,195	1,195	5,995
Peterchurch Area School Investment	10	300	3,193	7,350	0	10,853
Expansion for Marlbrook school	5,642	499	0	0	0	6,141
Brookfield School Improvements	141	283	3,520	0	0	3,945
High Needs Grant		648	0	0	0	648
C & F's S106		554	0	0	0	554
Healthy Pupils	91	8	0	0	0	99
Short Breaks Capital	19	99	0	0	0	118
Basic Needs Funding		2,080	3,426	3,385	0	8,891
Preliminary works to inform key investment need throughout the county	35	481	0	0	0	516
School Accessibility Works		240	0	0	0	240
Property Estate Enhancement Works		110	0	0	0	110
Leisure Centres	221	147	0	0	0	368
Leisure Pool	317	244	0	0	0	561
Estates Capital Programme 2019/22	1,439	3,835	1,628	0	0	6,902
Residual property works identified in the 2019 condition reports			1,292	100	0	1,392
Estates Building Improvement Programme 22-25			1,454	1,289	264	3,007
Car Parking Strategy	151	95	0	0	0	246
Upgrade of Herefordshire CCTV	156	28	0	0	0	184
Grange Court Loan		359	0	0	0	359
Hereford Library	142	203	0	0	0	345
Temporary school accommodation replacement		450	0	0	0	450
Schools & Corporate Property Assets Delivery Board	**8,365**	**13,141**	**15,708**	**13,319**	**1,459**	**51,992**
Disabled facilities grant		2,538	2,000	2,000	2,000	8,538
Hillside	559	1,841	150	0	0	2,550

Carehome & Extra Care Development		0	1,050	8,150	4,800	14,000
Super Hubs		0	2,000	0	0	2,000
Homelessness Hub & Property Investment	60	44	0	0	0	104
Empty Property Investment & Development		810	1,088	0	0	1,898
Gypsy & Traveller Pitch development	694	608	575	0	0	1,877
Strategic Housing Development	7	1,674	10,000	8,319	0	20,000
Private sector housing improvements	2	51	146	0	0	199
Housing Delivery Board	**1,322**	**7,565**	**17,009**	**18,469**	**6,800**	**51,165**

Total Capital Programme	**111,550**	**69,070**	**99,095**	**90,546**	**44,901**	**415,162**

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

- Relevant,
- Appropriate, and
- 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 and 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 reserves 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.

3.2.   At the end of March 2020 the balance was £9.1m (5.7% of net budget). 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 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.

Key Risk Assessment

Key Financial Risks	Likelihood	Impact	Mitigating Actions
Not delivering required improvements The council must address its non-statutory improvement notice	Low	Medium	An improvement board is in place and working with the Department for Education advisor is underway Dedicated resources have been allocated to support this
Unexpected events or emergencies By its nature, the financial risk is uncertain	Low	High	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 £9.1m (5.7% of budget) Additionally national resources have historically been provided
Increasing demand for Social Care for adults and children Demand for children's services continue and demand for adult services increase as the population gets older	High	Medium	Demand led pressures provided for within our spending plans Directorates monitor their performance and it's trends regularly and are able to identify changes in demand. Talk Community and strength Based Assessment have evidenced managing demand Investing in Early Help will also assist at an earlier stage.
Potential overspend and council does not deliver required level of savings to balance spending plans	Medium	Medium	High risk budget areas have been identified and financial support is targeted towards these areas Regular monitoring reports to Management Board and Cabinet
Volatility in Government funding streams The government settlement for 2022/23 is a one year settlement meaning that the MTFS is based on assumptions for future years that cannot be confirmed.	High	Medium	Prudent assumptions made in budget proposals
EU exit Impact of EU exit may lead to increased volatility in economic stability, increasing supply chain costs and reduced access to funds	Medium	Medium	Allowance included for potential availability and cost escalation impacts
Interest/Inflation Forecasts indicate these could temporarily increase significantly	Medium	Medium	The treasury management strategy uses latest forecasts and increases in borrowing rates will be offset by increases in investment returns

Draft Value for Money Strategy

VALUE FOR MONEY STRATEGY

1   Introduction and our Vision for Herefordshire

This document sets out Herefordshire Council's strategy for assuring ourselves of Value for Money (VfM) in the planning and delivery of all of its services.

The Chartered Institute of Public Finance & Accountancy Financial Management Code states that in making decisions, allocating resources and planning the delivery of services. The authority should seek to ensure that its services are economical, efficient, effective and equitable and break the concept of value for money down into four 'pillars' which are more readily measurable:

- Economy
- Efficiency
- Effectiveness
- Equity

This Strategy has been developed as we want to improve the way we manage our approach to Value for Money to ensure we provide financial, social, economic and environmental value and are able to show the real impact that we have on our residents and our communities.

Our ambition for Herefordshire is set out in the County Plan 2020-2024 and sets the strategic priorities of which value for money is central to its delivery:

> *"Respecting our past, shaping our future - we will improve the sustainability, connectivity and wellbeing of our county by strengthening our communities, creating a thriving local economy and protecting and enhancing our environment".*

A new Delivering Value for Money Policy is in place and value for money will be incorporated into the performance review process to ensure that services, and the council as a whole, are constantly reviewing and improving the use of our resources and the quality of services that are offered.

2   Key Drivers

In seeking to fulfil its vision of delivering services that perform well and outcomes that improve our residents' quality of life, at a cost that compares favourably with other similar councils, the council has identified four key drivers:

- Ensure that Value for Money remains a clear and sustained focus for the council and is integral to its key decision making processes

- Promote a shared understanding across the council of what Value for Money means in practice and a culture of continuous improvement

- Deliver savings that will provide resources for improving services

- Demonstrate to residents and other stakeholders that the council achieves good Value for Money

3   Approach to Value for money at Herefordshire Council

Value for Money at Herefordshire Council is:

> *"Achieving our business priorities economically, efficiently, effectively and equitably whilst maximising social and environmental value"*

Value for money is about achievement of the 4E's:

- Economy - doing things at the best price

- Efficiency - delivering with the least waste of time and effort

- Effectiveness - delivering what we said we would deliver

- Equity – spending fairly

Achieving VfM is not simply about one-off reviews, it is a process of continuous service review and improvement.

4   Our Value for Money priorities

- Integrate VfM and Social Value as part of the Herefordshire Council culture

- Manage our assets to optimise our return on investment

- Gain best possible value out of procurement

- Understand and be able to report on social and environmental value

- Fully understand our costs their impacts across Herefordshire Council and how they link to performance and how we compare with others

- Increase service efficiency and effectiveness – understanding our residents and community needs (performance and continuous improvement)

- Further involve our Staff and Stakeholders in gaining value for money

- Be transparent, accountable and have accessible communication

5   Framework for Delivering Value for Money

To support delivery of these opportunities, a structure has been put in place around which the plan can be developed and success achieved:

VfM Delivery Framework
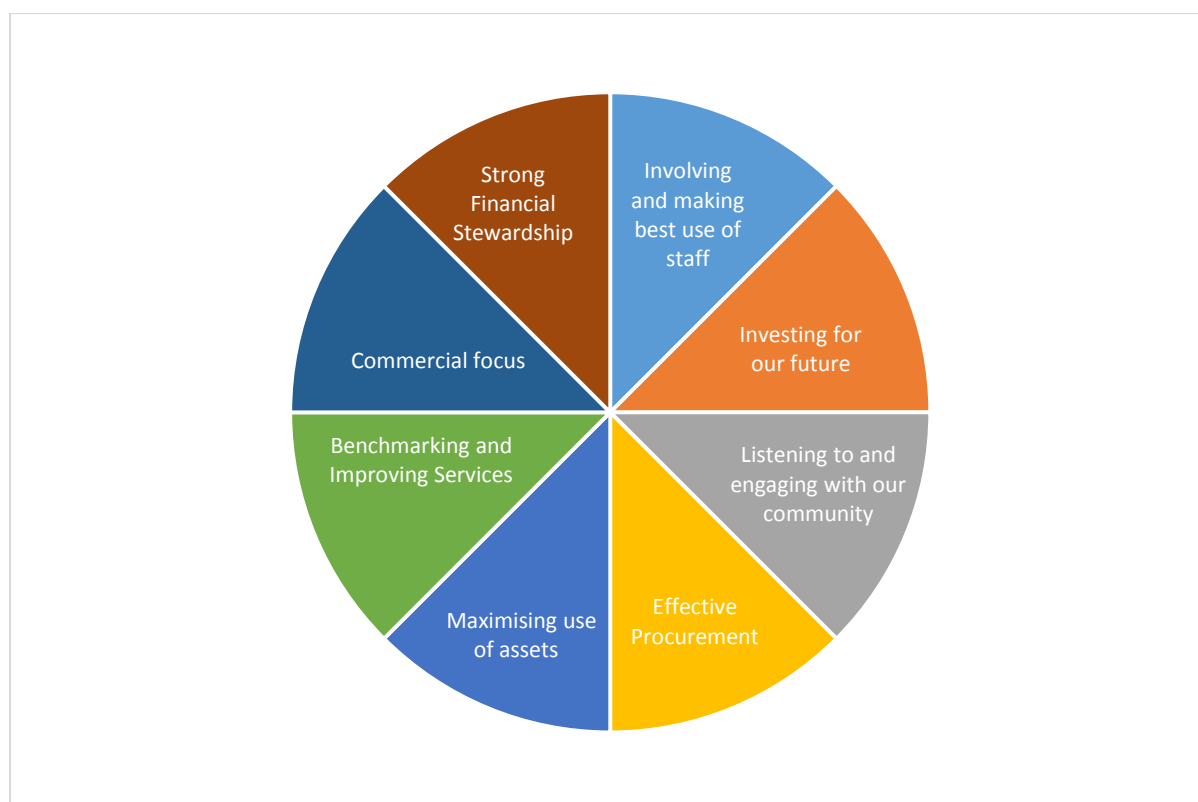
6   Who is involved?

Value for Money needs to be embedded across the council and involves all our governance structures, customers, staff and contractors.

The council's executive, Management Board, are ultimately responsible for ensuring the delivery of value for money, monitoring progress and ensuring that it is embedded into the council's policies and procedures.

However, the responsibility for increasing value for money lies with all Members and officers at all levels of the council. It is not restricted to those with resource or financial management responsibilities, or to the directors of service.

Managers have the executive responsibility to maintain an awareness of good practices in their own area of operation and to ensure that these are followed appropriately. Value for money must be delivered in all of the budgets that they manage. Managers also have the responsibility to keep up to date with developments in good practice in their own service areas. They should

actively attempt to identify and review new and developing good practices and apply them to Herefordshire where appropriate.

Every member of staff at Herefordshire Council has a responsibility for delivering value for money on a day to day basis for our customers and working with contractors to get value for money from contracts. All members of staff should attempt to seek and achieve value for money in all of their activities and to bring to management's attention any possible areas for improvement.

The responsibilities of Members are set out in the terms of reference for both the offices they hold and the committees and panels of which they are Members. This information is contained within the Constitution.

7   Measuring and monitoring how well we are doing

We will use a variety of ways to assess if we are delivering value for money:

- High level financial, operational and satisfaction measures will be reviewed regularly

- Management accounts are reviewed monthly

- Key performance measures identified in the council's Delivery Plan are reviewed quarterly

- We will compare our costs and performance with our peers through internal benchmarking

- Internal audit carry out reviews as agreed in the internal audit work planning process?

- Our external auditors will conduct an annual review and provide findings and suggestions for improvement, where appropriate

Related Council Documents

1   Herefordshire Council County Plan 2020-2024
2   Herefordshire Council Delivery Plan 2020-2022, Respecting our Past Shaping our
         Future
3   Herefordshire Council Medium Term Financial Strategy 2021/22 – 2023/24
4   Herefordshire Council Treasury Management Strategy
5   Herefordshire Council Social Value Statement
6   Herefordshire Council Contract procedure rules
7   Herefordshire Council Procurement and Commissioning Strategy
8   Herefordshire Council Annual Report
9   Herefordshire Council Risk Management Policy
10   Herefordshire Council Digital Strategy
11   Herefordshire Council Performance Management Framework
12   Herefordshire Council Customer Service Standards
13   Herefordshire Council Workforce Strategy

Appendix B:
Saving proposals recommended for approval by Full Council for 2022/2023
£2.602m in total for the 3 year MTFS

Year 1: 2022/2023 Savings £1.795 million

Directorate	Ref	Name of proposal	Description	Saving £000 Year 1
Community Wellbeing	S1	Recommissioning Supported Living Service	We will redesign, refresh and then go to retender for our arrangements for supported living services for people with complex needs **Equality Impact Assessment** **Environmental Impact Assessment**	123
Community Wellbeing	S2	CHC/S117 – Continuation of the 'Fair and Consistent Care & Funding Pathway'	We will work with our NHS colleagues, individuals and families to continue to ensure that all people which should receive Continuing Healthcare funding will do so **Equality Impact Assessment** **Environmental Impact Assessment**	250
Community Wellbeing	S3	Demand Management	We will work with people who require a Care Act assessment, family carers, voluntary sector agencies, community organisations, NHS & care providers and colleagues to ensure that people receive the right care at the right time to maximise their independence **Equality Impact Assessment** **Environmental Impact Assessment**	345
Economy and Environment	S4	Energy charges	Stop free electric vehicle charging and increase charges for solar energy **Equality Impact Relevance Check**	5
Economy and Environment	S5	Introduce charges for non-domestic waste at the Household Recycling Centres	Introduce charges for soil, DIY waste, tyres and plasterboard at Household Recycling Centres **Equality Impact Assessment** **Environmental Impact Assessment**	0
Economy and Environment	S6	Waste collection charge increases	Increase charges for commercial and bulky waste services **Equality Impact Assessment** **Environmental Impact Assessment**	25
Economy and Environment	S7	Introduce parking charges in Kington	Introduce Pay and Display parking in off street car parks in Kington **Equality Impact Assessment**	22

Appendix B: Saving proposals recommended for approval by Full Council

Directorate	Ref	Name of proposal	Description	Saving £000 Year 1
Economy and Environment	S8	General parking charge increase	A 10p per hour increase in council car parking charges across the County **Equality Impact Assessment**	170
Economy and Environment	S9	On street parking charges expansion	Introduction of additional on street pay and display charging in Hereford City Centre **Equality Impact Assessment** **Environmental Impact Assessment**	29
Economy and Environment	S10	Moving traffic enforcement by camera	Introduction of Camera enforcement for a variety of moving traffic offences at locations across Herefordshire **Equality Impact Assessment**	34
Economy and Environment	S11	Review of resident parking permit fees	A phased increase in residents parking permit fees in 23/24 and 24/25 **Equality Impact Relevance Check**	0
Economy and Environment	S12	Review of parking enforcement	An external review of parking enforcement to maximise the effectiveness of the service **Equality Impact Relevance Check**	0
Economy and Environment	S13	Increase New Roads and Streetworks Act income	Additional income from increased inspection and enforcement of 3rd Party works on the public highway **Equality Impact Relevance Check**	85
Economy and Environment	S14	Review capital/revenue splits in line with activity	Staff time spent on capital projects is appropriately recharged to capital budgets **Equality Impact Relevance Check**	100
Economy and Environment	S15	Plant utilisation	Contractor plant and equipment is shared between services to minimise hire costs **Equality Impact Relevance Check**	10
Economy and Environment	S16	Invest to Save: purchasing plant items	Purchase of construction plant to reduce ongoing hire charges **Equality Impact Relevance Check**	34
Economy and Environment	S17	Review of skips, scaffolds and drop kerbs' charges	Increased licence charges for skips, scaffolds and drop kerbs **Equality Impact Assessment**	5

Appendix B: Saving proposals recommended for approval by Full Council

Directorate	Ref	Name of proposal	Description	Saving £000 Year 1
Economy and Environment	S18	Home to School/College Transport	Review and retendering of school and college transport routes to maximise efficiency **Equality Impact Assessment**	40
Economy and Environment	S19	Additional savings in 2021/2022	Savings already achieved in 2021/2022 **Equality Impact Relevance Check**	18
Central	S20	Central efficiencies	Efficiencies in treasury management and pensions **Equality Impact Relevance Check**	500
Total				1,795

Appendix B: Saving proposals recommended for approval by Full Council

Appendix B: Additional Information

Saving proposals recommended for approval by Full Council for the three year term of the MTFS
(showing Economy and Environment savings of £1.384 million profiled over 3 years)

Directorate	Ref	Name of proposal	Description	2022/2023 Year 1 Saving £000	2023/2024 Year 2 Saving £000	2024/2025 Year 3 Saving £000	Total 3 Year Savings £000
Community Wellbeing	S1	Recommissioning Supported Living Service	We will redesign, refresh and retender for our arrangements for supported living services for people with complex needs	123	-	-	123
Community Wellbeing	S2	CHC/S117 – Continuation of the 'Fair and Consistent Care & Funding Pathway'	We will work with our NHS colleagues, individuals and families to continue to ensure that all people who should receive Continuing Healthcare funding will do so	250	-	-	250
Community Wellbeing	S3	Demand Management	We will work with people who require a Care Act assessment, family carers, voluntary sector agencies, community organisations, NHS & care providers and colleagues to ensure that people receive the right care at the right time to maximise their independence	345	-	-	345
Economy and Environment	S4	Energy charges	Stop free electric vehicle charging and increase charges for solar energy	5	1	0	6
Economy and Environment	S5	Introduce charges for non-domestic waste at the Household Recycling Centres	Introduce charges for soil, DIY waste, tyres and plasterboard at Household Recycling Centres	0	0	345	345
Economy and Environment	S6	Waste collection charge increases	Increase charges for commercial and bulky waste services	25	25	25	75
Economy and Environment	S7	Introduce parking charges in Kington	Introduce Pay and Display parking in off street car parks in Kington	22	0	0	22
Economy and Environment	S8	General parking charge increase	A 10p per hour increase in council car parking charges across the County	170	30	200	400
Economy and Environment	S9	On street parking charges expansion	Introduction of additional on street pay and display charging in Hereford City Centre	29	12	0	41

Appendix B: Saving proposals recommended for approval by Full Council

Directorate	Ref	Name of proposal	Description	2022/2023 Year 1 Saving £000	2023/2024 Year 2 Saving £000	2024/2025 Year 3 Saving £000	Total 3 Year Savings £000
Economy and Environment	S10	Moving traffic enforcement by camera	Introduction of Camera enforcement for a variety of moving traffic offences at locations across Herefordshire	34	25	0	59
Economy and Environment	S11	Review of resident parking permit fees	A phased increase in residents parking permit fees in 23/24 and 24/25	0	30	30	60
Economy and Environment	S12	Review of parking enforcement	An external review of parking enforcement to maximise the effectiveness of the service	0	50	0	50
Economy and Environment	S13	Increase New Roads and Streetworks Act income	Additional income from increased inspection and enforcement of 3rd Party works on the public highway	85	15	0	100
Economy and Environment	S14	Review capital/revenue splits in line with activity	Staff time spent on capital projects is appropriately recharged to capital budgets	100	0	0	100
Economy and Environment	S15	Plant utilisation	Contractor plant and equipment is shared between services to minimise hire costs	10	0	0	10
Economy and Environment	S16	Invest to Save: purchasing plant items	Purchase of construction plant to reduce ongoing hire charges	34	12	0	46
Economy and Environment	S17	Review of skips, scaffolds and drop kerbs' charges	Increased licence charges for skips, scaffolds and drop kerbs	5	1	1	7
Economy and Environment	S18	Home to School/College Transport	Review and retendering of school and college transport routes to maximise efficiency	40	5	0	45
Economy and Environment	S19	Additional savings in 2021/2022	Savings already achieved in 2021/2022	18	0	0	18
Central	S20	Central efficiencies	Efficiencies in treasury management and pensions	500	-	-	500
Total				1,795	206	601	2,602

Community Wellbeing				718	0	0	718
Economy and Environment				577	206	601	1,384
Central				500	0	0	500
Total				1,795	206	601	2,602

Appendix B: Saving proposals recommended for approval by Full Council

Summary Base Budget Proposed 2022-23

	21/22 Revised Base £000s	Pressures & Bids £000s	Savings £000s	22/23 Base Budget £000s
Community and Wellbeing	58,939	4,233	(718)	62,454
Children and Young People	36,911	4,415	-	41,326
Economy and Environment	26,328	3,902	(1,384)	28,846
Corporate	18,150	4,168	-	22,318
Directorate total	**140,328**	**16,718**	**(2,102)**	**154,944**
Central	20,668	796	(500)	20,964
Total	**160,996**	**16,718**	**(2,602)**	**175,908**

Community and Wellbeing Base Budget 22/23

	21/22 Revised Base	Pressures & Bids	Savings	22/23 Base Budget
	£000s	£000s	£000s	£000s
Learning Disabilities	21,179	1,240		22,419
Memory & Cognition	2,657	162		2,819
Mental Health	3,616	210		3,826
Physical Support	25,820	2,359		28,179
Sensory Support	444	29		473
Client Sub-Total	**53,716**	**4,000**	**0**	**57,716**
All Ages Commissioning	1,774			1,774
Care Operations	8,360			8,360
Commissioned Services	3,368			3,368
Transformation & Improvement	678			678
Prevention & Support	3,298			3,298
Talk Community Programme	0			0
Directorate Management	(12,255)	233	(718)	(12,740)
Public Health	0			0
Adults & Communities	**58,939**	**4,233**	**(718)**	**62,454**

Children and Young People Base Budget 22-23

	21/22 Revised Base	Pressures & Bids	Savings	22/23 Base Budget
	£000s	£000s	£000s	£000s
Children's Commissioning	630	272		902
Directorate	212	596		808
Youth Offending	0	197		197
Directorate	**842**	**1,065**		**1,907**
Additional Needs	2,242	294		2,536
Commissioning Management	726	46		772
Development and Sufficiency	965	6		971
Early Help & Years	1,040	147		1,187
Education Improvement	348	42		390
Education & Commissioning	**5,321**	**535**		**5,856**
Children in Need	3,521	1,047		4,568
Looked After Children	23,883	1,854		25,737
Safeguarding & Early Help Management	1,890	(413)		1,477
Safeguarding and Review	994	214		1,208
Safeguarding Development	460	113		573
Safeguarding & Family Support	**30,748**	**2,815**		**33,563**
Children & Families	**36,911**	**4,415**	**0**	**41,326**

Economy and Environment Base Budget 22-23

	21/22 Revised Base	Pressures & Bids	Savings	22/23 Base Budget
	£000s	£000s	£000s	£000s
Economic Growth	1,042	11		1,053
Highways & Transport	14,982	337	(282)	15,037
Housing and Growth	2,461	356		2,817
Management	212	(190)		22
Regulatory, Environment & Waste	14,486	1,982	(380)	16,088
Technical Services	(6,855)	1,406	(722)	(6,171)
Economy & Place	**26,328**	**3,902**	**(1,384)**	**28,846**

	21/22 Revised Base	Pressures & Bids	Savings	22/23 Base Budget

Corporate Base Budget 22-23

	21/22 Revised Base	Pressures & Bids	Savings	22/23 Base Budget
	£000s	**£000s**	**£000s**	**£000s**
Corporate Support Services	6,869	318		7,187
Finance, Legal & Governance	8,793	1,427		10,220
People & Performance	2,488	1,068		3,556
Property Services	-	1,355		1,355
Corporate	**18,150**	**4,168**	**0**	**22,318**

	21/22 Revised Base	Pressures & Bids	Savings	22/23 Base Budget

Central Base Budget 22-23

	21/22 Revised Base	Pressures & Bids	Savings	22/23 Base Budget
	£000s	£000s	£000s	£000s
Treasury Management	13,924		944	14,868
Pension Deficit	5,550		(550)	5,000
Discretionary Housing Payment		500		500
Contingency budget	300			300
Reserve movement	894	296	(598)	296
Central	**20,668**	**796**	**(204)**	**20,964**

	21/22 Revised Base	Pressures & Bids	Savings	22/23 Base Budget

Herefordshire Council

Treasury Management Strategy 2022/23 – 2025/26

Herefordshire Council

Treasury Management Strategy 2022/23-2025/26

Contents

Annex

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Treasury Management Strategy 2022-26

1. Introduction

1.1 Treasury management is the management of the council'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. 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 MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code and should be considered alongside the council's capital strategy (reported separately). CIPFA published the updated Treasury Management and Prudential Codes on 20th December 2021. CIPFA has stated that there will be a soft introduction of the codes with full implementation required for 2023/24. The new CIPFA codes have adopted a set of restrictions to discourage capital expenditure on commercial investments for yield.

1.3 The purpose of this Treasury Management Strategy (TMS) is to approve:

- Treasury Management Strategy for 2022/23-2025/26
- Borrowing Strategy – Section 5
- Annual Investment Strategy – Section 6
- Minimum Revenue Payment (MRP) Policy Statement – Section 7
- Prudential Treasury Indicators – Annex C

1.4 In addition to the TMS, the council maintains treasury management practices that outline how the council's strategic policy objectives for treasury management will be achieved and are supported by schedules that describe the specific procedures to be used by staff involved in treasury management activities. The operational practices are maintained by the corporate finance team and approved by the chief finance officer.

2. Summary of Strategy for 2022/23

2.1 The financial market continues to offer low levels of interest rate cost of borrowing and even lower interest rate returns on investments therefore the council continues to aim to minimise the cash balances it maintains. Inflation rising to 4.2% (November 2021) is over twice the Government set target of 2%, however this is expected to be a temporary increase.

Borrowing

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Treasury Management Strategy 2022-26

2.2   Borrowing is driven by the requirements of the approved capital investment budget. The forecast capital investment budget for 2022/23 indicates £51.3m 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 is secured at the best opportunity. If less capital spend is incurred than forecast then the need to borrow will be reduced.

2.3   PWLB is the usual route of obtaining loan finance for councils including Herefordshire Council. The forecast interest cost of new borrowing has been adjusted to reflect the new forecast interest rate cost on new borrowings required.

2.4   Using current forecasts during 2022/23 the councils underlying need to borrow is expected to increase by £16.6m, as shown in the table below.

	£m excluding PFIs
Estimated council borrowing as at 31st March 2022	**122.6**
Capital spend financed by prudential borrowing	51.3
Net change in internal borrowing	(25.0)
Less minimum revenue provision	(9.7)
Estimated council borrowing as at 31st March 2023	**139.2**
Increase in estimated council borrowing	*16.6*

2.5   The borrowing budget for 2022/23 includes provision to pay short-term interest costs and the interest cost on existing fixed long term borrowing, a total budget of £5.2m.

2.6   The council's strategy is to cap the total short term loan stock holding at a threshold of a maximum of 50% of total loans. By restricting short term loans to a total of 50% of loans required the risk on interest rate exposure is minimised. Fixed rate loans can be secured quickly if this is decided the correct action to follow in consideration of all known factors at that time (including the councils cashflow and interest rate forecasts). Currently the council holds no short term loans, all loans are currently secured at a fixed interest rate and over a long term.

2.7   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 local consideration of interest rate forecasts.

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Treasury Management Strategy 2022-26

Investments

2.8 When the council holds surplus funds (income received in advance of expenditure) the Code and Guidance requires councils to invest these funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return. The council tends to invest in banks, building societies, other local authorities and money market funds. The council continually assesses the various investment risks in conjunction with the support of its treasury advisors, Link Asset Services.

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:

- o Maintain lower investment balances during the year;

- o Keep low but liquid cash balances and invest these mainly in Money Market Funds (LVNAV (Low Volatility Net Asset Value);

- o Maintain counterparty limits with the banks and building societies at prudent levels;

- o Consider other creditworthy investments to increase diversification.

2.9 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.

2.10 There are a growing number of financial institutions promoting environmental, social and governance (ESG) issues. The council will take an active approach to target these entities, however these ESG issues must play a subordinate role to the priorities of security, liquidity and yield.

3. Economic Background and Interest Rate Forecast

Economic background

3.1 **UK** the Bank of England voted by a majority of 8-1 to increase Bank Rate by 0.15% to 0.25% during its December 2021 meeting, surprising markets who expected no changes due to the threat of the COVID-19 variant (Omicron).

3.2 The UK economy is continuing to recover from COVID-19 with a rise in spending by households and businesses and a reduction in unemployment. However the Omicron variant is starting to cause international concern due to it appearing more transmissible than the Delta version and having a higher reinfection rate than other variants.

3.3 Unlike 12 months ago, the possibility of negative interest rates are no longer a cause of concern and as inflation is expected to rise further to around 5% by spring next

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Treasury Management Strategy 2022-26

year, modest interest rate increases will be required to being inflation back to the 2% target.

3.4 The Office for Budget Responsibility's (the OBR) borrowing is £103.4bn less than on the same period last which reflects the economic recovery boosting receipts and the lower cost of pandemic-related support schemes.

3.5 **US** has recently announced decades' high inflation numbers where CPI has hit 6.2%. This was higher than forecast however the view is that this is transitory (albeit with a duration well into 2022). They have also seen a lasting reduction in the labour market participation, several million workers have retired or quit the labour market.

3.6 **EU** The slow role out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate then picked up sharply. After a contraction of -0.3% in Q1, Q2 came in with strong growth of 2%. With Q3 at 2.2%, the EU recovery is nearly complete although countries dependent on tourism are lagging. Recent sharp increases in gas and electricity prices have increased overall inflationary pressures but the European Central Bank is likely to see these as being only transitory after an initial burst through to around 4%, so is unlikely to be raising rates for a considerable time.

Interest rate forecast

3.7 Investment returns are likely to remain low for the foreseeable future; whilst there is some expectation that the bank rate may continue to increase, the uncertainty around the continuing affects of Covid remain.

3.8 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 incur a revenue cost of the difference between higher borrowing costs and lower investment returns. For example borrowing could be secured at a 1.5% interest cost and an investment could generate a 0.5% return, representing a cost of carry of 1.0%.

3.9 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, representing the councils underlying borrowing requirement.

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Treasury Management Strategy 2022-26

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 and finance leases.

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, at any point in time, will 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 reserve balances (which have a direct bearing on the requirement 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:-

	31.03.22 Estimate £000	31.03.23 Estimate £000	31.03.24 Estimate £000	31.03.25 Estimate £000
Forecast Capital Finance Requirement (CFR)	325,810	357,574	378,990	371,752
Less: PFI and other long term commitments	(46,804)	(45,232)	(43,723)	(41,913)
CFR excluding other long-term liabilities (PFIs)	279,006	312,342	335,267	329,839
Less: Existing fixed long term borrowing (a)	(129,427)	(122,567)	(119,439)	(112,501)
Maximum new borrowing requirement	149,579	189,775	215,828	217,338
Less: Internal borrowing from reserves	(139,579)	(173,175)	(163,897)	(151,693)
Net new borrowing requirement (b)	10,000	16,600	51,931	65,645
Total Council Borrowing (a plus b)	*139,427*	*139,167*	*171,370*	*178,146*

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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. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the council's total debt should be lower than its highest forecast CFR over the next three years. The council expects to comply with this recommendation.

4.7   From 1 April 2022 councils will be required to comply with IFRS16 that requires lease arrangements to be disclosed as finance leases, this will have the effect of increasing the capital financing requirement. The table above excludes this impact as work continues on establishing the effect of this accounting change. Indications are that the impact will be immaterial.

5.   Borrowing Strategy

5.1   At 31 October 2021 the council held £125.7m of long-term fixed rate loans as shown in Annex A. A new £5m 15-year EIP loan was secured on 5/11/21 at an interest rate of 1.72% Current capital expenditure forecasts suggest that there will be further capital spend financed by borrowing before the end of the financial year, if spend slips and / or cash balances remain high then the need to borrow will be deferred.

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 forecasted to rise. The councils 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 2022/23 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; therefore the risk is mitigated by restricting the exposure to this risk at 50% of the debt total.

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Treasury Management Strategy 2022-26

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
- 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 historic 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.   Annual 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 minimum cash flow balance of around £20m 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

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Treasury Management Strategy 2022-26

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.

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 limit the amounts invested with banks and building societies. For 2022/23 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 ratings 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). If investments are to be made overseas then approval ahead of the investment being made is required from the Chief Finance Officer. Santander UK plc (a subsidiary of Spain's Banco Santander) and Clydesdale Bank plc (a subsidiary of National Australia Bank) will be classed as UK banks due to their substantial franchises and the arms-length nature of the parent-subsidiary relationship.

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. A group of banks under the same ownership will be treated as a single organisation for investment limit purposes.

Table 2: Approved Investment Counterparties and Limits

Treasury Management Strategy 2022-26

		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
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		10m	1 year
Money Market Funds	MMFs	AAA	10m	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:
    o the UK Government,
    o a UK local authority, parish council or community council, or
    o 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

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Treasury Management Strategy 2022-26

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
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 2022/23

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 notional 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 2022/23 calculation of MRP is as follows:

	Indicative 2022/23 MRP charge £000
Supported borrowing	1,397
Prudential borrowing	8,275
Sub Total	**9,672**
Finance leases and private finance initiatives	2,058
TOTAL	**11,730**

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.

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Treasury Management Strategy 2022-26

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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Treasury Management Strategy 2022-26

EXISTING BORROWING AND INVESTMENTS

The overall treasury management portfolio as at 31 March 2021 and for the position as at 31 October 2021 are shown below for both borrowing and investments.

TREASURY PORTFOLIO

Treasury Investments	actual 31.03.21	actual 31.03.21	current 31.10.21	current 31.10.21
	£000	%	£000	%
banks	19,030	31%	19,200	21%
banks – ESG 'green' deposits	0	0%	10,000	11%
building societies - unrated		0%	0	0%
building societies - rated		0%	5,000	5%
local authorities	25,000	41%	10,000	11%
DMADF (H.M. Treasury)		0%	0	0%
money market funds	17,400	28%	48,970	52%
certificates of deposit	0	0%	0	0%
Total managed in house	**61,430**	**100%**	**93,170**	**100%**
bond funds	0	0%	0	0%
property funds	0	0%	0	0%
Total managed externally	**0**	**0%**	**0**	**0%**
Total treasury investments	**61,430**	**100%**	**93,170**	**100%**
Treasury external borrowing				
local authorities	0	0%	0	0%
PWLB	114,798	91%	113,658	90%
LOBOs	12,000	9%	12,000	10%
Total external borrowing	**126,798**	**100%**	**125,658**	**100%**
Net treasury investments / (borrowing)	**(65,368)**	**0**	**(32,488)**	**0**

Treasury Management Strategy 2022-26

BORROWING MATURITY PROFILE AS AT 30.11.21

Loans Maturities by Type

PWLB Borrowing   LOBO Borrowing
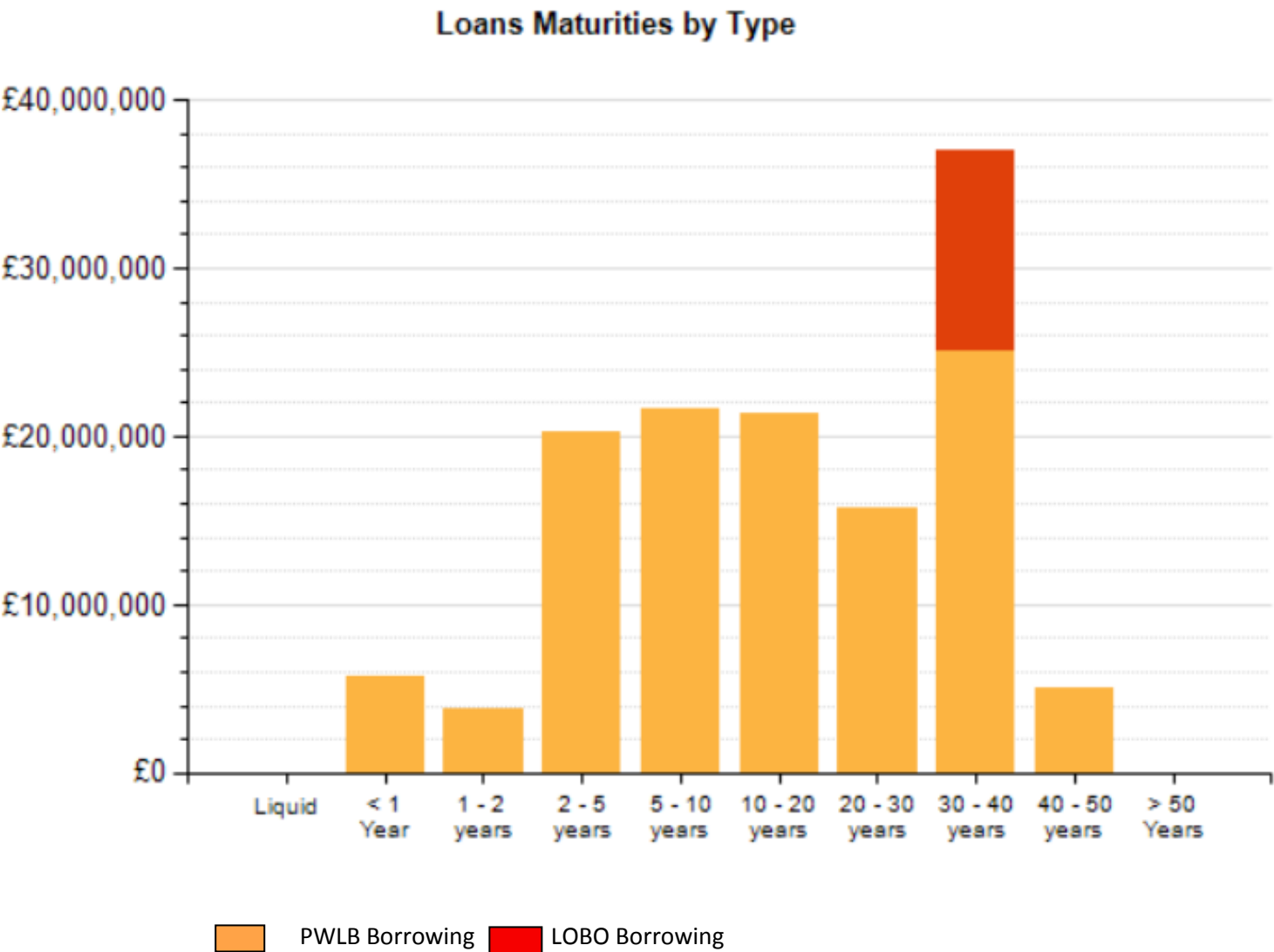
Treasury Management Strategy 2022-26

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Annex C

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PRUDENTIAL AND TREASURY INDICATORS FOR THE NEXT FOUR YEARS

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 council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored.

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	2022/23 Forecast £000	2023/24 Estimate £000	2024/25 Estimate £000	Total £000
Total expenditure	99,094	90,546	44,901	**234,541**
Funding				
Grants, contributions and capital receipts	47,745	52,504	35,933	**136,182**
Prudential borrowing	51,349	38,042	8,968	**98,359**
Total	**99,094**	**90,546**	**44,901**	**234,541**

The table above reflects both the approved and proposed capital investment budget. Should any further borrowing be required then Council approval will be required and additional revenue resources will need to be identified to fund the additional debt repayment costs. In addition the prudential indicators would need to be revisited in accordance with the requirements of the Prudential Code to provide the assurances of affordability of the additional debt.

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Treasury Management Strategy 2022-26

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.

Capital Financing Requirement (CFR)	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
CFR excluding PFI	279,006	312,342	335,267	329,839
PFI and finance leases*	46,804	45,232	43,723	41,913
Total forecast CFR	**325,810**	**357,574**	**378,990**	**371,752**

this value is expected to increase following the adoption of IFRS16 from 1 April 2022 when existing lease arrangements are expected to be required to be included as finance leases in the value above

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	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Operational Boundary for Borrowing	340,000	340,000	340,000	340,000
Operational Boundary for other Long-	60,000	60,000	60,000	60,000

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Treasury Management Strategy 2022-26

Term Liabilities				
Operational Boundary for External Debt	400,000	400,000	400,000	400,000

6. Authorised Limit for External Debt

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	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Authorised Limit for Borrowing	350,000	350,000	350,000	350,000
Authorised Limit for other Long-Term Liabilities	70,000	70,000	70,000	70,000
Authorised Limit for External Debt	**420,000**	**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	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000
Net Revenue Stream	**175,112**	177,745	181,715
Financing Costs (excluding PFI)	**14,868**	16,118	17,753
Percentage	**8.5%**	**9.1%**	**9.8%**

7.3 The above table shows budgeted financing costs within the council's medium term financial strategy.

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Treasury Management Strategy 2022-26

8   Maturity Structure of Borrowing (fixed and variable)

8.1   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.

8.2   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 31/03/22	Lower Limit for 2022/23	Upper Limit for 2022/23
Under 12 months	6%	0%	10%
12 months and within 24 months	3%	0%	10%
24 months and within 5 years	16%	0%	25%
5 years and within 10 years	18%	0%	35%
10 years and above	57%	0%	80%
Total	100%		

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

9.1   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	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Authorised counterparties	5	5	5	5

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

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Bank Base Rate (%)	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00
PWLB Rates (%):													
5 years	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00
10 years	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20
25 years	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50
50 years	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30

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 increase to 1.00% by March 2024.

Council budget:

• The proposed treasury management budget is as follows:-

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Minimum revenue provision (excludes PFI)	9,672	10,009	11,250	12,362
Interest payable	5,196	6,109	6,503	5,988
Totals	**14,868**	**16,118**	**17,753**	**18,350**

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Treasury Management Strategy 2022-26

- As can be seen from the table above, the council's treasury advisors central forecast is for the Bank Base Rate to increase to 0.50% during 2022, with further increases expected in the following two years. The council's borrowing budget has been based on a rate of up to 2.5% which should incorporate sufficient headroom to accommodate any unexpected changes in the Base Rate.

- 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.

- Performance against budget will be reported to Cabinet in the financial performance reports.

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Treasury Management Strategy 2022-26

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

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.

Reserves

Reserves	Balance as at 31/03/2021 £m	Expected Movements £m	Balance as at 31/03/2022 £m	Expected Movements £m	Expected balance 31/03/2023 £m	Explanatory notes
Unallocated Reserve	9.1	(0.3)	8.8	0.3	9.1	General Reserves for use, as necessary
Earmarked Reserves						
County Plan						
Planned future revenue spending	4.9	0.2	5.1	0.2	5.3	Settlement monies & adults integration
Planned future capital spending	2.6	1.5	4.1	(3.0)	1.1	Technology Enabled Communities & remedial road works
Business Risk						
Identified Operational Risks	10.8	(0.1)	10.7	0.0	10.7	Business rates and severe weather events
Resilience & Risk Mitigation	17.3	2.3	19.6	(5.0)	14.6	Financial resilience and legal risk mitigation
Children & Families						
Childrens Services	5.7	(3.7)	2.0	(2.0)	0.0	To fund improvement journey
School balances	10.4	(1.6)	8.8	0.0	8.8	Ring-fenced
Adults Services	4.6	(0.3)	4.3	(0.3)	4.0	Care costs contingency
Economy and Place						
Non-Covid grants and receipts carried forward	8.4	(0.1)	8.3	2.0	10.3	This includes the managing climate change reserve
Covid government grants carried forward	23.8	(23.8)	0.0	0.0	0.0	Mainly in relation to business rate relief
Corporate and Central						
PFI Contractual commitments	10.0	3.0	13.0	3.0	16.0	Set aside for committed spend
Contractual commitments	2.7	2.3	5.0	0.0	5.0	Mainly McCloud pension estimated liabilities
Digital Infrastructure	0.5	(0.1)	0.4	0.0	0.4	ICT services
Reactive & Transitional Reserves	3.9	(0.4)	3.5	0.0	3.5	To smooth expenditure profiles
Total unallocated and earmarked reserves	**114.7**	**(21.1)**	**93.6**	**(4.8)**	**88.8**	

Local Government Act 2003 - Section 25

Under the terms of Section 25 of the Local Government Act 2003 the Section 151 Officer is required to report to the council, at the time when it is setting its budget, on two specific matters:-

- **The robustness of the estimates** included in the budget, and
- **The adequacy of the reserves** for which the budget provides

The council has a statutory duty to have regard to this report from the Section 151 Officer when making its decision about the proposed budget and council tax (see paragraph 3 below for the Section 25 opinion of the Section 151 Officer).

1. Robustness of the estimates

The Section 151 Officer, has undertaken a full assessment of the council's anticipated potential financial risks in 2022/23 and the subsequent period up to 2024/25 as far as that is possible, including:

The realism of the revenue budget 2022/23 estimates for:

- Provision for demand-led services;
- The short term and longer term impacts of the pandemic;
- Loss / tapering of the remaining specific grants and / or changes to their eligibility requirements;
- Price increases from the councils supply chain;
- Fee / charges earnt by the council;
- The financing costs arising from the capital programme;
- The impact of current and forecast interest rates on the expected returns from investment of cash balances;
- The probability of delivering the necessary savings targets required to minimise any likely drawdown on reserves / balances.

The realism of the capital investment budget estimates in light of:

- The potential for slippage and underspending of the capital programme;
- The possible non-achievement of capital receipts, contributions and grants and the subsequent implications for the funding of the capital programme.

Financial management arrangements including:

- Historical performance over recent years of financial management;
- Delivery / non-delivery of revenue savings programme.

Potential losses, including:

- Bad debts or failure to collect income;
- Declines in collection rates for council tax;
- Claims against the council;
- Major emergencies or disasters;

- Contingent or other potential future liabilities.

An assessment has also been made of the ability of the council to offset the costs of such potential risks. The Medium Term Financial Strategy (MTFS) therefore reflects:

- Specific provisions in the accounts and in earmarked reserves;
- A commitment to maintain the level of general reserves in line with the policy target range of between 3 and 5% of the revenue budget;
- A collection fund reserve to smooth surpluses and deficits from billing of local taxation;
- Comprehensive insurance arrangements using a mixture of self-funding and external top-up cover.

Estimates used in the budget for 2022/23 are based on realistic assumptions, taking into account:

- Policies and priorities as expressed in the County Plan and Delivery Plan;
- Continuation of the ring fenced public health grant;
- Future pay settlements and national pay policy decisions;
- The impact of inflation across the council's supply chain;
- Anticipated changes in both specific and general grants;
- The recovery from the ongoing pandemic;
- Reasonable estimates of continuing funding streams for services particularly for social care (for example the Better Care Fund), and the recent announcements regarding funding for care provision;
- Commitments in terms of demand for services (including the road network, adult social care, safeguarding of children, adverse weather on highways)

The Council needs to implement the savings and increased income streams proposed in the 2022/23 budget, to ensure that the Council's 2022/23 budget remains balanced and sustainable into the future. I expect council to monitor progress in this area very closely.

The Council's management team and Portfolio Holders will need to implement the agreed processes and changes to deliver the planned budget savings and increased income streams in line with the agreed timetable. If the planned budget reductions or income streams are not delivered, the Councils management team and Portfolio Holders will be required to identify alternative ways of balancing the Service and/or Directorate budgets.

The three-year comprehensive spending review announced in the autumn provides clarity around the funding envelope for Local Government over the next three years. The one-year settlement shared on the 16th of December 2021 brings clarity for the 2022/23 budget setting for Herefordshire. However the settlement is for one year only. One-year settlements make longer term planning very difficult and future years budgets are very difficult to accurately forecast. The Council will have to wait until the details of the 2023/24 and 2024/25 settlement are announced before it can finalise its detailed plans for these future years. The MTFS makes prudent assumptions about funding levels for these years.

The current ongoing challenges in the Childrens and Young People's directorate are creating a number of financial challenges for the council; a number of the budget pressures identified in the budget are designed to address some of the structural issues flowing from the challenges. In addition, the ongoing improvement work is funded from a combination of reserves and grants. The improvement board will shortly approve an improvement plan; this plan will consider not only the improvement journey but also the necessary structural changes needed to ensure the improvements are sustained. The ongoing improvement journey will be funded from ear-marked reserves and the structural changes will be considered as part of future budget cycles.

2. Adequacy of Reserves and Balances

The uncertainty around future council funding along with the longer-term impact of the pandemic recovery means that there is greater merit in ensuring an adequate level of reserves and balances. The council has a robust reserve policy and maintains both general and earmarked reserves to manage risk and investment.

Reserves and balances are designed to be a long-term solution to structural budget disconnects.

The CIPFA financial resilience index is a useful comparative analytical tool, and this shows that Herefordshire is in reasonable financial health, and is not showing signs of financial distress.

3. Section 25 opinion of the Director of Resources and Assurance, S151 Officer.

Taking all of these factors and considerations into account the Director of Resources and Assurance is satisfied that the:-

i. Estimates used in the revenue budget 2022/23 are realistic and robust as possible given the challenging circumstances. Given the one year settlement and the lack of certainty of the longer-term impact of the pandemic it is appropriate that the strategic level of general reserves are at the top end of the council's reserves target level.

ii. The savings and increased revenue streams proposed for 2022/23 are critical to deliver a balanced budget; however, the council has been developing the delivery plans since autumn 2021, and has adopted a realistic timetable and funding envelope to enable the savings and revenue streams to be phased over the three years of the MTFS.

iii. Associated level of balances / reserves for the MTFS period are adequate within the terms of the policy.

iv. High level estimates used in the projections for the MTFS beyond 2022/23 are as realistic as can be assessed at this stage given a one year settlement for local government.

Summary of Herefordshire Council's 2022/23 Budget consultation events

1.   Introduction to the consultation

As part of the budget setting exercise for 2022/23 a series of 14 consultation events were held between 1st – 30th September with Parish Councils and other key stakeholders. Due to the on-going restrictions of Covid-19 the consultation events were held using Zoom. Fifty-one people participated in the events which were held concurrently with the annual budget-setting on-line survey which went live on 27 August 2021.

The aim of the sessions was to ask key questions specifically related to the 2022/23 budget but also to have more in-depth discussion about ideas that were introduced in last year's budget consultation sessions. This included exploration of the following areas:

- Alternative options for income generation
- What people's view were about what needed doing to help reach Herefordshire's target of a Net Zero and nature rich county by 2030
- How communities were fairing after the pandemic
- How Parish and Town Councils feel about their public realm and what, if any, areas of the public realm they could take more control of

A list of the questions explored in the Zoom consultation session is included as Appendix A.

The sessions were undertaken with the following groups (numbers booking and attending is in Appendix B):

Parish and Town Councils (P&TCs) in each of the Primary Care Networks (PCNs): Hereford City, East, South West and North.

Community Champion areas (CC): South and West, City, East, North and West.

Additional groups[1]: Connexus Housing Tenants and Care leavers. Views were included throughout the report, however the discussion with Care Leavers particularly focused on Preventative Services.

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[1] A session with Hereford Sixth Form College students was arranged but none of the participants booked onto the session attended. Similarly several attempts were made to set up a session with Hereford Disability United however within the timescales it did not come to fruition.

1

Consultation engagement

Levels of engagement were lower than anticipated (based on last year's figures). This can possibly be attributed to the following:

- The consultation events were advertised during August in holiday season
- The sessions were held before most Parish Council's had been able to convene post Summer break to enable a Parish Council wide perspective to be reflected.
- The non-contentious nature of this year's questions, compared to last year's large scale savings, meant that there appeared to be less appetite for engagement.

Approach to consultation sessions

Participants were asked to vote via a series of polls that covered 6 questions as well as three additional open discussion questions (an additional question for Parish and Town Councils about the public realm was included). Responses to each question is considered below. Following the polls there was an open discussion which focused on some key areas but also gave participants the opportunity to highlight their own concerns or issues.

Throughout this report we refer to comments made by, for example, 'a few' or 'many' participants. This reflects comments that were made in the facilitated discussions. As with other qualitative research it is not possible to specifically quantify the participants making these comments but points referred to in the report reflect areas where there were outlying opinions or strong consensus or divergence of opinion.

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2. Poll results and discussions

Council Tax options for 2022/23 Proposed Council Tax increase

Question 1

In this section, residents were asked about their preference on the level of Council Tax increase that the council should consider for 2022/23: increase Council Tax by 2.99%, 1.99% or by 0.99%.

Which of the following options would you prefer?

Option A: increase Council Tax by 2.99%	9
Option B: increase Council Tax by 1.99%	14
Option C: increase Council Tax by 0.99%	12
No preference	3
None of the above	2
Don't know	3

There was support to increase the **Council Tax by 1.99%** (Option B) slightly more than Option C (increase the Council Tax by 0.99%). This response likely reflects an acknowledgement of the challenge of providing services but also that not everyone has financially recovered from the pandemic. Comments made in relation to this question included:
- Concerns for those families on low-income
- Council tax should continue to be subsidised for those that can't afford it
- Council tax charges should relate to income levels rather than the size of the property

Participants want to know more information about what additional revenue generated from Council Tax would be spent on; and more information about cost savings i.e., is this being looked at alongside increasing revenue.

Question 2

Families on low incomes currently receive a discount on Council Tax (the council tax reduction scheme), however, due to the pandemic low-income families currently receive an <u>additional</u> discount on their Council Tax.

Do you think the Council should remove this additional discount?

Yes	15
No	17
Not yet	24
No opinion	1

There was strong support that now (or a simple No in general) was not the right time to remove this additional discount. (41 saying no or not yet, as opposed to 15 yes).

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The most significant concern raised was the timing of any potential withdrawal of additional discount, particularly for those in receipt of Universal Credit who have now had the additional £20 uplift payment withdrawn. Therefore, if these same families were also to lose the additional Council Tax discount then this could lead to very challenging financial difficulties.

Raising additional finance
Question 3

In last year's consultation there was support for raising money to help support vulnerable residents through a Voluntary Contribution Scheme. Building on that, this year respondents were asked how they would like to see any money raised through a Herefordshire Lottery Scheme or Voluntary Contribution Scheme spent.

Geographical priority areas	17
Thematic areas such as children, vulnerable adults, climate emergency	29
Specific charities or local groups	20
Allocated to Parish and Town Councils to decide with local residents for their area	40
Other	18

There was a lot of support for additional income generated to be 'Allocated to Parish and Town Councils to decide with local residents for their area', however this result is unsurprising given the majority of the consultees were from Parish and Town Councils. There was also support for funding to be allocated based on 'thematic areas such as children, vulnerable adults and the climate emergency', however there were not strong views about which specific thematic area should be prioritised.

Comments received in relation to this question included:

> *"Thematic policy areas may be fairer in terms of allocating funds. Also, would be motivational for those participating in the lottery."*

> *"Lottery - What will the scheme cost to run and do you have enough interest to ensure it is sustainable."*

> *"All areas are important - i.e. in terms of prioritising for additional income. Also, geographical areas are important."*

> *"Need a clear purpose for both schemes to boost engagement"*

> *"Could do different thematic areas in different bidding rounds"*

4

Question 4

Local authorities have the opportunity to borrow money from central government and other sources, and currently Herefordshire Council has not borrowed as much as it is able to. Respondents were asked whether they agreed that the council should borrow more money to achieve its wider aims?

Yes	22
No	8
Don't know	9

Overall, there was support for this, especially with current interest rates being so low, and especially if the spend was targeted. However, there were concerns about future generations having to pay it back. Participants who answered 'don't know' felt they would require more specific information about the purpose of borrowing money before they could make a decision. See examples of the comments below:

> *"If money is borrowed to boost the economy, it may pay for itself. If not then how repayment is to be made needs careful consideration."*

> *"If going to borrow money then needs to be evidence based i.e. what is the areas of greatest need and what are the benefits - clarify the business case WITH the Voluntary and Community Sector."*

Question 5

If additional money was borrowed in which areas would you like to see it spent?

I don't support borrowing	1
Measures to address the climate emergency	21
Road maintenance	25
Adult social care e.g. care homes, day care services, mental health support	27
Children's services (not education) e.g. children in care, respite care, support for children with disabilities	23
Providing affordable housing	20
Other	4

Views were fairly evenly split with most of the suggested areas of spend receiving support, with no one theme particularly standing out.

Most of the comments received were about the condition of the roads and concern if any additional money was generated through borrowing whether this could be used on potholes

5

377

on existing roads, or more widespread resurfacing or whether it was only to be used for new roads. Many participants felt that additional information was required in order for them to give an informed view.

Environmental measures - Net Zero & Nature Rich Herefordshire

Question 6

The questions in this section were about the council's carbon management plan and the corresponding action plan.

Do you agree that Herefordshire Council is doing enough towards achieving its ambition of a net zero and nature rich county by 2030?

Yes, enough	17
No, not enough	24
Don't know	17
I don't agree with Herefordshire Council working towards this ambition	3

The overwhelming response to this question is that many participants did not feel they could answer without additional information on what Herefordshire Council is doing already.

There was slightly more consensus for the view that Herefordshire Council is not doing enough to achieve its ambition of a net zero and nature rich county by 2030.

Question 7

What are the key things you would like to see done differently in the county to help mitigate the climate emergency?

Discussion relating to this question was dominated by a lack of knowledge amongst participants of what Herefordshire Council is currently doing to address the climate emergency. Participants expressed that they wanted more information on what Herefordshire Council are doing, specifically:

- What are the biggest causes of carbon emissions?
- Guidance on recycling and planning to pass on to residents.
- More information on the cost saving benefits and wider economic benefits of some of the environmental schemes / projects / proposals e.g. investment of low energy street lighting cost 'v' cost saving over x years. People want to know what the biggest issues are and what actions will have the biggest impacts.

Additional comments raised:

- Stronger links between the waste strategy, planning policy and the climate emergency.
- A need for sustainable travel was mentioned (although this could have been stimulated by Herefordshire Councils launch of the free bus travel on weekends initiative)
- Free buses at the weekend were thought to be a good idea, although many participants highlighted they were eligible for free bus passes already.
- Younger care leavers identified that many buses were being cancelled with little alternative provision put in place.
- Further investigation into school transport is needed. However, road safety and cost were highlighted as barriers.
- How could residents be encouraged to not use their cars for short trips?
- Planning standards and policy were felt to be areas where some of these issues could be addressed, in terms of housing particularly, which will have a direct impact on the climate emergency in terms of sewage, river quality and phosphates, insulation and energy use. Additional themes related to planning mentioned were parking for bikes, and areas for recycling bins.
- Parish and Town Councils wanted guidance on planning standards and policy to be able to assess planning applications and advise their residents on best practice.
- There was a general consensus that climate change targets can only be met by Herefordshire Council working in partnership with others.
- Participants felt it was important to recognise the economic benefit of some of the environmental schemes, such as the better sustainable transport which might have a positive impact on tourism, easier access to walking routes, busier town centres.
- The waste strategy was also seen as contributing to addressing the climate emergency, particularly if it focused on reduction of use, an element of reduction of food waste (potentially linked to reduction in food poverty and intergenerational projects around learning about how to reduce food waste), better recycling information "what is recycled from the green bin".
- Guidance on key actions that individuals can take would also be useful add full stop as full stops in bullet points above

Preventative Services

Question 8

In last year's budget consultation preventative services were identified as an area in need of more prioritisation. What preventative measures would you like to see?

Health and well-being was a key point mentioned, there were examples of good practice such as the Falls Prevention work but on the whole, there were concerns around the gaps

particularly in mental health services for all age groups. Support for older people to remain in their own homes through timed appointments, Occupational Health assessments, offering assistance before acute services at the hospital are required. Also practical advice and support available to those who need it, such as 'support for older people to sell their own homes and move into a more suitable property'.

Adult Social Care was felt to be an area where prevention services could be focused particularly in terms of *"Helping elderly stay healthy stay in their own homes"*. However this was also raised in terms of the cost of Adult Social Care (see next point) and how care homes are supported, particularly around support for staff; pay rates, career development and retention.

There was a general concern around value for money and specifically around Adult Social Care, making sure what is spent will have an impact; who this conversation needs to be had with i.e. a national conversation; and the investment that might be needed.

Comments made in relation to this question included:

> *"Would like to see more transparency on how money has been spent and reassurances regarding value for money"*

> *"Useful to know per capita spend, also some benchmarking and how/what other options are being explored."*

> *"Concern about national focus on raising taxes to pay for social care. This needs to be a local debate, or with the Local Government Association (LGA)."*

> *"Social Care is taking a lot of the budget, may need more for the rest of what is provided by general council tax."*

> *"Voluntary and Community Sector organisations are often active in preventative services BUT the length of time for funding prevents organisations from addressing issues properly, a longer term view is needed."*

> *"But this needs investment - longer term"*

There were views from participants raising concern about the impact being in a rural area has; particularly around the lack on investment in rural areas; the lack of ability to access Section 106 monies from planning and building developments; and the lack of services and facilities, such as playgrounds for older children.

There was also support from participants for children and families to be an identified area of need, as well as those on lower incomes and at risk of homelessness. See examples of the comments below:

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> *"Agree with spend on children's services - assisting families, keeping families together. "*

> *"Support for families - early help has been cut back significantly over the years. This did help, more investment needed. Schools can't support this within their funds."*

> *"Preventive = enabling people to access services that help get them out of rural poverty and poor housing ... not investing at the symptoms of children safeguarding/looked after. We are looking in the wrong direction."*

In terms of prevention work, whilst there was a will from Parish and Town Councils to help with this area of work there was an acknowledgement that specific skills were missing. There was potential to work better with Talk Communities within this theme to help with the professional support and information to signpost.

Talk Communities were also felt to be a good opportunity for some joined up working and support for local areas. See examples of the comments below:

> *"I agree there needs to be a level of coordination in developing preventative services. Stepping back and hoping the third sector will fill the gap can't work without resourcing and a level of coordination. I hope that Talk Community can help facilitate and support this process in the future."*

> *"Support to get involved but safeguarding issue: need a central management system, potentially Talk Communities."*

Care leavers had a number of points to raise about preventative services:

- Providing respite care to families early on may prevent children needing to be moved into care.
- A support service along the lines of Reese Foundation, which provided funds for various items, beds, white goods, or paid rent arrears.
- Money for transport for going for interviews.
- Better emergency accommodation that doesn't place vulnerable young people in overnight accommodation with active drug/alcohol mis-users.
- Practical support – as well as providing cooking, laundry, and a general safe place, the young people felt that they needed to learn how to do some of these practical tasks.
- Option to get a free hot meal when times are difficult.
- More counsellors available for children of all ages.
- Need all options available to access services, face to face personal support and over the telephone talking to strangers.
- Services are particularly needed for single parents.
- Children's views need to be taken into account.
- Still a trust issue with Social Care, worried won't get support; accused of not coping.

Question 9

Pandemic Recovery

When asked 'What would be the most effective way to help your community recovery from the pandemic?'some positives highlighted were:

- That fact that not many smaller businesses have closed suggesting they are resilient,
- Community and voluntary organisations have adapted to continue providing much needed services, such as befriending services by phone,
- Agricultural businesses have been less affected,
- Tourism has had a bit of a boost with the influx of staycations,
- Community events have been adapted and run to promote local traders,
- Government grants have supported village halls.

However, there were some real concerns about the impact the pandemic has had on people's mental health and loneliness, particularly for older people, as well as children and young people. It was also recognised that there is still a fear to 'get back out there', particularly from older people. It was felt there was an opportunity to help support the smaller groups and community events with reopening and helping engage with these people less willing to go out.

It was felt that central support for Talk Communities or organisations that run this type of community intervention (such as Venture) from Herefordshire Council would help to support the wider recovery of the community.

Despite an appreciation for the efficiency of online shopping there was a recognition of the impact this was having on Town Centres. It was felt Town Centres needed to 'up their game' and provide more of an 'experience' rather than just an opportunity to buy shopping.

It was also recognised that there were some families who were really struggling financially and emotionally as a result of the pandemic and that face to face support or case workers could provide 'hand-holding' support were critical at times like this.

There were also concerns that as life starts to return to 'more normal', that the host of volunteers and helpers available during the pandemic are no longer available returning to work etc. Therefore support was wanted to try to stop this decline in numbers of volunteers post covid, there were discussions about how to help community and voluntary organisations with their volunteer base and what Herefordshire Council and HVOSS could do to support this in terms of marketing, advertising, recruitment, and promotion of volunteering.

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Question 10

Public Realm (For Parish and Town Councils only)

The public realm is commonly defined as any space that is free and open to everyone.

Parish and Town Councils focused on the following areas when talking about having greater control / influence over the public realm in their local area:

- The relationship with Balfour Beatty Living Places (BBLP)
- Drainage and flooding
- The lengthsman scheme (drainage and verge maintenance)
- Footpaths

On the whole, the comments about the relationship between parishes and BBLP were that there was still significant room for improvement. Although there was some recognition that improvements had been made, many parishes reported still not being listened to, issues with maintenance and routine improvements not happening, and difficulties using the reporting app.

Routine clearing of roads, pathways and drains were concerns raised often in relation to having to make use of volunteers to maintain this work, and the knock-on effect of this not being done was flooding. Drainage grants were mentioned as an option.

Similar stories were given about the footpaths, with these also not being routinely maintained and were not in a good state of repair. The use of volunteers for maintenance and inspection was again mentioned.

There was strong support for any reintroduction of the Lengthsman scheme, particularly if this came with funding and training for any personnel. It was felt to be a good opportunity if the Parish Paths Partnership could also be included as part of this scheme.

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Appendix A - Questions asked during the Zoom Consultations.

1. In last year's budget consultation preventative services were identified as an area in need of more prioritisation. What preventative measures would you like to see in any of the following service areas? Or another service area? (Open discussion)
   a. Children's services
   b. Adult social care
   c. Support for vulnerable people

2. Do you agree that Herefordshire Council is doing enough towards achieving its ambition of a net zero and nature rich county? (Poll)

3. What are the key things you would like to see done differently in the county to help mitigate the climate emergency? (Open discussion)

4. Families on low incomes receive a discount on Council Tax (the council tax reduction scheme), however due to the pandemic low-income families currently receive an <u>additional</u> discount on their Council Tax. Do you think the Council should remove this additional discount? (Poll)

5. What would be the most effective way to help your community recovery from the pandemic? (Open discussion)

6. Which of the following options would you prefer?
   Option A: To increase Council Tax in 2022/23 by 2.99% general Council Tax This would be an increase of £49.40 per year (or £4.12 per month) for a band D household. This would raise an additional £3.4 million.
   Option B: To increase Council Tax in 2022/23 by 1.99% general Council Tax This would be an increase of £32.88 per year (or £2.74 per month) for a band D household. This would raise an additional £2.2 million.
   Option C: To increase Council Tax in 2022/23 by 0.99% general Council Tax This would be an increase of £16.36 per year (or £1.36 per month) for a band D household. This would raise an additional £1.1 million.

7. If a Herefordshire Lottery Scheme or Herefordshire Voluntary Contribution Scheme was to go ahead, how would you like to see the money spent? (Poll followed by discussion)

8. Local authorities have the opportunity to borrow money from central government and other sources, and currently Herefordshire Council has not borrowed as much as it is able to. Do you agree that Herefordshire Council should in principle borrow more money to achieve the wider aims of the Council? (Poll)

9. If additional money was borrowed in which area/s would you like to see it spent? (Poll)

10. Where would you like greater control / influence over the public realm in your local area? (Open discussion question only Parish and Town Councils).

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Appendix B - Engagement - A breakdown of the numbers participating in each session is provided below.

Session no.	Time/Date	Area	Number booked on	Number attended on the day
1	Wed 1st September, 7-8.30pm	Hereford City PCN area Parish and Town Councils	2	Cancelled due to low numbers
2	Thursday 2nd September, 7-8.30pm	East PCN area Parish and Town Councils	13	8
3	Monday 6th September, 7-8.30pm	South West PCN area Parish and Town Councils	14	8
4	Tuesday 7th September, 7-8.30pm	North PCN area Parish and Town Councils	11	10
5	Wednesday 8th September, 7-8.30pm	Hereford City community groups	2	Cancelled due to low numbers
6	Thursday 9th September, 7-8.30pm	East community Groups	3	4
7	Tuesday 14th September, 12.30pm-2pm	Hereford City community groups	6	3
8	Tuesday 14th September, 7 – 8.30pm	South West community groups	6	3
9	Wednesday 15th September, 7 – 8.30pm	North West community groups	1	Cancelled due to low numbers
10	Thursday 16th September, 5.30 - 6.30	Hereford 6th form students		No attendance
11	30th September 1:30-2:30 Face to Face at Plough Lane	Care leavers	7	7
12	Thursday 16th September, 7-8.30pm	Connexus Housing		2
13	Wednesday 22nd	Hereford City PCN area Parish and Town Councils		4
14	Wednesday 29th Sept	Leominster PCN area Parish and Town Councils		1

YOUR SAY ON HEREFORDSHIRE COUNCIL'S BUDGET FOR 2022/2023: KEY FINDINGS

Version 1.0

Herefordshire Council Intelligence Unit

November 2021

CONTENTS

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

The consultation

The formal public consultation on Herefordshire Council's budget for 2022/23 was carried out using an online questionnaire published on the council's website from 27 August 2021 to 04 October 2021. The consultation was also promoted via the council's social media channels.

A total of 134 responses were received to the online questionnaire, including one response on behalf of an organisation 'Echo of Hereford'. Responses to this year's consultation were relatively low, half the number of responses received to last year's consultation. It's important to be aware of this low response when considering the results; in particular the percentages: an apparently large percentage difference can equate to just a few individual responses.

There was an equal split of male and female respondents. The age profile shows a fair representation of working age (16-64 years) respondents and a marked bias from residents from the upper Council Tax bands (D to H) was also observed.

The following summary presents responses to this year's questionnaire, along with comparison to last year's responses where similar questions were asked. They are marked with this symbol: ⧗

Results

Satisfaction with council services (Q1)

The first section of the questionnaire asked about satisfaction with services that Herefordshire Council provides. Different services were listed for residents and for businesses/organisations, and respondents were asked to consider services that they have used themselves in the last year.

The graph (figure 1) below is ordered by the number of people who gave an opinion[1] on the service, with the most used services at the top. It shows three broad groupings of services in terms of usage.

Note that the percentages quoted in the text below are calculated out of only those people who had used the service, so don't match those on the chart (which shows the proportions of all respondents, to illustrate the wide variation in usage).

- Overall, there were three services which at least half of users who gave an opinion[1] said they were satisfied with: 'waste and recycling' (62%), 'parks and open spaces' (54%), and 'schools' (54%).
- There was a clear distinction in satisfaction levels among the most used services, with higher level of satisfaction for 'waste and recycling' (62% of users satisfied/very satisfied) and 'parks and open space' (54%), while 'highways and roads' has the lowest satisfaction (12%).
- In fact, 'highways and roads' is the service that the users are mostly dissatisfied with (83% of users dissatisfied/very dissatisfied).
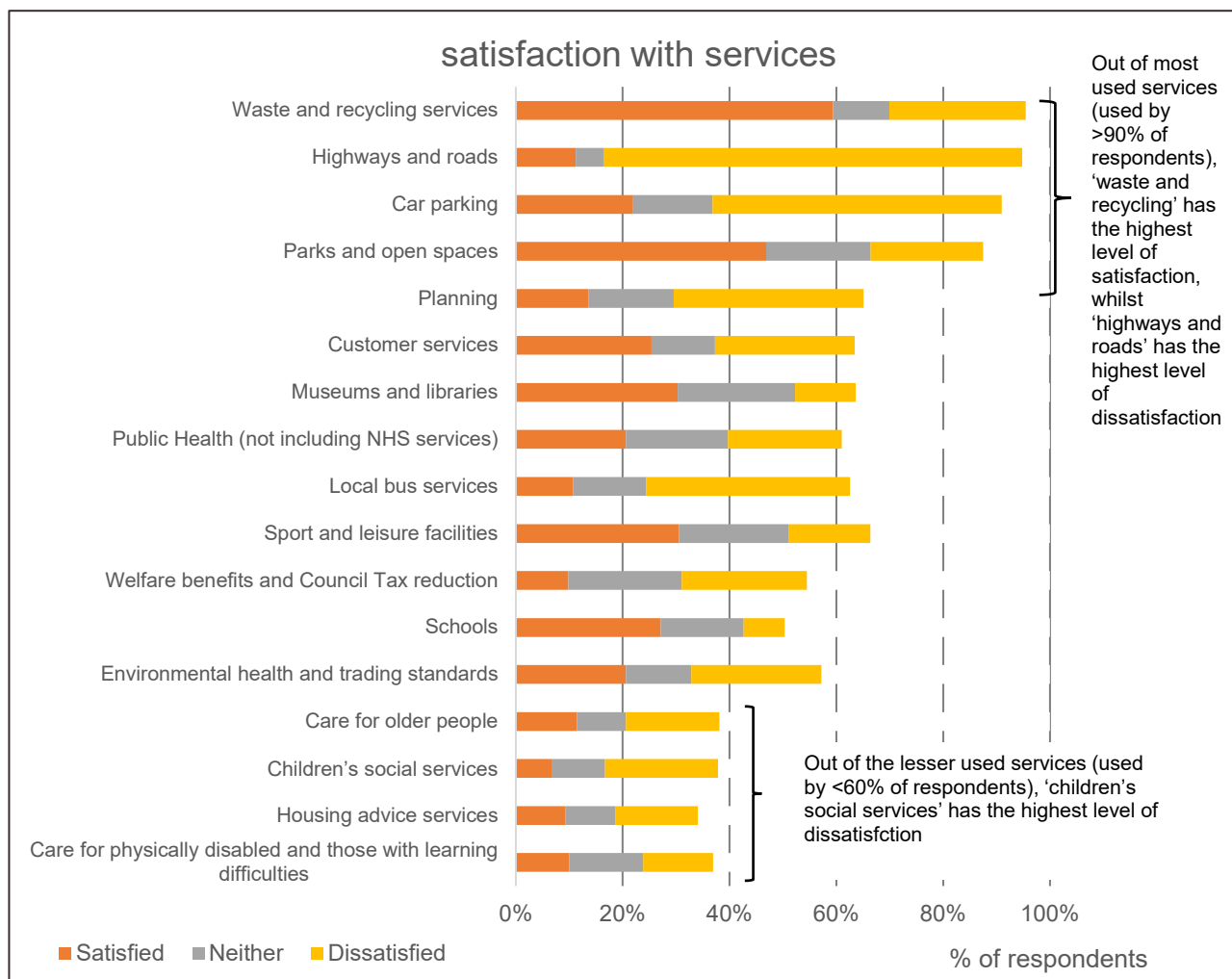
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[1] i.e. respondents who said that they used the services, and excluding those who answered 'don't know'.

- Amongst the lesser used services, satisfaction with services for older people is high (30% of users) – but less so for 'children's social services' (18%).
- Other than 'highways and roads', there are four other services where dissatisfaction was higher than 50%: 'local bus services' (61%), 'car parking' (60%), 'children's social services' (56%) and 'planning' (55%).

There appeared to be a broadly similar pattern in terms of the usage of services, although respondents this year were more likely to say they had used the services compared to last year's response. Overall, respondents to this year's consultation were less satisfied or more dissatisfied with most of the services than last year. The largest drop in satisfaction is with 'care for older people' (by 28 percentage points) which also has the largest rise in dissatisfaction (by 24 percentage points), however this is one of the least used services. There are clear variations in the levels of satisfaction with 'car parking', 'local bus services', 'public health' and 'children's social services' with fewer users been satisfied and more users been dissatisfied with than last year.

Figure 1: Residents' satisfaction with council services (ordered by usage)

satisfaction with services

Out of most used services (used by >90% of respondents), 'waste and recycling' has the highest level of satisfaction, whilst 'highways and roads' has the highest level of dissatisfaction

Out of the lesser used services (used by <60% of respondents), 'children's social services' has the highest level of dissatisfction

Making services more affordable to run (Q2-Q4)

Q2. This question asked respondents to specify their views on how to make the following services more affordable. The common themes from the comments received are listed below each service:

a. Making more efficient use of council assets such as land and buildings (69 comments)
   - Use council assets to generate income
   - Diversify the usage of assets e.g. establish community hubs in council buildings
   - Convert council buildings to affordable housing

b. Changing working practices to make better use of technology and more efficient ways of working (62 comments)
   - Enhance remote/flexible working for council staff where possible
   - Invest in fit for purpose technology e.g. Single data management hubs across agencies to manage interventions with complex clients and case workers, WiFi enabling village halls.

c. Working in partnership and sharing services with other councils and public sector agencies (63 comments)
   - Make internal and local partnerships rather than sharing services with other authorities
   - Make partnerships only if it provides better services, cut down costs
   - Do not make partnerships as a cost cutting exercise/not with the expense of reduction in resources.

d. Using digital technology more widely to support the delivery of services (58 comments)
   - Combination of methods need to be used including face to face meetings
   - Make services accessible for all – vulnerable, elderly, people with learning disability, people who are not computer literate, and already disadvantaged groups.
   - Place better infrastructure, more mobile signal coverage first

e. Making more services available online (53 comments)
   - Do not make services fully automated, make services accessible for people who are not capable of using automated services
   - Not all services are suitable for online provision

Q3. This question asked respondents to provide preventative measures that they would like to see in any of the following service areas.

a.   Children's services (48 comments)

- Early identification of needs
- More robust, effective and timely early intervention process
- More competent, committed, qualified, permanent social workers
- Reduce workload of social workers to spend more time on cases
- Provide more resources to early help

b.   Adult social care (54 comments)

- Collaborative working with all agencies e.g. NHS, council, care agencies
- Provide care in the community instead of institutional care and improve provision of home care to prevent unnecessary and unwanted residential placements
- More days centres, support hubs to provide leisure facilities, activities and clubs

c.   Support for vulnerable people (45 comments)

- Develop community based support e.g. mentoring for young and vulnerable people, more day centres, activities/clubs and meals provided for them
- Improve support for independent living
- Provide a single point of contact for all sectors, collaborative work between all agencies involved and a charter of what is to be offered and where it can be found
- Improve access to mental health services, training in coping strategies

d.   Specific prevention measures for any other service area (27 comments)

- Improve access to services and more services to refer to e.g. mental health services, financial help, bereavement
- Improve council practices and standards
- Take actions to protect environment and promote recycling

Q4. Local authorities have the opportunity to borrow money from central government and other sources, and currently Herefordshire Council has not borrowed as much as it is able to.

Respondents were asked whether they agree that the council should borrow more money to achieve its wider aims.

- 58% of respondents agreed for the council to borrow more money to achieve its wider aims while 26% did not agree and further 17% chose to select 'don't know'.

Q5. Only the respondents who agreed that the council should borrow money were then asked to rank areas in order of priority to spend the additional money on.

The results presented in Figure 2 are based on a weighted average of those responses.

There were no stark differences seen in the order of priority for these areas, however, 'children's services (not education) e.g. children in care, respite care, support for children with disabilities' was ranked slightly higher overall. 'Road maintenance' and 'measures to address the climate emergency' have polarised views – Table 1.

Figure 2: priority spending areas ordered by weighted score
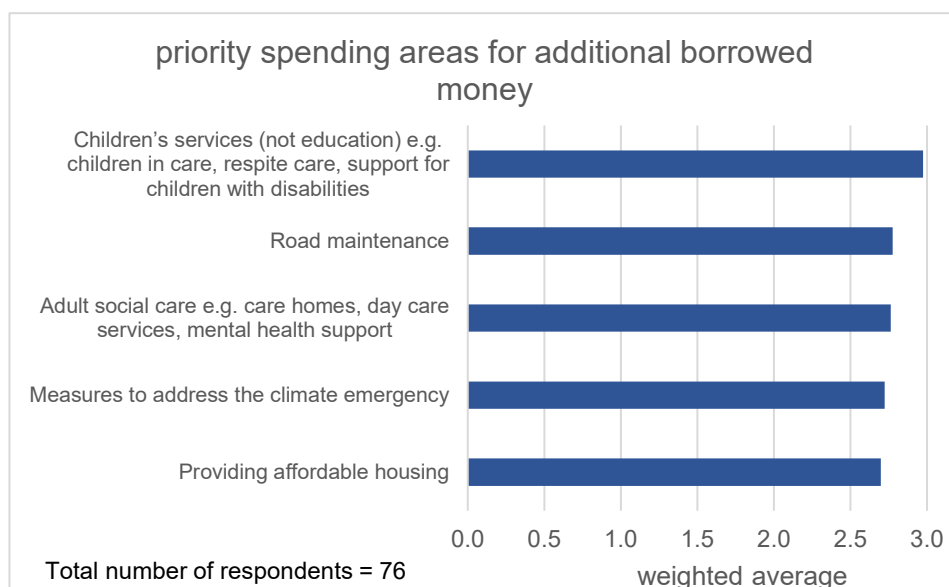
Table 1: proportion of responses to Q5 based on total respondents who ranked at least one option.

	Rank (1= highest and 5 = lowest)				
	1	2	3	4	5
Measures to address the climate emergency	**30%**	9%	8%	17%	**26%**
Road maintenance	**29%**	13%	12%	8%	**29%**
Adult social care e.g. care homes, day care services, mental health support	8%	**25%**	**25%**	**29%**	4%
Children's services (not education) e.g. children in care, respite care, support for children with disabilities	12%	**28%**	**29%**	17%	7%
Providing affordable housing	17%	17%	17%	18%	**28%**

Respondents were invited to provide other suggestions too. The most common areas suggested to spend the additional borrowings on were: road infrastructure, preventative services, housing, employment opportunities, and public transport.

Tackling climate change and protecting nature (Q6-Q8)

The questions in this section were about the council's carbon management plan and the corresponding action plan.

Q6. 40% of respondents said that Herefordshire Council is not doing enough towards achieving its ambition of a net zero and a nature rich county, compared to 20% who agreed that the council is doing enough. 13% said that they don't agree with the council working towards this ambition.

Sixty respondents commented on Herefordshire Council's work towards achieving its ambition of a net zero and nature rich county. The majority (57%) of comments indicated that the council is not doing enough to achieve its targets, 18% acknowledged that the council is doing enough and heading in the right direction and 12% represented respondents' view on they do not agree with Herefordshire Council working towards this ambition. Despite their varied opinions, respondents provided suggestions for improvement such as tougher planning regulations, more recycling facilities, better and safer cycle routes further afield than the centre of the city, and raising public awareness. Some comments also addressed concerns over other priorities that the council should focus on and some believed the work towards net zero ambition needs to be done by the public and not the council.

Q7. Figure 3 shows the level of support that respondents are prepared and able to do for mitigating climate change.

- The majority (60% or more) of respondents said they are already
    - using reusable bottles and containers (75%)
    - walking more for local journeys (61%) and
    - composting food waste, paper, etc (59%)

- The options with the largest proportion of respondents who 'are intending to do' were 'changing to an electric or hybrid car' (36% compared to fewer than 10% who already have) and 'aiming for zero food waste' (29%, in addition to the 50% who are already doing).
- 'Using Beryl bikes' and 'cycling more for local journeys' were the most common options for people to say they support but are unable to do themselves (26% and 20% respectively), but

- They were also the options that people were most likely to say 'no' they didn't support (51% and 41% respectively): along with 'choosing public transport rather than my own vehicle' (51%).

Lack of safer and lengthier cycle lanes or lack of reliable public transport were mentioned as to why respondents are not prepared to give up their car journeys towards mitigating climate change.

Forty respondents commented on other activities that they already do or intend to do. Life style changes such as eating less or no meat, using sustainable clothing, choosing sustainable travel choices, making their homes energy efficient or using green energy by adapting to solar power and using energy saving bulbs were cited most frequently. A few respondents said they practice self-sufficient gardening or organic gardening and provide green waste for making bio fuel.

Figure 3: level of support for mitigating climate change (ordered by level of support – already do or intend to do)

Support for mitigating climate change by:

Legend:
- Yes, I am doing this already
- Yes, I intend to do
- I support this but can't do myself (e.g. can't afford, due to disability)
- No
- Don't know
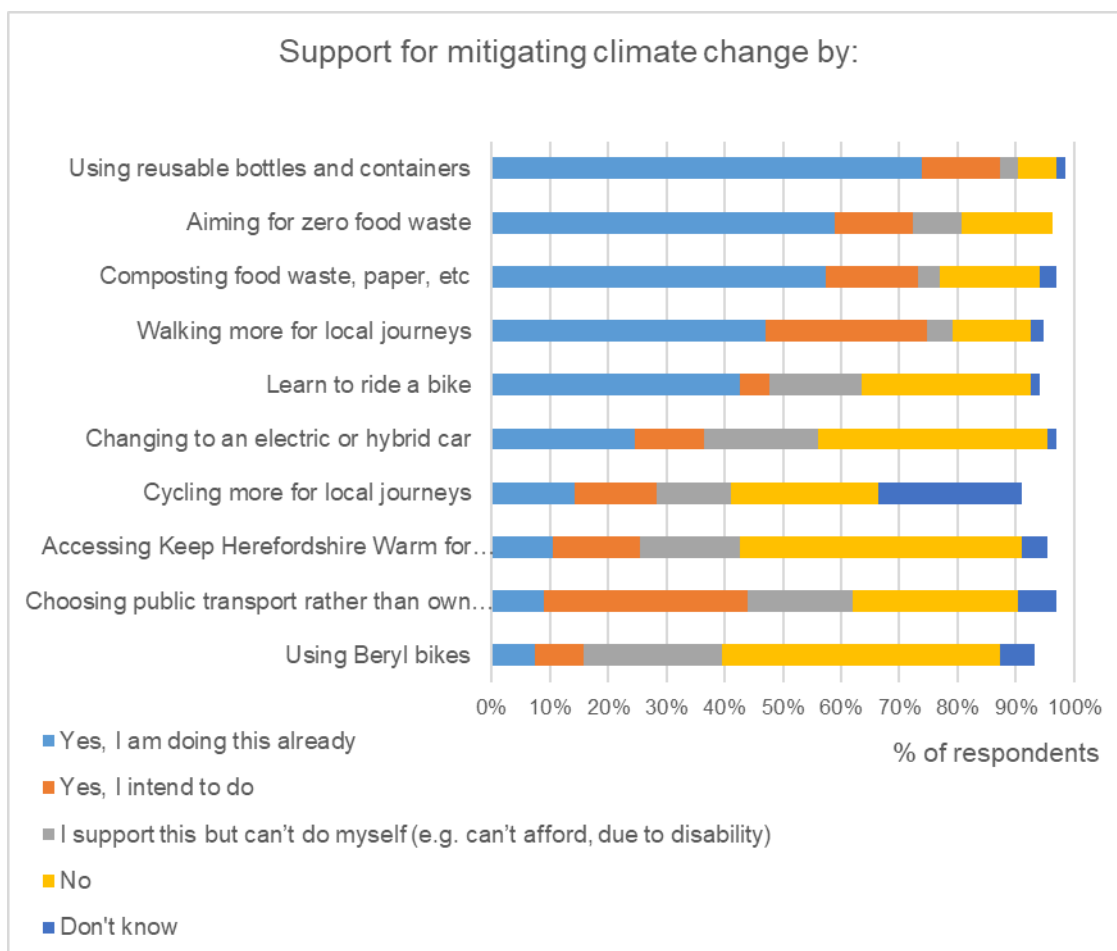
Q8. There were 90 comments made when asked about the key things respondents would like to see done differently in the county to help mitigate the Climate Emergency.

Schemes to help support vulnerable residents (Q9)

In last year's consultation there was support for raising money to help support vulnerable residents through a Voluntary Contribution Scheme. Building on that, this year respondents were how they would like to see any money raised through a Herefordshire Lottery Scheme or Voluntary Contribution Scheme spent.

Respondents could select as many of the four options as they wanted, but areas that stand out as being most popular:

- Allocated to parish and town councils to decide with local residents for their area (48%)

- Thematic areas such as children, vulnerable adults, climate emergency (47%)

'Specific charities or local groups' and 'Geographical priority areas' were selected by 37% and 22% of respondents respectively.

Of those who provided details, some respondents thought parish/ town councils and local voluntary or charity organisations would be best placed in understanding their local needs and how these might be best supported. Social housing, young adults with limited capabilities or eligible children were also mentioned by respondents as to where the money should be spent.

Council Tax options for 2022/23 (Q10 to Q12)

Q10. In this section, residents were asked about their preference on the level of Council Tax increase that the council should consider for 2022/23: increase Council Tax by 2.99%, 1.99% or by 0.99%. Figure 4 shows the respondents preferred options.

- 38% of respondents supported an increase of 0.99%

- Around 20% supported an increase of either 2.99% or 1.99%. A similar proportion said that they preferred neither option.

- The other 20% preferred neither option; it is not possible to know if they would support less than 0.99% or more than 2.99%.

Figure 4: preference on increasing Council Tax

Preferred options for Council Tax increase

Option	% of respondents
Option A: increase Council Tax by 2.99%	20%
Option B: increase Council Tax by 1.99%	19%
Option C: increase Council Tax by 0.99%	38%
No preference	1%
None of the above	18%
Don't know	3%
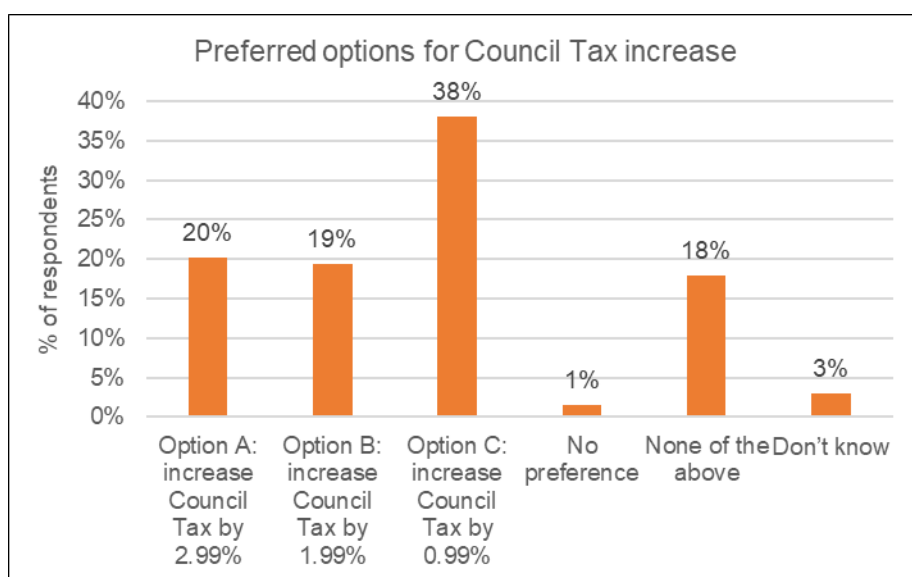
Q11. In last year's consultation, residents were asked if they would be prepared to pay more Council Tax to help households on low incomes. Given the adverse consequences of Covid-19, the question was repeated in this year's consultation in order to collect views again for the forthcoming year 2022/23.

- Whilst 28% of respondents indicated that they would be willing to pay more Council Tax if the increase was used to help households on low incomes, 56% said they wouldn't and 16% were undecided.

Notably fewer respondents supported this than last year: 41% (2020) compared to 28% (2021). Although fewer respondents also said they wouldn't be willing to pay more (56% compared to 59% in 2020), a sixth of respondents (16%) selected 'don't know' this year – an option that was not included in last year's question.

Q12. Families on low incomes receive a discount on Council Tax, however, due to the pandemic low income families currently receive an additional discount on their Council Tax.
When asked about whether to remove this additional discount, the majority (54%) felt that it should not be removed this year – half of whom said it shouldn't be removed at all, and half said 'not yet'. 40% of respondents thought that the additional discount should be removed now and 6% chose not to express an opinion – Figure 5.

Figure 5: Views on removing the additional discount on Council Tax for low income families

Views on removing the additional discount on Council Tax for low income families

No opinion, 6%

Not yet, 28%

Yes, 40%

No, 26%
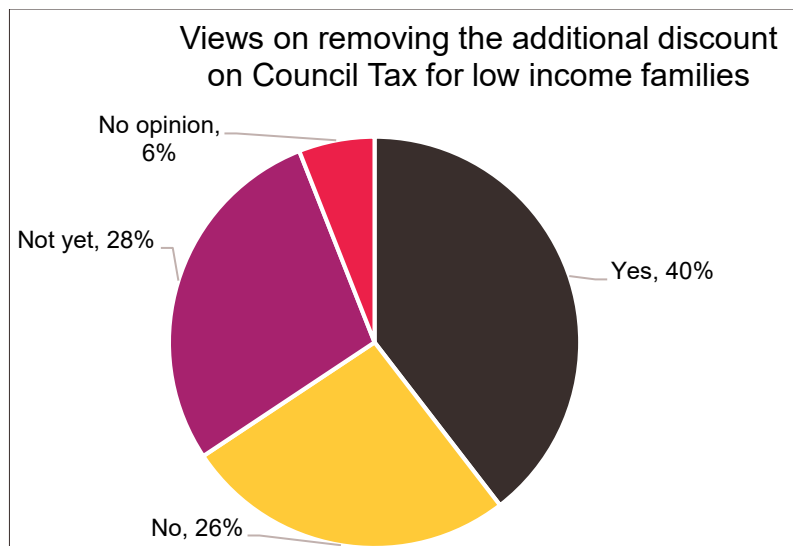
Participation in other consultations (Q13 and Q14)

43% of those who responded to this year's budget consultation had also taken part in previous consultations. Most of them had completed Herefordshire Council's recent waste consultation. Amongst the other consultations mentioned, this year's bus consultation and local consultations such as parish surveys and neighbourhood development plan surveys were the most common.

Appendix 1: Top line report

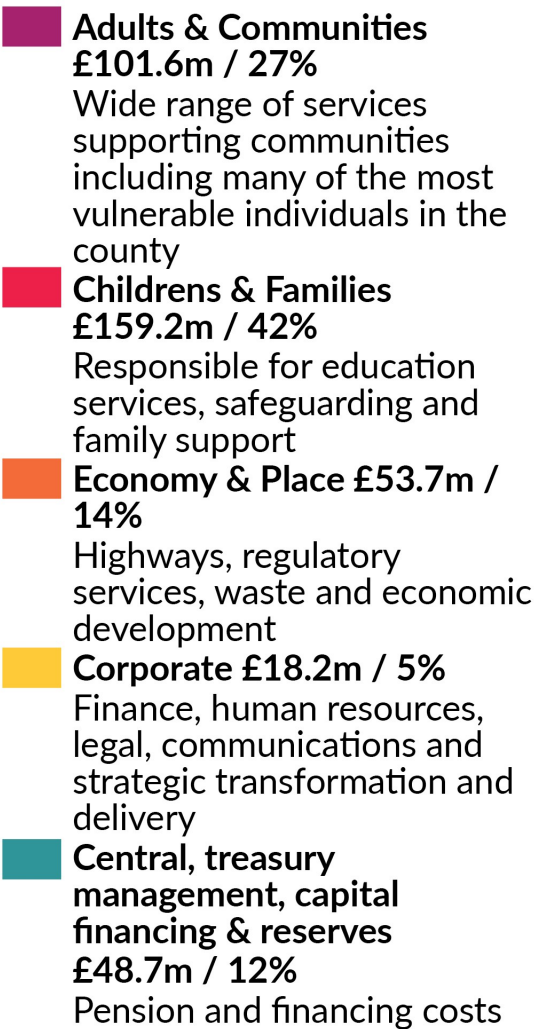# Your say on Herefordshire Council's budget and tax for 2022/23

The following results are from 134 respondents for the online questionnaire.
The percentages are based on respondents to each question/statement.

The previous public consultation held last winter (2020-21) invited residents to have some tough conversations about what services they prioritised and where they felt savings could be made, as well as exploring the potential for generating income through alternative revenue streams.

While the world may have changed dramatically during the past eighteen months and the pandemic has brought new challenges, it has also brought with it opportunities and the chance to re-evaluate our actions, work programmes and budgets in partnership with residents, stakeholders, communities and businesses to lead Herefordshire into the future with confidence.

Unlike last year we are not facing a significant funding gap so the focus of this consultation is to build on some of the conversations we started last year and to look at how we might begin a journey of transformation, looking at the way we deliver our services in the most efficient and environmentally friendly way.

For your information this is how much the council was budgeted to spend in 2021/2022 and how the money has been allocated:

Adults & Communities £101.6m / 27%
Wide range of services supporting communities including many of the most vulnerable individuals in the county

Childrens & Families £159.2m / 42%
Responsible for education services, safeguarding and family support

Economy & Place £53.7m / 14%
Highways, regulatory services, waste and economic development

Corporate £18.2m / 5%
Finance, human resources, legal, communications and strategic transformation and delivery

Central, treasury management, capital financing & reserves £48.7m / 12%
Pension and financing costs

In 2021/22 the council has a gross revenue budget of £381.4 million to invest in the community. This is the money we use to pay for your day to day services - such as educating children, caring for vulnerable people and recycling and waste.

What do you think of our services?

Q1 Thinking about services you have used in the last year, how satisfied or dissatisfied are you with each of the following services provided or supported by Herefordshire Council?

	Not used	Very satisfied	Fairly satisfied	Neither satisfied or dissatisfied	Fairly dis satisfied	Very dis satisfied	Don't know
Care for older people	56 (43%)	3 (2%)	12 (9%)	12 (9%)	11 (8%)	12 (9%)	25 (19%)
Care for physically disabled and those with learning difficulties	60 (46%)	4 (3%)	9 (7%)	18 (14%)	9 (7%)	8 (6%)	22 (17%)
Children's social services	58 (44%)	3 (2%)	6 (5%)	13 (10%)	9 (7%)	19 (14%)	24 (18%)
Customer services	30 (24%)	13 (10%)	19 (15%)	15 (12%)	13 (10%)	20 (16%)	16 (13%)
Environmental health and trading standards	44 (34%)	10 (8%)	17 (13%)	16 (12%)	16 (12%)	16 (12%)	12 (9%)
Housing advice services	57 (44%)	7 (5%)	5 (4%)	12 (9%)	6 (5%)	14 (11%)	28 (22%)
Highways and roads	4 (3%)	1 (1%)	14 (10%)	7 (5%)	29 (22%)	76 (57%)	3 (2%)
Museums and libraries	35 (27%)	16 (12%)	24 (18%)	29 (22%)	10 (8%)	5 (4%)	13 (10%)
Local bus services	38 (29%)	3 (2%)	11 (8%)	18 (14%)	21 (16%)	29 (22%)	11 (8%)
Parks and open spaces	12 (9%)	22 (17%)	38 (30%)	25 (20%)	14 (11%)	13 (10%)	4 (3%)
Planning	31 (23%)	5 (4%)	13 (10%)	21 (16%)	18 (14%)	29 (22%)	15 (11%)
Public Health (not including NHS services)	35 (27%)	14 (11%)	13 (10%)	25 (19%)	15 (11%)	13 (10%)	16 (12%)
Schools	43 (33%)	11 (9%)	24 (19%)	20 (16%)	4 (3%)	6 (5%)	21 (16%)
Sport and leisure facilities	40 (31%)	8 (6%)	32 (24%)	27 (21%)	8 (6%)	12 (9%)	4 (3%)
Waste and recycling services	3 (2%)	34 (26%)	45 (34%)	14 (11%)	18 (14%)	16 (12%)	3 (2%)
Welfare benefits and Council Tax reduction	43 (33%)	6 (5%)	7 (5%)	28 (21%)	7 (5%)	24 (18%)	17 (13%)
Car parking	7 (5%)	7 (5%)	22 (17%)	20 (15%)	26 (20%)	46 (35%)	5 (4%)

Making services more affordable to run

In last year's online budget consultation residents were asked how they felt services could be made more affordable to run in the next 5-10 years. These results showed there was most support for:

a. Making more efficient use of council assets such as land and buildings

b. Changing working practices to make better use of technology and more efficient ways of working

c. Working in partnership and sharing services with other councils and public sector agencies

d. Using digital technology more widely to support the delivery of services

e. Making more services available online

Q2. Looking at each of the preferred options above, do you have any specific views about how this could be done?

a. Making more efficient use of council assets such as land and buildings

69 comments

b. Changing working practices to make better use of technology and more efficient ways of working

62 comments

c. Working in partnership and sharing services with other councils and public sector agencies

63 comments

d. Using digital technology more widely to support the delivery of services

58 comments

e. Making more services available online

53 comments

Q3.   In last year's budget consultation preventative services were identified as an area in need of more prioritisation. Examples of preventative services could be providing earlier intervention and help to children and their families to avoid children going into care, supporting adults to live independently and safely in their own homes, supporting people to be more active e.g. providing free leisure facilities, such as swimming, support for vulnerable people e.g. cross-service prevention work with health partners and local and voluntary organisations to prevent homelessness and drug/substance misuse.

What preventative measures would you like to see in any of the following service areas? Or another service area?

    a. Children's services

    48 comments

    b. Adult social care

    54 comments

    c. Support for vulnerable people

    45 comments

    d. Specific prevention measures for any other service area

    27 comments

Q4   Local authorities have the opportunity to borrow money from central government and other sources, and currently Herefordshire Council has not borrowed as much as it is able to. Do you agree that the council should borrow more money to achieve its wider aims? (Please see County Plan for aims).

77 (58%) Yes

34 (26%) No (go to Q6)

22 (17%) Don't know (go to Q6)

Q5.   If you support borrowing and additional money was borrowed, in which areas would you   like to see it spent? Please rank all five choices in order of the priority you would give each where one is the highest and five the lowest.

	1	2	3	4	5
Measures to address the climate emergency	23 (33%)	7 (10%)	6 (9%)	13 (19%)	20 (29%)
Road maintenance	22 (32%)	10 (14%)	9 (13%)	6 (9%)	22 (32%)
Adult social care e.g. care homes, day care services, mental health support	6 (9%)	19 (28%)	19 (28%)	22 (32%)	3 (4%)
Children's services (not education) e.g. children in care, respite care, support for children with disabilities	9 (13%)	21 (30%)	22 (31%)	13 (19%)	5 (7%)
Providing affordable housing	13 (18%)	13 (18%)	13 (18%)	14 (19%)	21 (28%)

Q5a If you have another area you would like to suggest please give details below, together with the priority you would give it.

 21 comments

Tackling climate change and protecting nature

Since 2003, the council has been looking at ways to reduce its carbon footprint and also leading countywide carbon reduction efforts. In recognition of this it declared a Climate Emergency in March 2019. The council has set itself a target of reaching carbon neutrality by 2030 and is aiming for a 75% reduction by 2025/26. To achieve this the council is undertaking a number of energy efficiency projects e.g. installation of solar panels on some council owned buildings, hybrid and electric pool cars, use of renewable energy and initiatives to influence behaviour change.

Alongside these changes the council is also working with partners, businesses and residents on a journey to get the county to net zero and nature rich by 2030. Considerable funding will be required from a wide range of sources and some difficult decision will have to be made on this journey. To succeed it will need the support of local residents and communities.

More information are in the council's Carbon Management Plan and the corresponding Action Plan.

Q6   Do you agree that Herefordshire Council is doing enough towards achieving its ambition of a net zero and nature rich county?

36 (27%) Yes, enough

54 (40%) No, not enough

27 (20%) Don't know

17 (13%) I don't agree with Herefordshire Council working towards this ambition

Q6a Any other comments:

   60 comments

Q7   Which, if any, of the following options for mitigating climate change would you be prepared and able to support?

	Yes, I am doing this already	Yes, I intend to do	I support this but can't do myself (e.g. can't afford, due to disability)	No	Don't know
Accessing Keep Herefordshire Warm for home energy advice	19 (16%)	19 (16%)	17 (14%)	34 (28%)	33 (27%)
Walking more for local journeys	79 (61%)	18 (14%)	11 (9%)	21 (16%)	0 (0%)
Learn to ride a bike	57 (45%)	7 (6%)	21 (17%)	39 (31%)	2 (2%)
Using Beryl bikes	10 (8%)	11 (9%)	32 (26%)	64 (51%)	8 (6%)
Cycling more for local journeys	33 (25%)	16 (12%)	26 (20%)	53 (41%)	2 (2%)
Choosing public transport rather than own vehicle	14 (11%)	20 (16%)	23 (18%)	65 (51%)	6 (5%)
Changing to an electric or hybrid car	12 (9%)	47 (36%)	24 (18%)	38 (29%)	9 (7%)
Aiming for zero food waste	63 (50%)	37 (29%)	6 (5%)	18 (14%)	3 (2%)
Composting food waste, paper, etc	77 (59%)	21 (16%)	5 (4%)	23 (18%)	4 (3%)
Using reusable bottles and containers	99 (75%)	18 (14%)	4 (3%)	9 (7%)	2 (2%)
Other	21 (42%)	6 (12%)	0 (0%)	5 (10%)	18 (36%)

Q7a.   Other, please give details below:

   41 comments

Q8   What are the key things you would like to see done differently in the county to help mitigate the Climate Emergency?

     90 comments

Schemes to help support vulnerable residents

Last year we consulted on two new ideas for raising money to help support vulnerable residents:
Looking into the establishment of a lottery scheme for the council for the purpose of raising funds to support good causes, benefitting the residents of Herefordshire (through local consultation)
Looking into the establishment of a voluntary contribution scheme for the council for the purpose of raising funds to support good causes, benefitting the residents of Herefordshire (through on-line consultation)

In general, participants were in support of the two schemes and officers have looked into the merits of each. If these were actioned it would be useful to understand how residents would like to see the money raised spent.

Q9   If a Herefordshire Lottery Scheme or Herefordshire Voluntary Contribution Scheme was to go ahead, how would you like to see the money spent? Tick all that apply

26 (22%) Geographical priority areas

56 (47%) Thematic areas such as children, vulnerable adults, climate emergency

44 (37%) Specific charities or local groups

57 (48%) Allocated to parish and town councils to decide with local residents for their area

  7 (6%) Other

Q9a Other, please give details below:

     16 comments

Council Tax options for 2022/23
Proposed Council Tax increase

Last year, for 2021/22, due to the large scale savings required amounting to £11.205million, Council Tax was increased by 4.99% (1.99% general Council Tax and 3.00% Social Care Precept) which raised only £3.2 million due to a tax base decrease.

For next year, 2022/2023 savings of this magnitude are not anticipated and the council would like your views on the level of Council Tax that it should consider for 2022/2023.

Please note: the council has no control over the Council Tax collected on behalf of the police, fire service, or parish and town councils. Each of these bodies will make their own independent decisions.

Option A: To increase Council Tax in 2022/23 by 2.99% general Council Tax. This would be an increase of £49.40 per year (or £4.12 per month) for a band D household and would raise an additional £3.4 million.

Option B: To increase Council Tax in 2022/23 by 1.99% general Council Tax This would be an increase of £32.88 per year (or £2.74 per month) for a band D household and would raise an additional £2.2 million.

Option C: To increase Council Tax in 2022/23 by 0.99% general Council Tax This would be an increase of £16.36 per year (or £1.36 per month) for a band D household and would raise an additional £1.1 million.

Q10 Which of the following options would you prefer?

27 (20%) Option A: increase Council Tax by 2.99%

26 (19%) Option B: increase Council Tax by 1.99%

51 (38%) Option C: increase Council Tax by 0.99%

2 (1%) No preference

24 (18%) None of the above

4 (3%) Don't know

Further information about Herefordshire Council Tax can be found using this link:
Your Council Tax explained 2021/22

Last year we asked if residents would be willing to pay more Council Tax if the increase was used to help households on low incomes. 41% of respondents supported this proposal and 59% did not. Given the adverse consequences of Covid-19, the council would like to ask for your views again on this issue for the forthcoming year 2022/2023.

Q11 In principle, would you be willing to pay more Council Tax if the increase was used to help households on low incomes?

37 (28%) Yes

75 (56%) No

22 (16%) Don't know

Q12 Families on low incomes receive a discount on Council Tax, however due to the pandemic low-income families currently receive an additional discount on their Council Tax. Do you think the council should remove this additional discount?

53 (40%) Yes

35 (26%) No

38 (28%) Not yet

8 (6%) No opinion

More information about the Council Tax Reduction Scheme

Q13 Have you taken part in a budget consultation previously?

57 (43%) Yes

67 (50%) No

10 (7%) Don't know

Q14 What other local consultations have you taken part in over the last year? Please consider any parish consultations, or county wide consultations such as Herefordshire Council's Waste survey.

52 comments

About you

Q15 Are you responding on behalf of an organisation or group, or as an individual?

1 (1%) Organisation or group

132 (99%) Individual

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

1 response

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.

You do not have to answer these questions. If you do not wish to complete them please indicate this below:

34 (100%) I do not wish to complete this section

Which Council Tax band are you in? (if you are not sure a rough guess is fine)

6 (6%) A

9 (9%) B

13 (13%) C

25 (25%) D

15 (15%) E

9 (9%) F

8 (8%) G

1 (1%) H

13 (13%) Don't know

1 (1%) Prefer not to say

Your gender

46 (46%) Male

49 (49%) Female

1 (1%) Other

3 (3%) Prefer not to say

What is your age band?

0 (0%) 0-15 years

4 (4%) 16-24 years

30 (30%) 25-44 years

38 (38%) 45-64 years

20 (20%) 65-74 years

7 (7%) 75+ years

1 (1%) Prefer not to say

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?

23 (23%) Yes

68 (69%) No

7 (7%) Prefer not to say

How would you describe your ethnic group?

88 (88%) White British/English/Welsh/Scottish/Northern Irish

4 (4%) Other White (please specify below)

1 (1%) Any other ethnic group (please specify below)

7 (7%) Prefer not to say

6 responses

Please tell us the first part of your postcode:

91 responses

Thank you for telling us your views, please click on the SUBMIT button below to send us your response.

Public Health Ring Fenced Grant (PHRFG) Budget
2020/21 to 2022/23

Service	20/21 Budget	21/22 Budget	22/23 Budget
	£000s	£000s	£000s
Public Health Grant	(9,236)	(9,520)	(9,420)
Public Health Establishment	765	843	843
Public Health Intelligence	120	120	120
Healthy Lifestyles	271	248	248
Health Protection	100	48	48
Dental Public Health	10	107	25
Health Improvement Programme	70	10	93
Obesity Programme	0	99	99
Smoking Cessation Commissioning	48	78	78
Health Checks Commissioning	288	261	261
Sexual Health Commissioning	1,110	1,138	1,138
Drugs and Alcohol Commissioning	1,568	1,701	1,601
Child Health Commissioning	2,514	2,495	2,494
Public Health Investment Plan **	2,372	2,372	2,372
Public Health	**0**	**0**	**0**

** The PH investment plan reflects the contribution that the PHRFG makes to other council
services whilst at the same time meeting the PHRFG outcomes.

Summary of the General Scrutiny Committee recommendations and the executive responses

2022/23 budget setting

On 27 January 2022, the General Scrutiny Committee, having been invited for its views on the budget proposals for 2022/23 following the announcement of the provisional financial settlement, recommended that:

Recommendation a)	Consideration be given to the main purpose for the consultation on budget setting and examine how to make the consultation as effective and engaging as possible, so as to make the results meaningful and usable.
Executive response	Next year's budget setting process for 2023/2024 will consider further the best use of consultation with all stakeholders. This year, a citizens' assembly was established, to make recommendations for priorities for Cabinet to consider, consultation next year could look to extend this approach.

Recommendation b)	Further analysis be undertaken comparing and contrasting the proportionate spend on environment and economy services with relevant comparator authorities.
Executive response	The analysis will be carried out and published prior to Full Council meeting on 11 February 2022.

Recommendation c)	The government be asked to look more closely at rural levelling up.
Executive response	The Leader of the Council will write to the Government on this matter.

Recommendation d)	The future presentation of graphs, such as the budget requirement by directorate, include relevant percentages and actual amounts wherever possible.
Executive response	This will be addressed in the papers for Full Council on 11 February 2022. Please find link to the council tax 2021/22 leaflet: Your Council Tax explained 2021/22 (herefordshire.gov.uk)

Recommendation e)	A written response be provided to the chairperson of the Adults and Wellbeing Scrutiny Committee on the further comments and concerns from members of that committee as soon as possible and in advance of the budget setting meeting of Council.
Executive response	Agreed. A written response will be provided.

Recommendation f)	The next budget include a programme to respond specifically to issues facing rural communities.
Executive response	Agreed, this will be taken account of in next year's budget setting process for 2023/2024.

Recommendation g)	The capital investment in highway maintenance in market towns is welcomed.
Executive Response	Noted.

Recommendation h)	Consideration be given to the use of 50% of the capital surplus for highways in 2023/24 and 2024/25
Executive response	Whilst the budget setting process mainly focuses on next year's budget (year 1), we acknowledge that consideration should be given to the use of 50% of the capital surplus for highways in 2023/24 (year 2) and 2024/25 (year 3). We are currently working on the projects for the refurbishment of Shire Hall and HCCTP, city centre transport programme. The council do currently have headroom in the capital programme in future years and we will commit to undertake a value for money (VFM) audit and lessons learned exercise in 2022 on the previous £20m capital injection and the projects it funded. This will inform decisions about how best to improve the condition of our core and non-core road networks. We would welcome scrutiny being involved in that process in the coming year so as to be better placed to understand the options available to us as we enter the budgeting process for the 2023/2024 budget.

Recommendation i)	The council should aim to become more targeted and to give funding support to those most in need.
Executive response	Yes agreed, the Council should and will work with the General Scrutiny Committee and other political groups to develop an appropriate support scheme. Supplementary paper attached.

Recommendation j)	Consideration be given to the use of the existing earmarked reserves for Adult Services to offset the requirement for the 1% adult social care precept for 2022/23.
Executive response	These reserves are necessary to mitigate not only the increasing and largely unpredictable pressures existing in this service area, but also to recognise the risks inherent in the young and still developing Talk Community network and the continued need for that community network to receive pump-priming funding and possible future funding injections in order for it to develop and grow. Additionally pressures for C&WB for 22/23 are £4.3 million which represent 5% of the overall gross budget, and these pressures do not presently take account of increasing inflation and the uncertainties regarding how sustained higher level of inflation will be in the care sector. The option of using c. £1.2 million of reserves as an alternative to levying the 1% Social Care Precept is a political decision, the consequences of which must be fully understood. The concern with this proposal is that by taking this level of funding for revenue activities from reserves means that £1.2 million of known and understood pressures will not be being funded in the core budget – effectively creating a deficit in the budget put before council.

	The consequence of this is that the council then enters future years with this deficit being further compounded. This risks continuing government caps on council's ability to raise income through local taxation will make balancing future budgets even more challenging.
	As we have only had a one year government settlement, it is not clear how government are proposing to fund social care costs in the future.
	We already have plans in train to utilise c.£500K of the C&WB reserve to provide hard working and often lower paid care workers in Herefordshire with a £500 bonus (subject to normal tax rules) assistance of funds from Workforce Retention Grant received from Central Govt. We believe that planning for such proposals targeted to support and reward the less well off is a better use of the available reserves than making a change to council tax proposals which will disproportionally reward the better off.
	Please also see recommendation i above.

Recommendation k)	The next budget include a programme to respond specifically to the climate and ecological emergency.
Executive response	Agreed. For the 2022/2023 budget, we have a citizens' assembly up and running looking at these issues, their recommendations will be presented to Cabinet.

Recommendation l)	The Audit and Governance Committee be invited to consider the use of consultants and information providers.
Executive response	Cabinet will invite the Chair of Audit and Governance Committee to add this to the Committee's work programme.

Recommendation m)	The following recommendations of the Adults and Wellbeing Scrutiny Committee and of the Children and Young People Scrutiny Committee be considered, as appropriate (see annex 1 and annex 2 below)
Executive response	See below.

Annex 1   **Summary of the Adults and Wellbeing Scrutiny Committee recommendations and the executive responses**

2022/23 budget setting

On 10 January 2022, the Adults and Wellbeing Scrutiny Committee, having discussed the budget proposals for 2022/23 as they related to the remit of that committee, recommended that:

Recommendation 1.	A breakdown of the base budget and how much is being spent in each area be provided to the committee. It is further expected that in future there should be consistency in the level of detail contained within the reports produced for each scrutiny committee.

Executive response

Service area	2020/21 budget £000s	2021/22 budget £000s	2022/23 budget £000s
Learning Disabilities	20,804	21,387	22,368
Memory and Cognition	2,690	2,657	2,357
Mental Health	3,692	3,616	3,394
Physical Support	25,081	26,130	28,521
Sensory Support	389	457	418
Client budget sub-total	**52,655**	**54,248**	**57,058**
All Ages Commissioning	1,751	1,603	1,442
Care Operations	8,861	8,425	8,329
Commissioned Services	3,044	3,036	3,174
Transformation & Improvement	614	918	953
Prevention and Support	3,033	2,526	2,577
Talk Community Programme	0	1,820	1,581
Directorate Management	(17,666)	(12,586)	(12,660)
Public Health	(4,874)	(0)	0
Non-client budget sub-total	**(5,238)**	**5,742**	**5,396**
Community Wellbeing total budget	**47,418**	**59,990**	**62,454**

NB. Budget figures include non-recurrent funding, reserve draw downs and transfers to reserves.

Recommendation 2.	Given the importance assigned to Talk Community to manage demand, an element of its budget be skewed towards better communication of its services and access to hubs so that there is more visibility and engagement with the community.

Executive response	Talk Community are currently working on a TC Communications Strategy which will launch in 2022/23. We are now at 39 Talk Community Hubs and expected to exceed 50 by the end of March 2022. We have spent £110,000 of the Talk Community budget on communication in this financial year and plan to continue with a spend equivalent to a full time post £'s during 2022/23. We have TC coordinators in each of the Primary Care Networks areas and will ensure that they continue to visibly promote Talk Community in their areas supported by the investment on communications.

Recommendation 3.	The Interim Director of Adult Services investigates the Homeshare programme and its possible benefits and reports back to the committee.
Executive response	We have undertaken research into the Homeshare Living Project

https://www.homeshareliving.co.uk/

The concept has excellent potential in a rural County and we are arranging to meet with the organisation within the next few weeks to explore a launch in Herefordshire. We will report back to the Committee with a launch plan following our meeting. |

Recommendation 4.	The Interim Director of Adult Services provides the committee with more information on the levels of satisfaction with the service generally and also the response raised by care leavers in the budget consultation.
Executive response	We are collating this from a number of sources and will report to the committee once it is complete.

Recommendation 5.	The costs involved with All Ages Commissioning, specifically mental health services, be provided to the committee.
Executive response	See update regarding Mental Health All Ages Commissioning in **Annex 3** below.

Annex 2   Summary of the Children and Young People Scrutiny Committee recommendations and the executive responses

              2022/23 budget setting

On 11 January 2022, the Children and Young People Committee, having discussed the budget proposals for 2022/23 as they related to the remit of that committee, recommended that:

Recommendation 1.	The committee notes and accepts the children and young people services budget for 2022/23.
Executive response	Noted.

Recommendation 2.	The committee be provided with a greater breakdown of detail where money is spent in the budget on specific service areas.
Executive response	This was included in the background papers for General Scrutiny Committee.

Recommendation 3.	The committee would want to see in future budgeting an increase in the allocation for early help / early years.
Executive response	Noted for consideration in next year's budget setting process for 2023/2024.

Annex 3   **Update regarding Mental Health All Ages Commissioning.**

Scrutiny requested an update on the imminent proposals for All Ages Commissioning with particular emphasis on Mental Health.

1. All Ages Commissioning Design Principles:-

An integrated structure; Council first

Learning from recent developments   - Focus on market resilience/emergency response

Leading commissioning for ICS

Strengthening quality assurance & value for money – All Age brokerage/placements, contract compliance and QA of contracts.

Sustaining & protecting commissioning resources with a modest increase in posts overall. An agile and integrated structure.

All age/life cycle pathways and teams.

- All age disability.

- All age mental health/wellbeing

- All age quality/review

- All age residential/nursing

Building expertise and career opportunities and more graduated structure with career steps. New apprenticeship proposals.

Strategic objectives - Commissioning Cycle
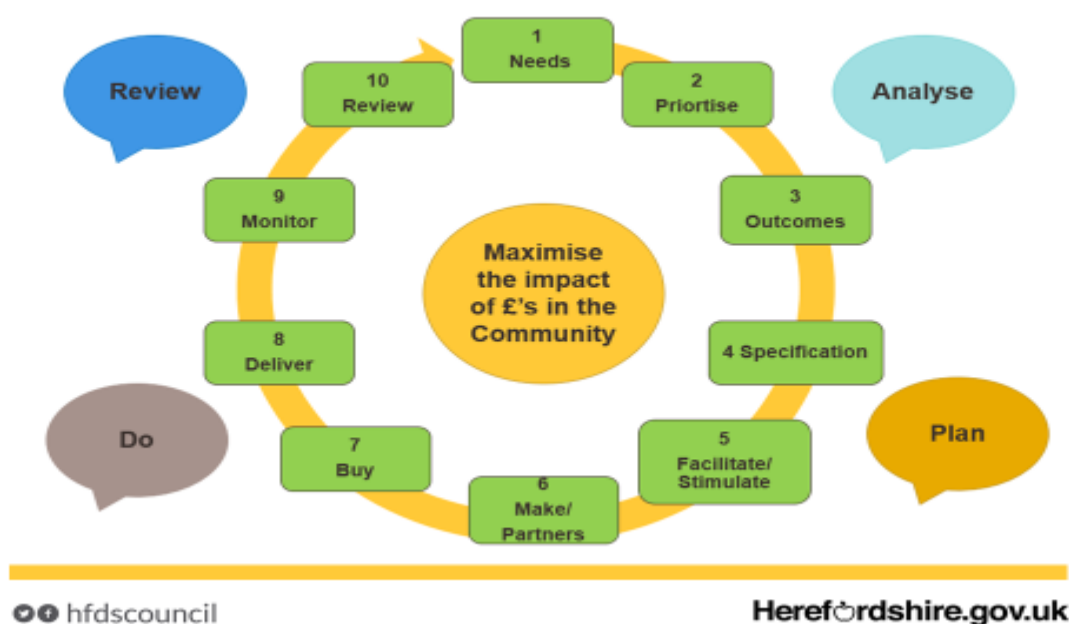
2. Mental health approach

Within the All Ages Community Commissioning Function we will have a Senior Commissioner dedicated solely to Mental Health and 3 other Senior Commissioners with wider remits such as Community Services which will have an element of Mental Health within their portfolio.

The Council recruited a dedicated Mental Health Commissioner during 2020 and will continue with this commitment. The total HC10 Senior Community Commissioner resources are £262K.

The commissioned spend that the All Ages Commissioning function will be responsible for in the proposed 2022/23 budget is "Mental Health client budgets - £3.394m".

The Councils overall approach to Mental Health Commissioning is detailed on numerous pages within the Councils Published Market Positon Statement (MPS) and in particular page 28 (see link):

https://www.herefordshire.gov.uk/downloads/file/22292/market-position-statement-2021-care-and-support-demands-and-supply-in-herefordshire

Herefordshire Council

Title of report: Pay Policy Statement

Meeting: Council

Meeting date: Friday 11 February 2022

Report by: **Chair of Employment Panel**

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To approve the 2022 pay policy statement for publication.

Recommendation(s)

That:

(a)   The pay policy statement at appendix A is approved for publication.

Alternative options

1.   There are no alternative options to the recommendation; the annual approval by Council of the pay policy statement is a statutory requirement arising from the Localism Act 2011 to provide transparency with regard to the council's approach to setting the pay of its employees. The statement does not of itself make any policy changes, but provides a summary of those policies already in place.

2.   It is open to council to determine any changes it wishes to make to the statement to improve transparency, having regard to the statutory guidance issued by the Department for Levelling Up, Housing and Communities and Local Government.

Further information on the subject of this report is available from
Tracey Sampson, Tel: 01432 383715, email: Tracey.Sampson@herefordshire.gov.ukl

423

Key considerations

3. The Localism Act 2011 places an obligation on the council to produce an annual pay policy statement for each financial year and for this statement to be approved by full council before the start of the financial year to which it relates.

4. The statement must set out the council's policies relating to:

   a) The remuneration of its chief officers

   b) The remuneration of its lowest paid employees; and

   c) The relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.

5. The statement must include the council's definition of 'lowest paid employees' and the reasons for adopting that definition.

6. The statement must include policies relating to:

   a) The level and elements of remuneration for each chief officer

   b) Remuneration of chief officers on recruitment

   c) Increases and additions to remuneration for each chief officer

   d) The use of performance related pay for chief officers

   e) The use of bonuses for chief officers

   f) The approach to the payment of chief officers on their ceasing to hold office under, or to be employed by the authority; and

   g) The publication of and access to information relating to remuneration of chief officers

7. The statement draws together factual material and provides a summary of the current pay policies of the council.

8. The ratio between the council's lowest paid staff and the chief executive's salary is included in the statement. For 2022/23 this ratio is 1:8.68 which is the same as the previous year. A comparison of the pay ratios published for similar or neighbouring local authorities is below and this shows the council's ratio to be amongst the lowest.

   a) Worcestershire County Council, 1:10.98

   b) Birmingham City Council, 1:10.29

   c) Powys County Council, 1:7.90

   d) Staffordshire County Council, 1:12

   e) Dudley MBC, 1:10

   f) Oxfordshire County Council, 1:11.2

   g) Bristol City Council, 1:15.6

          h) Sandwell Council, 1:8

9.   All posts, whether chief officer or not, have their level of remuneration established through assessment by a nationally recognised and independent job evaluation scheme. Council must approve any new salary packages, or severance payments, exceeding £100,000.

10.   In approving its statement, council must have regard to any guidance issued by the Secretary of State. This has been taken into consideration in the development of the statement.

Community impact

11.   By complying with the legal requirement the council continues to ensure that the resources available are used in the most effective way and there is transparency in how public money is used. This contributes to the corporate plan priority to secure better services, quality of life and value for money.

12.   By publishing the statement the council is demonstrating the code of corporate governance principles of implementing good practices in transparency, reporting, and audit to deliver effective accountability, and behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Environmental Impact

13.   Whilst this decision will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's environmental policy.

Equality duty

14.   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.

The pay policy statement makes clear that the council's employment policies, and the processes by which pay levels for a post are set, have full regard to equality legislation.

Resource implications

15.   There are no financial implications arising from the report; the statement simply summarises current policies and pay levels.

Legal implications

16.   Sections 38 – 43 of the Localism Act 2011 requires the council to prepare a pay policy statement for each financial year. Section 3.5.21 of the constitution requires the Employment Panel to review the pay policy and recommend it to full council. It must be prepared and approved before 31 March each year and once approved, published.

17.   The 2022 policy statement meets the requirements of the Localism Act 2011 and also meets the requirements of the guidance issued by the Secretary of State for Levelling Up, Housing and Communities to which the council is required under section 40 of the Localism Act 2011 to have regard to.

Risk management

18.   The risk associated with the pay policy statement is set out below.

Risk / opportunity	Mitigation
Failure to approve and publish a statement would result in non-compliance with a statutory requirement.	Arrangements are in place to ensure publication of the statement following approval by Council.

Consultees

19.   None.

Appendices
Appendix A – draft pay policy statement

Background papers
None identified

PAY POLICY STATEMENT 2022

Introduction

1. This document meets section 38(1) of the Localism Act 2011 that requires councils to produce an annual pay policy statement that articulates the council's own policies towards a range of issues relating to the pay of its workforce, particularly its senior staff and lowest paid employees. The majority of terms and conditions are universal and apply to all employees, unless otherwise specified.

2. The council's pay policy statement does not apply to schools, other than reference to pay for bargaining for support staff in locally maintained schools.

3. Herefordshire Council's rules with regard to employment of staff are set out within the employment rules contained within Part 4, section 9 of the constitution.

4. The statement is subject to annual review.

Pay structure / national frameworks

5. Herefordshire Council is committed to fair pay and grading determined by a robust and objective job evaluation process. The National Joint Council's (NJC) job evaluation scheme is used for identifying the pay grade for all posts up to 07HC and the Hay job evaluation scheme for posts above this level.

6. The council's pay structure is based on the National Joint Council for local authorities pay spine as the basis for its local grading structure up to 11HC. Pay rates above this are locally determined. The pay structure is at appendix A. The council adheres to the national pay bargaining for local government employees, including any negotiated annual cost of living increases. This also applies to support staff in local authority maintained schools.

7. To reflect market conditions, the council currently pays enhancements such as market forces supplements to attract candidates or to retain employees where there is an identified and evidenced skills shortage to enable the council to pay a competitive rate for the job. The council has a robust policy in place to manage market forces supplements. The majority of these supplements are paid to staff working in children's social care where there are nationally recognised shortages in the supply of qualified children's social workers. A small number of market forces supplements are also in place for some senior management posts and these are listed in paragraph 12. Proposals for new market forces supplements are approved by the Director of HR&OD and s151 Officer. Existing market forces supplements are reviewed no less frequently than every two years and may be withdrawn subject to notice, where the market conditions no longer warrant the payment.

8. All other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by council policy.

9. The terms and conditions of employment for the majority of council employees are determined by the National Joint Council for local authorities. Statutory chief officers and employees on director grade and above are aligned to the Joint Negotiating Committee for Chief Officers of Local Authorities (or Joint Negotiating Committee for Chief Executives of Local Authorities). These may be amended, supplemented or superseded by decisions on conditions of service made by the council from time to time and contained within the council's employment policies and procedures.

10. Nationally or locally determined rates and terms and conditions apply for other employee groups including:
    - Employees whose pay and conditions are determined by the Soulbury Committee;
    - Centrally employed teachers whose pay and conditions are determined nationally;
    - Employees who have transferred from the NHS to the council and retain their former terms and conditions of employment;
    - Employees who have retained terms and conditions of employment from other employers following a TUPE transfer to the council.

Level and elements of remuneration for each chief officer

11. For the purpose of this statement 'senior management' means 'chief officers' as defined within section 43 of the Localism Act. The posts falling within this definition are listed below, with details of their grade.

	Post Title	Salary grade	Notes
	CEO Herefordshire Council (head of paid service)	CX	
Statutory chief officers			
	Corporate director, children and young people	DIR1	
	Corporate director, community wellbeing (acting)	DIR1	
	Director of resources and assurance (section 151 officer)	DIR2	
	Director of public health (acting)	HOS1	1
	Director of governance and legal services (monitoring officer)	HOS1	
Non statutory chief officers			
	Corporate director for economy and environment	DIR1	
	Director, human resources and organisational development	HOS1	
Deputy chief officers			
	Service director, children and families	HOS1	vacant
	Service director, education, skills and learning	HOS1	2
	Service director, corporate services	HOS1	
	Service director, economy and regulatory	HOS1	vacant
	Service director, environment, highways and waste	HOS1	vacant
	Service director, communities	HOS1	
	Service director, all ages commissioning (acting)	HOS1	
	Service director, social care delivery	HOS1	
	Head of corporate finance (deputy S151 officer)	HC13	
	Senior HR business partner	HC12	
	Democratic services manager	HC11	

1. Plus market forces supplement of £7,000, due for review January 2024
2. Plus market forces supplement of £6,000, due for review September 2023

Remuneration of lowest paid employees

12. 'Lowest paid employees' is defined as those paid on full time equivalent salaries on spinal column point 01HC, which is the minimum spinal column point currently in use within the council's grading structure.

Relationship between remuneration of chief officers and remuneration of employees who are not chief officers

13. The relationship between the rate of pay for the lowest paid and chief officers is determined by the job evaluation process used for establishing the grading of posts and grade/role profiles as set out earlier in this policy statement. The salary ratio between the council's lowest paid staff and the chief executive's salary is 1:8.68. This is unchanged from the previous year.

Remuneration on recruitment

14. New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate or if an internal candidate is appointed on promotion so that a pay rise ensues. The chief executive and directors are on spot salaries specified in this statement, the right of approval to offer new appointments, not specified above in this statement and or to approve discretionary severance packages in excess of £100k is reserved to Council.

Increases and additions to remuneration

15. Employees, within a salary pay band, receive annual increments until the top of their salary grade has been reached. The first increment is paid when the employee has been in post for 12 months or six months after appointment, whichever is the later. This does not apply to the chief executive or directors. In exceptional circumstances increments may be accelerated within the grade on grounds of special merit or ability subject to the maximum of the level not being exceeded.

16. The chief executive is the returning officer for Herefordshire. No additional payment is made for fulfilling this duty for local elections as this is built into the overall salary. Employees who undertake election duties are paid a fee that is set by the returning officer depending on the duties undertaken.

17. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where this is necessary the council may apply pay supplements to posts which are determined to be 'hard to fill'. At all times the council will ensure the requirement for such supplements is objectively justified by reference to clear and transparent evidence of relevant market conditions. These supplements are regularly reviewed.

18. Honoraria payments are made to recognise either a special contribution an employee has made that is over and above general performance in a role, or where they have temporarily undertaken additional responsibility at a higher grade.

Use of performance related pay, bonuses or pension enhancements

19. The council does not apply any bonuses or performance related pay to employees.

20. Pension enhancements are made in line with the council's LGPS discretions policy.

Benefits in kind

21. Employees currently have access to salary sacrifice schemes for bicycles. The council operates a childcare voucher scheme to those employees already in the scheme at 1 April 2018 and subject to prevailing legislation. The council also offers staff access to a package of high street discounts and benefits. This reflects the benefits available to staff in neighboring authorities so that the council is able to be competitive in recruitment markets.

22. Reasonable relocation expenses may be paid for new employees or workplace relocation. Employees are reimbursed for reasonable travel and subsistence expenditure incurred in the course of their work. Subsistence is only paid when travelling outside of the county.

23. Worcestershire County Council administers the local government pension scheme on behalf of the council.

Approach to payment on ceasing to hold office under or to be employed by the authority

24. The council's policy on termination of employment of employees prior to reaching normal retirement age is to base redundancy payments on the statutory calculation multiplied by 1.5.

25. The council operates a mutual early resignation scheme (MERS) under which an individual employee, in agreement with the council, chooses to leave employment in return for a severance payment or, if in the Local Government Pension Scheme and aged over 55, a pension that is not actuarially reduced. It is not a redundancy or a voluntary redundancy.

Gender Pay Gap

26. The council produces workforce equality data on an annual basis and in accordance with the requirement of the public sector equality duty that data is published. The council's most recent report can be found here: [Equality in employment Herefordshire Council workforce analysis January to December 2021](#).

27. The report includes the council's gender pay gap information which for 2021 is summarised below.

	Mean hourly pay	Median hourly pay
Female	£15.71	£13.20
Male	£17.64	£15.32
Pay gap	11.0% lower	13.9% lower

28. The following table puts the data into context and shows that while Herefordshire Council has a significant gender pay gap of 13.9%, it is performing better than many other organisations and the UK public sector overall.

	Type of comparison	Median pay gap
Herefordshire Council 2020	Historic	8.2% lower
Herefordshire, all sectors 2021 (provisional)	Geographic	11.2% lower

Worcestershire County Council	Sector	12.9% lower
Herefordshire Council 2021	-	13.9% lower
Connexus Housing Ltd 2020	Geographic	14.2% lower
West Midlands, all sectors 2020 (provisional)	Geographic	15.4% lower
UK public sector 2021 (provisional)	Sector	18.0% lower
Age group 40-49, UK, all sectors 2021 (provisional)	Age	21.3% lower
Shropshire Council 2020	Sector	22.6% lower
Wye Valley Trust 2020	Geographic	25.4% lower

Accountability and decision making

29. In accordance with the council's constitution, the employment panel is responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements for the chief executive, monitoring officer, section 151 officer, director of public health and corporate directors.

30. In accordance with the council's constitution, the chief executive is responsible for decision making in relation to all other employees of the council.

31. For those pay accountability matters identified within the Localism Act as being reserved to Council, the employment panel will be the body accountable for formulating recommendations to council. This includes the undertaking of an annual review of this statement before recommending its approval to council as one of the suite of documents council approves as part of its medium term financial strategy. The pay policy statement therefore forms part of the budget and policy framework of the council.

32. In addition to approval of this statement, the right of approval of new salary packages for additional posts not listed in this statement over £100,000 is reserved to Council. In such circumstances the employment panel will be the body accountable for developing recommendations to Council.

Publication of and access to information

33. After approval by Council, this statement will be published on the council's website. In addition, statutory employees' (chief executive, directors, including the chief finance officer, and monitoring officer) details are disclosed in the council's annual statement of accounts setting out the total amount of:
    - Salary, fees or allowances paid to or receivable by the person in the current and previous year.
    - Any bonuses so paid or receivable by the person in the current and previous year.
    - Any sums payable by way of expenses allowance that are chargeable to UK income tax.
    - Any compensation for loss of employment and any other payments connected with termination.
    - Any benefits received that do not fall within the above.

Herefordshire Council

**NATIONAL JOINT COUNCIL FOR LOCAL GOVERNMENT GRADES:
PAY STRUCTURE AS AT 1 APRIL 2021**

(April 2021 and 2022 pay award pending)

Grade	National SCP (scp50 & above are local)	Annual Pay Rate £	Hourly Pay Rate £
01HC	1	17,842	9.25
02HC	1	17,842	9.25
	2	18,198	9.43
	3	18,562	9.62
03HC	3	18,562	9.62
	4	18,933	9.81
04HC	4	18,933	9.81
	5	19,312	10.01
	6	19,698	10.21
05HC	6	19,698	10.21
	7	20,092	10.41
	8	20,493	10.62
	9	20,903	10.83
	10	21,322	11.05
	11	21,748	11.27
06HC	11	21,748	11.27
	12	22,183	11.50
	13	22,627	11.73
	14	23,080	11.96
	15	23,541	12.20
	16	24,012	12.45
	17	24,491	12.69
	18	24,982	12.95
	19	25,481	13.21
07HC	19	25,481	13.21
	20	25,991	13.47
	21	26,511	13.74
	22	27,041	14.02
	23	27,741	14.38
	24	28,672	14.86
	25	29,577	15.33
08HC	25	29,577	15.33
	26	30,451	15.78
	27	31,346	16.25
	28	32,234	16.71
	29	32,910	17.06
	30	33,782	17.51
09HC	30	33,782	17.51
	31	34,728	18.00
	32	35,745	18.53
	33	36,922	19.14
	34	37,890	19.64
10HC	35	38,890	20.16
	36	39,880	20.67
	37	40,876	21.19
	38	41,881	21.71

	39	42,821	22.20
11HC	40	43,857	22.73
	41	44,863	23.25
	42	45,859	23.77
	43	46,845	24.28
	44L	48,117	24.94
12HC	45L	49,422	25.62
	46L	50,766	26.31
	47L	52,148	27.03
	48L	53,562	27.76
	49L	55,016	28.52
13HC	50L	56,514	29.29
	51L	58,050	30.09
	52L	59,628	30.91
	53L	61,248	31.75
HoS2	1	77,079	39.95
	2	79,161	41.03
	3	81,296	42.14
HoS1	1	83,492	43.28
	2	85,746	44.45
	3	88,058	45.64
DIR 2	1	106,869	55.39
DIR 1	1	130,860	67.83
CEX	1	155,022	80.35