

Chief Executive's Office

Chief Executive: N.M. Pringle

**To: All Members of Cabinet:
Councillors:
R.J. Phillips (Leader)
G.V. Hyde (Deputy Leader)
Mrs. L.O. Barnett
P.J. Edwards
Mrs. J.P. French
J.C. Mayson
D.W. Rule MBE
R.V. Stockton
D.B. Wilcox
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Your Ref:

Our Ref: NMP/CD

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12th November, 2003

Dear Councillor,

**MEETING OF CABINET
THURSDAY, 20TH NOVEMBER, 2003 AT 2.15 P.M.
COUNCIL CHAMBER, BROCKINGTON, 35 HAFOD ROAD, HEREFORD**

AGENDA (03/17)

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

2. DECLARATIONS OF INTEREST

To receive any declarations of interest by members in respect of items on this agenda.

3. THE PRUDENTIAL CODE AND ITS IMPACT ON CAPITAL STRATEGY

To receive a report on the implications of the new Prudential Code for Capital Finance for the Council with effect from 2004/05 onwards; and to approve the resulting strategy. (*Pages 1 - 6*)

4. SECOND HOMES AND EMPTY PROPERTY COUNCIL TAX DISCOUNTS

To receive a report on the new legislation regarding discounts on second homes and empty property Council Tax discounts; and to decide whether to reduce the level of discount currently applied for such property. (*Pages 7 - 12*)

5. REVENUE BUDGET MONITORING 2003/04

To note the position with regard to revenue budget monitoring for programme areas in

2003/04. (Pages 13 - 18)

6. CAPITAL PROGRAMME MONITORING 2003/04 TO 30TH SEPTEMBER, 2003

To note the Capital Programme forecast for 2003/04. (Pages 19 - 32)

7. INDEX OF MULTIPLE DEPRIVATION

To endorse the issues to be addressed regarding the current consultation on the Index of Multiple Deprivation (IMD). (Pages 33 - 34)

8. DEVELOPMENT CONTROL FUNCTIONS

To consider a request that the discharge of the Council's development control functions within the area of the city and parish of Hereford be delegated to Hereford City Council. (Pages 35 - 36)

Yours sincerely,



**N.M. PRINGLE
CHIEF EXECUTIVE**

Copies to: Chairman of the Council
Chairman of Strategic Monitoring Committee
Vice-Chairman of Strategic Monitoring Committee
Chairmen of Scrutiny Committees
Group Leaders
Directors
Herefordshire Commercial Services Manager
County Secretary and Solicitor
County Treasurer

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COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL

BROCKINGTON, 35 HAFOD ROAD, HEREFORD.

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THE PRUDENTIAL CODE AND ITS IMPACT ON CAPITAL STRATEGY

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

20TH NOVEMBER, 2003

Wards Affected

County-wide

Purpose

To receive a report on the implications of the new Prudential Code for Capital Finance for the Council with effect from 2004/05 onwards; and to approve the resulting strategy.

Key Decision

This is not a Key Decision.

Recommendation

THAT the strategy set out in response to the Prudential Code requirements be approved.

Reasons

The Cabinet are required to approve the framework as set out for the Prudential Code for Borrowing.

Considerations

Background

1. With the recent enactment of the Local Government Bill the Prudential Code for Capital Finance ('the Code') will come into force for the new financial year. The Code replaces all current legislation and regulation on capital finance, in particular the system of borrowing approvals which has governed capital expenditure planning over so many years. It is widely accepted that the current system has led to a major under investment in public assets, a statement backed by analysing investment now compared to 40 years ago.
2. The replacement legislation and regulations will be less prescriptive and offer local authorities more discretion to make local capital investment decisions. This reduced regulation however requires a prudential framework which will be embodied in the Code. This framework will need to ensure that capital investment plans are affordable, prudent and sustainable and requires prudential indicators to govern our borrowing. The new regulations within the Code are spilt into two broad areas

Further information on the subject of this report is available from
Andrew Tanner – Assistant County Treasurer (Audit and Financial Policy), on (01432) 260162

covering general capital management issues and borrowing strategies. It is important to note that Local Authorities only need to have regard to the Code itself, however the Bill provides reserve powers for Central Government to set borrowing limits in exceptional circumstances.

3. Many of the 'best practice' features of the Council's current capital strategy have been developed with the likely introduction of the Prudential Code in mind these include;
 - the regular meeting of a cross directorate capital strategy and asset management group;
 - the formal monitoring of the capital programme through a corporate group and the Cabinet;
 - the detailed level of appraisal for individual schemes incorporated within the Scheme Prioritisation Process (SSP).

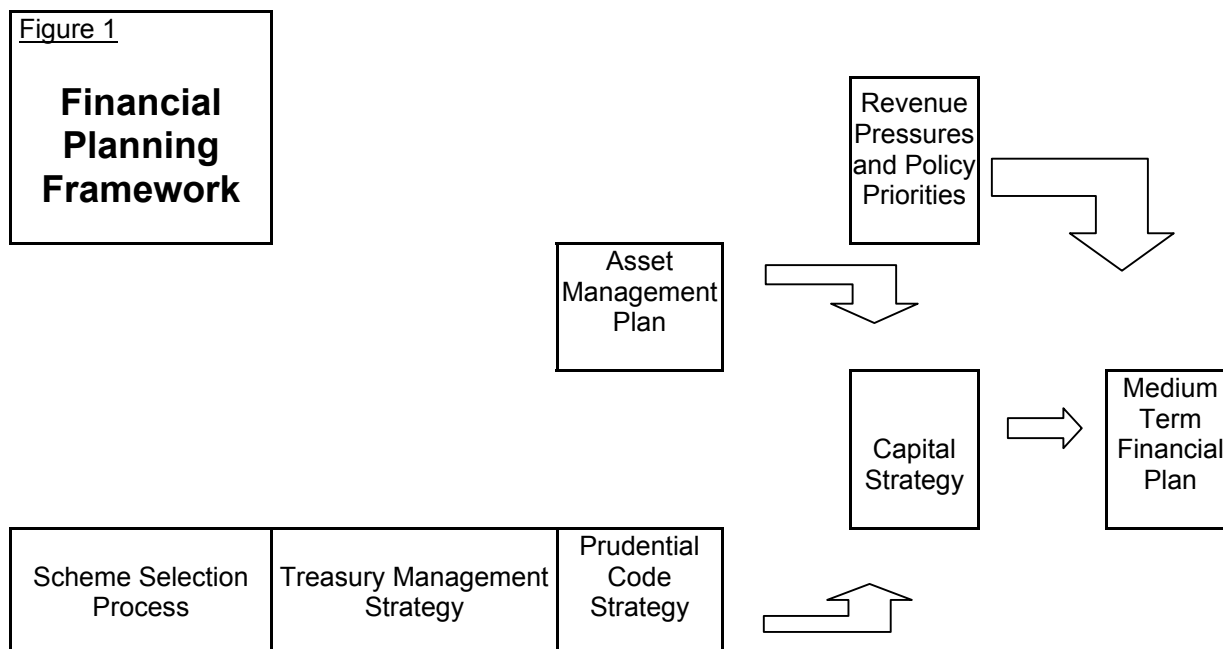
The areas where further development of systems and strategies is required are the progression towards medium term capital programming and the integration with the revenue budget.

Benefits of the New Code

4. The current system of borrowing approvals can significantly restrict the level of capital expenditure undertaken as most local authorities do not have substantial capital reserves and the substantial part of new capital schemes are funded by borrowing. The new Prudential system abolishes these approvals and allows Local Authorities far greater flexibility to meet their corporate objectives by deciding themselves how much they want to borrow.
5. The overriding issue however is affordability and most local authorities, Herefordshire Council being no exception, are restricted by Council Tax increases within bounds of acceptability. The Code continues to require us to charge to the revenue account each year what is known as the Minimum Revenue Provision (MRP) which reflects the repayment of the debt over time in addition to actual interest charged. This of course has a direct impact on the Council Tax levied and for each £1m of capital expenditure funded by borrowing the charge to the revenue account is around £100,000.
6. In light of the affordability issue one of the key flexibilities with the Prudential Code that it can allow us to change low priority revenue budget provision for capital expenditure without having an impact on the Council Tax. The trade-off will have to take account however of the full future revenue costs of capital expenditure both in terms of debt repayment but also associated running costs. These are all identified as a matter of course in the current Scheme Selection Process which requires the whole life costing of schemes and detailed option appraisal.
7. A second way of tackling the affordability issue is by using the increased freedoms to borrow for Invest to Save type schemes. Service Directors will agree to reduce their base revenue budgets in future years as savings accrue from initial capital investment. This will require careful programming however to minimise the impact on the Council Tax.

Links with other Strategies

8. Integrated financial planning is vital to achieving our objectives as set out within the Corporate Plan. A simple structure of the financial strategies is in Figure 1:



Our Capital Strategy last year was assessed as being 'good' by the Government Office West Midlands, precluding the need to formally submit a plan at least into the foreseeable future. The advent of the Prudential Code however requires the Strategy to be updated and a revised version will be reported early next year. The Asset Management Plan will also have a significant role to play here and this has also now been assessed as being good.

Prudential Indicators

9. An important part of the Code is the approval of the Prudential Indicators by Cabinet. These are then the responsibility of the County Treasurer as Section 151 officer to advise upon and monitor. The key issues involved here are the setting up of financial controls and managing risk. The Council already has a high quality Treasury Management strategy recognised as such by the Audit Commission, and we do not propose making any changes to this. It is our intention to submit a report to Cabinet early in the New Year to agree the detailed Prudential Indicators. These however are likely to be developed over the next few years.
10. The indicators required to monitor and control our borrowing are as follows:

- Council Tax and Affordability

The indicator will clearly show the additional impact on Council Tax both as a percentage and a monetary value per Band D property of capital expenditure over and above the central Government supported expenditure within the Comprehensive Spending Reviews.

- Estimates of Capital Financing Requirement (and similarly External Debt)

This is a new concept within the Prudential Code but is simply the requirement for long term borrowing and associated long term debt. The current long term debt stands at £62m.

- Capital Financing as a Percentage of Revenue Income

This measures the ratio of capital financing costs against the net revenue stream, which comprises of Council Tax and Government Grant. This indicator is perhaps the key indicator for measuring prudence as it measures the cost of financing capital expenditure against our annual income. On the whole we will borrow at fixed interest rates over the long term so we can provide certainty in that respect, however we cannot provide such certainty over central funding and this together with competing and significant revenue pressures are important factors to bear in mind.

11. A key factor here is the extent to which Government funding is maintained particularly for Education; Transport and Housing, ie the major recipients of borrowing approvals under the previous system where capital financing costs are reflected in the Council's Formula Spending Shares.

12. **Forward Year Capital Programme**

As is usual practice at this time of year we have asked services to provide us with their proposals for new capital schemes which are going through the prioritisation process against set criteria. The process has provided an initial indication of new schemes and table 1 shows the aggregated cost of these schemes against current resource forecasts. These have been largely based on the capital financing resources to be made available centrally as reflected in the Comprehensive Spending Review 2002 but also the potential costs associated with Cabinet considerations regarding the new North Herefordshire swimming pool.

<u>Table 1:</u>	04/05	05/06	06/07	07/08
2004/05 Capital programme	£m	£m	£m	£m
Borrowing Requirement Based on Current SSP Bids	29.0	19.7	30.7	14.9
Assumed 'supported credit approvals' within current system	(18.0)	(18.0)	(18.0)	(18.0)
Extra Borrowing identified from SSP bids over expected support	11.0	1.7	12.7	-3.0
Current Forecast for Capital Financing Costs (Revenue)	7.3	8.6	10.0	11.4
Cumulative of Extra Borrowing (ie: charge to revenue)	0.3	1.0	1.5	2.2
Incremental Council Tax Increase over Current Forecasts	0.5%	1.75%	2.5%	3.75%

13. The potentially significant gap between service aspirations and the capacity to resource projects reinforces the importance to not only consider these capital schemes in conjunction with the revenue budget pressures but also adopt a structured medium term perspective to the process where we can consider the phasing and deferral of capital schemes without discounting them altogether.
14. The revenue pressures have been debated in detail in the recent budget panels and a report will be presented to Cabinet requiring some major financial policy decisions. This will include the potential approval of some major capital schemes, as at that stage we can assess the impact these may have on the revenue budget and subsequently Council Tax levels following the release of the Local Government Finance Settlement. Examples of some of the major capital pressures are as follows:
 - Modernisation of the Crematorium;
 - Full funding of the Local Transport Plan;
 - Conversion of properties into Information points in line with E Government objectives;
 - Rationalisation of the operational property holding;
 - Modernisation of existing school premises;
 - Continuation of the Housing Renewal programme;
 - Construction of new Hereford Library.

The list is merely illustrative at this stage, with members ultimately determining their priorities for capital investment.

Conclusion

15. The Prudential Code for Capital Finance in Local Authorities will undoubtedly provide the Council with far greater flexibility in how we approach capital spending and is a fundamental change in local authority finance. In particular, the Code will in future provide the opportunity to deliver a range of capital schemes, in support of key policies and public expectations, that hitherto could not have been countenanced. Allied to this flexibility, however, is affordability and prudence and these two concepts will heavily influence the approach to the Code within the Council's financial planning processes.

Alternative Options

There are no alternative options.

Consultees

Not applicable.

Risk Management

By not fully embracing the principles behind the Prudential Code the Authority limits the ways it can effectively utilise its resources to meet its corporate objectives.

Background Papers

None identified

SECOND HOMES AND EMPTY PROPERTY COUNCIL TAX DISCOUNTS

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

20TH NOVEMBER, 2003

Wards Affected

County-wide.

Purpose

To receive a report on the new legislation regarding discounts on second homes and empty property Council Tax discounts; and to decide whether to reduce the level of discount currently applied for such property.

Key Decision

This is not a Key Decision.

Recommendation

THAT Cabinet decide whether to reduce the level of discount currently applied for Second Homes and Long Term Empty Property.

Reasons

A Cabinet decision is required in order for the Council to benefit from the new legislation allowing discounts to be reduced on second homes and empty property.

Considerations

Introduction

1. The recently passed Local Government Act has given Billing Authorities the discretion to reduce the level of discount on second homes and long term empty property. Specifically the Council can:
 - Change the nationally set Council Tax discount for second homes to a minimum of 10% and retain any additional income received from reducing the discount; and secondly
 - Reduce or remove completely the nationally set 50% Council Tax for long-term empty property. However, the Council will **not** retain any additional income received from reducing or removing this discount, as the additional income will be offset by the increased taxbase that directly affects our central government Revenue Support Grant.

Further information on the subject of this report is available from
Andrew Tanner, Assistant County Treasurer – Audit and Financial Policy on (01432) 260162

Second Home Discounts

- Current records show that we have 978 second homes which have the Band D equivalent of 1,002. Each of these homes has a 50% discount on their Council Tax bill. By reducing the Council Tax discount to 10%, this would equate to increased income of over £370,000 to the Council. The increased income from lesser discounts is shown in Table 1 with Appendix 1 giving the number of second and empty homes in each band.

Table 1

Second Home Discount	Increased Council Tax Income £
50%	~
40%	93,000
30%	185,000
20%	278,000
10%	371,000

- As the regulations are still not law, we have not been able to demand information, so we have had to collect information using existing records and physical property inspections. It therefore needs to be borne in mind that:
 - If we decide to vary any of the current discounts, we will need to clarify with the owner the precise, current situation and that may be different to what we have been able to obtain; and secondly
 - Owners may decide to sell, let or move furniture out to get a six-month exemption to buy some time when faced with a bigger tax bill. The figures we are supplying will, therefore, be the maximum income receivable and any budget provision would need to be made on a prudent basis.

Long-Term Empty Properties

- Although the Council will not benefit from the increased income from the properties that are currently empty, the Council Tax discount is an important issue in terms of the Council's housing strategy, i.e. potentially increasing the number of existing properties available for purchase or rental.
- The current number of homes which have been empty for six months or more is 514.

Conclusion

- Regulations providing full details and definitions have not been received as yet. However, it is important for Cabinet to consider the principles behind the legislation and determine the Council's policy to assist in the budget setting process.

Alternative Options

The alternative option is not to action any reductions in discounts on second homes and empty properties.

Consultees

There has been no consultation carried out on these issues.

Risk Management

The income estimation issues have been addressed in this paper and are believed to be the main risks attached to the legislation, together with likely objections from property owners affected.

Background Papers

None identified.

APPENDIX 1

Band	Number of Second Homes	Number of Empty Homes (>6 mths)
A	163	180
B	145	96
C	175	102
D	169	54
E	162	46
F	90	18
G	60	17
H	14	1
Totals	978	514

REVENUE BUDGET MONITORING 2003/04

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

20TH NOVEMBER, 2003

Wards Affected

County-wide

Purpose

To note the position with regard to revenue budget monitoring for Programme Areas in 2003/04.

Key Decision

This is not a Key Decision

Recommendation

THAT the report be noted.

Reasons

Reports are presented to Cabinet as part of the Council's Performance Management arrangements. Cabinet Members will discuss the individual Programme Area figures with their Directors and Departmental Managers as appropriate.

Considerations

1. Appendix 1 shows the details of the spending as at 30th September 2003 for each Programme Area, together with the projected outturn for 2003/04.
2. The budgets shown for 2003/04 include the final carry forwards from 2002/03.

Education

3. A very large proportion of the Education budget is delegated to schools. Any underspendings, or indeed overspendings should they occur, in the schools budgets will automatically be carried forward into next year under the statutory arrangements for delegation to schools.
4. As far as the non-schools budgets are concerned, there is a carry-forward of £927,000 from 2002/03. However, the carry-forward is already committed to 2003/04 expenditure on the Whitecross PFI scheme, and the LEA contribution to those Standards Funds and elements of National Grid for Learning that were brought forward from 2002-03.

Further information on the subject of this report is available from David Keetch, Assistant County Treasurer on (01432) 260227

5. It is anticipated that expenditure will be contained within the overall budget. Some transfers between schools and central education budgets have been necessary largely to reflect additional information received since the budgets were constructed and approved. The amount delegated to schools is being increased by £200,000 to take account of the newly delegated banded funding for pupils with SEN in primary schools. Other budget changes are being made, for example, to cover the increased cost of SEN placements in independent schools. All changes are being contained within the overall budget.

Policy and Finance General

6. At this stage in the year no significant overspendings or underspendings have been identified for Policy and Finance General with the exception of Land Charges, which is mentioned below, as previously reported. This anticipates that the budget carry forwards of £1,232,000 from 2002/03 will be fully spent during 2003/04. There are significant commitments against this sum, including the Corporate Development Fund and the Treasurer's investment in new systems for payroll, cash receipting and housing benefit as well as new software for processing BACS payments.
7. It is clear that there will be a significant shortfall of income from Land Charges due to the increasing use of private firms to carry out personal searches. The shortfall of income of £95,000 in 2002/03 was met from reserves. The shortfall is now estimated at £90,000 for 2003/04. In addition following the non – achievement of the BVPI in relation to dealing with search requests, the Environment Directorate has taken on extra staff which are to be paid for from search income. The cost of additional staff (£50,000) potentially increases the deficit to £140,000, which will need to be met from the Council's general reserves.
8. Spending on E.Modernisation is low compared to the budget at present but it is expected that this situation will be rectified during the second half of the year.
9. Members' expenses will be overspent by approximately £37,000 because of the need to fund the cost of the I.T support costs for members P.C links and laptops.
10. It has been assumed that the additional costs of job evaluation, estimated at £120,000 for the year, will be met from reserves and the externalisation of Commercial Services (£109,000) from mobilisation payments received as a result of the transfer.
11. There have been indications that the Combined Fire Authority might issue a supplementary levy for 2003/04 of £68,000 but a decision is not expected until February. Any additional costs would be met from reserves.

Policy and Finance Property

12. The projected overspend on Property has reduced to £742,000 including £524,000 brought forward from 2002/03. £379,000 of this overspend is the deficit on the Markets and Fairs budget. The rent reviews at the Cattle and Butter markets have reduced income levels so this deficit is expected to rise to £420,000 this year. The capital investment in creating new car parking provision, should increase income in total by between £80,000 and £100,000 p.a in future years although the income being received each month is only just beginning to build up.

13. In addition, the deficit on income from the Industrial Estate is expected to rise from of Industrial Units becoming vacant and the sale of leases resulting in lower income. Income from shops transferred from Housing following the stock transfer will, however, produce a surplus of £100,000 in 2003/04.

Environment General

14. Spending is generally in line with the budget. An overspending on the Waste Collection contract is expected because of the high cost of indexing the contract but this is entirely offset by additional Trade Waste charges. The Travellers budget is likely to be overspent by around £50,000 although rental income is coming in more steadily this year. The income for Cemeteries and the Crematorium has been above budget during the first half of the year.

Environment Regulatory

15. Spending on Environment Regulatory is very much in line with the budget at present. Budget pressures are increasing in respect of Landfill and Contaminated Land and Licencing but it is expected at this stage that these potential overspendings will be contained within the overall budget.

Planning

16. The main variation is additional fee income of £50,000 received in the first half year. The report anticipates that the Planning Development Grant of £320,000 will be spent during 2003/04.

Social Care

17. The position at the end of September is a continued improvement on the overspend. This is now showing £376,000 compared to the £582,000 brought forward..
18. The objective remains to balance the budget overall (including the 2002/03 overspend). The current position shows progress against this objective.
19. There are risks in the children's services area from lack of capacity in the foster parents resource and the need to find other placements. There is also the imperative to improve the performance on delays for older people and intensive home care, which will remain challenging in terms of budget management. Financial risks of Free Nursing Care income and potential loss of income from Fairer Charging remain.

Strategic Housing

20. The projected year-end position is an underspend of £98,000 as a result of staff vacancies and current underspend on the Housing Agency Agreement. The risk area is spend on homelessness, which although currently underspending remains volatile in nature.

Social Development

21. The only significant budget issue remaining is the expected overspend in 2003/04 of £140,000 on Parks and Countryside. This has been assisted by meeting the overspending brought forward from 2002/03 out of the sums held in respect of open spaces commuted sums.

Leisure Contracts

22. It is expected that the deficit will fall, to at most £120,000, during 2003/04 with the balance being eliminated over the next few years through negotiations with HALO.

Economic Development

23. Spending on Economic Development is within budget at present and no major variances are currently predicted. The carry-forward from 2002/03 of £150,000 included significant amounts for 2003/04 projects.

24. Financial Transactions

Investment interest received and debit interest paid is currently expected to underspend by some £100,000 as a result of the timing of individual projects. Any delays in progressing the capital programme would increase investment income further.

Conclusion

The projected overspending is £1,313,000, which is within the Council limit of 1%. The improved position reflects reductions in the expected overspendings for Social Care, Social Development and Property together with a projected underspending on Strategic Housing.

Alternative Options

There are no alternative options.

Consultees

None identified.

Background Papers

None identified.

Summary Budget Monitoring Report 2003/04 - September 2003

Programme Area	Carry forwards from 2002/3 £000	Total 2003-04 Budget £000	Actuals to 30.09.03 £000	Budgets to 30.09.03 £000	Variance £000	Projected Out-turn £000	Projected Over/(Under -) Spending £000
Schools Budget	0	67,984	23,421	24,962	1,541	67,984	0
LEA Budget	(927)	10,610	9,983	9,976	7	10,610	0
Social Care	582	32,682	16,781	16,373	0	33,058	376
Policy and Finance - General	(1,232)	20,859	16,123	17,020	0	21,036	177
Policy and Finance - Property	524	1,344	1,072	460	-610	2,086	742
Environment - General	(210)	16,624	7,820	8,291	471	16,624	0
Environment - Regularity	(10)	2,276	1,026	1,138	112	2,276	0
Environment - Planning		2,151	851	901	50	2,151	0
Social Development	53	7,537	3,443	4,073	630	7,677	140
Leisure	138	-138	0	0	0	-18	120
Economic Development	(150)	2,224	750	870	120	2,224	0
Housing	(191)	1,406	272	375	103	1,294	-98
	-1,423	165,559	81,542	84,439	2,424	167,002	1,413
Financing adjustments etc	1,423	1,937	698	731	33	1,837	-100
	0	167,496	82,240	85,170	2,457	168,839	1,313

Notes.

1. In both the carry forward from 2002/3 and the projected over and underspending columns , overspendings are shown as positive figures. Underspendings are shown in brackets..
2. The column headed total budget 2003/4 reflects the carry forwards from 2002/3.

CAPITAL PROGRAMME MONITORING 2003/04

TO 30 SEPTEMBER 2003

PROGRAMME AREA RESPONSIBILITY: CORPORATE STRATEGY AND
FINANCE

CABINET

20TH NOVEMBER, 2003

Wards Affected

County-wide

Purpose

To note the Capital Programme forecast for 2003/04.

Key Decision

This is not a Key Decision.

Recommendation

THAT the position be noted.

Reasons

Report for noting only.

Considerations

1. This is the second round of the 2003/04 capital monitoring process. The purpose of this monitoring exercise is to update the original budget position as at 30th September in order to highlight and manage any slippages or overspends.

Overview

2. The revised forecast for 2003/04 as at 30th September totals £34,732,000 (excluding LSVT costs). This is an increase of £2,598,000 from the last round of capital monitoring in July, mainly owing to the external funding available to the Herefordshire Strategic Regeneration Package – Rotherwas Match Funding capital project. This programme is funded as detailed in Appendix 1.
3. Actual spend in the first six months at £9,517,000 was 27% of the revised forecast. This excludes unposted commitments of £5,838,000 which would increase committed spend to 44% of the revised forecast. A summary of the programme expenditure for each area is set out on Appendix 2. For comparison, spend to the end of September 2002 was 36% of the 2002/03 Capital Programme.
4. Set out in Appendix 4 is a list of all capital schemes with a budget in excess of £500,000.

Further information on the subject of this report is available from
Josie Smith, Accountant – Capital and VAT Services, on (01432) 261867

Capital Programme Areas

5. Education

The following budget changes have been identified mainly owing to confirmation of funding sources. Other budget changes may occur during the year as and when the DfES approve capital schemes and additional grant funding is identified.

Change in Budget £'000

• There have been budget increases in capital schemes falling under the Sure Start Initiative. This is due to confirmation of grant funding by the DfES in relation to early years and childcare provisions.	267
• Other Budget changes of less than £100,000	50
Increase in Education capital budget	<u>317</u>

Actual spend has been low in the first half of the year, at 36% of the total budget, new schemes may be brought on line before the year end in order to ensure no conditional funding is lost. This will be reflected in future rounds of capital monitoring.

6. Social Care

The budgeted capital expenditure on Social Care has increased by £15,000, owing to an additional IT Grant becoming receivable. Actual spend in the first half of the year is very low. However, committed spend reflects 49% of the total budget.

7. Property

The only budget change relates to the Hillside Capital works. The budget has been increased by £583,000 to reflect equipment, planning costs and fees not included in the original budget. This is being funded through a capital grant from the Primary Care Trust.

8. Policy and Finance

The CCTV capital project is expected to spend £40,000 more than the funding available for the scheme. The reducing crime initiative has also overspent by £5,000. These are being temporarily funded from corporate reserves until new sources of funding are identified.

Actual spend is low at 26%. However, with commitments this increases to 86% of the budget.

9. eModernisation Programme

The total budget for this area has decreased by £148,000 mainly owing to the Implementing Electronic Government partnership capital budget, in relation to the encompassing Single Assessment for Older People and Supporting People, of £147,000 being reduced to nil as this is likely to fall into the next financial year. There are ongoing discussions between Social Care and the Primary Care Trust in order to find the best way forward and various options are being considered.

The flexible working pilot has been delayed. However, a paper by the project

manager has been produced for the Head of eModernisation highlighting the options available but the preferred way forward is yet to be decided.

Only 20% of the budget has been spent to date. However, committed spend represents 45% of the total budget.

10. Environment General

The total budget has increased by £219,000 due to a new capital project for the purchase of buses funded through Urban Challenge WyeS Moves capital grant.

It has been recognised that the committed budget for the capitalised assessment and strength of bridges exceeds the original budget by £283,000. Budget virements will be necessary within this service area if these commitments are to be met. As yet such virements have not been identified.

The Ross Flood Alleviation scheme was budgeted to be funded by Defra. However, the scheme has not been approved by Defra at the current time. It is hoped that approval will be granted in the near future. In the meantime the scheme has been funded through the capital receipts reserve.

Total spend to date represents 33% of the total budget. However, committed spend represents 62% of the total budget.

11. Social Development

The total budget has increased by just £1,000 to reflect additional commitments relating to the Burghill Sports Field capital scheme.

The Friar Street museum resource and learning centre capital project is due to start in January and the first phase is due to be completed in September. This scheme is funded through lottery grant.

There will be a separate report in the near future relating to the current position in relation to providing a swimming pool in Leominster. There is currently no budget for this project although provision for next year has been made in the current forecasts being discussed at budget panels.

Actual spend represents only 5% of the total budget. This is partly owing to the externalisation of Commercial Services, which has delayed the start of some capital projects. It is forecast that the total budget will be spent before the year-end.

This programme area remains unfunded by £61,000 owing to a brought forward overspend. However, possible capital receipts of £68,000 are anticipated for this financial year. If realised these will be used to repay the temporary funding from corporate capital receipts reserve.

12. Economic Development

Budgets have changed to reflect additional funding being awarded to this service area.

Change in Budget £'000

- The Herefordshire Regeneration Edgar Street Grid capital budget has been increased to £250,000; this is being funded through government grant of £125,000 and corporate capital receipts reserve. 112
 - The Herefordshire Strategic Regeneration Package - Rotherwas Match funding budget has been increased to show the anticipated gross spend. The budget relates to developing a variety of workspace schemes, transport improvements and business assistance. This is to be funded through grant funding from Objective 2, Rural Regeneration Zone and Single Regeneration Budget. This project is expected to carry on into 2004/05. 2,042
 - Other Budget changes of less than £100,000 each 93
- Increase in Economic Development capital budget 2,247

Actual spend is very low for the first half of the year at 8%. Lead officers have been made aware of the situation. No conditional funding is expected to be lost.

13. Strategic Housing

Budgets have been reduced to reflect actual anticipated spend. The savings will be put back into the LSVT ringfenced capital receipts reserve.

Change in Budget £'000

- Reduction in the housing renewal programme budget. (62)
 - Reduction in Social Housing Grants budget (600)
- Decrease in Strategic Housing capital budget (662)

Actual spend remains low for the first half of the year at 18% of the revised forecast.

14. Housing Revenue Account

The original budget was for the LSVT levy, which has now been paid. Additional costs relating to professional fees of £30,000 have been identified as requiring funding from the LSVT capital receipt.

Commitments, mainly owing to retention costs, of £364,000 will be funded from the capital receipts reserve. This account will close in November.

15. Capital Receipts

Set out as Appendix 3 is a summary of the capital receipts received and anticipated for 2003/04.

Conclusion

The current capital monitoring forecast is that, subject to the expected acceleration of spending in the second half of the year, no conditional resources will be lost.

The cross-directorate Capital Programme Monitoring Working Group continues to work well to ensure the delivery of the capital programme.

Alternative Options

There are no alternative options.

Consultees

Not applicable.

Risk Management

Capital monitoring is in itself is an integral part of risk management. The potential loss of conditional resources is identified and adjustments are made accordingly.

Background Papers

None identified.

APPENDIX 1

FUNDING OF REVISED 2003/04 CAPITAL PROGRAMME

Capital Programme Area	2003/04 Revised Forecast 30/09/03	Credit Approvals	Grants	Revenue Contribution	Capital Receipts Reserves	Unfunded
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Education Capital schemes</i>	5,533	3,409	2,415	-	(291)	-
<i>Local Public Service Agreement schemes</i>	37	-	37	-	-	-
<i>Education Inspectorate schemes</i>	2,296	-	1,258	1,038	-	-
<i>Sure Start schemes</i>	330	-	330	-	-	-
Total Education	8,196	3,409	4,040	1,038	(291)	-
Social Care	411	215	196	-	-	-
P&F – Property	1,419	249	1,068	-	102	-
P&F – General	1,050	833	167	-	10	40
P&F – eModernisation	1,068	556	512	-	-	-
Environment General	10,720	9,821	555	-	284	60
Social Development	996	349	659	86	(159)	61
Economic Development	6,040	1,059	5,696	-	(715)	-
Strategic Housing	4,832	1,500	528	-	2,804	-
Revised Forecast	34,732	17,991	13,421	1,124	2,035	161
Housing Revenue Account	3,774	-	-	-	3,774	-
Total Revised Forecast	38,506	17,991	13,421	1,124	5,809	161
Original budget	35,172	18,004	9,792	1,084	6,106	186
Change	3,334	(13)	3,629	40	(297)	(25)

APPENDIX 2

CAPITAL EXPENDITURE BY PROGRAMME AREA

	Outturn	Original Budget	Revised Forecast 30/09/03	Change	Actuals at 30/09/03	Actuals as a % of the revised forecast
Programme area	2002/03	2003/04	2003/04	2003/04	2003/04	
	£'000	£'000	£'000	£'000	£'000	%
Education	5,761	7,747	8,196	317	2,913	36%
Social Care	618	300	411	15	39	9%
P&F – Property	865	837	1,419	583	1,049	74%
P&F – General	320	1,047	1,050	26	277	26%
P&F – eModernisation	968	1,216	1,068	(148)	216	20%
Environment Planning	4	-	-	-	-	-
Environment General	9,745	10,501	10,720	219	3,545	33%
Social Development	873	995	996	1	54	5%
Economic Development	849	3,656	6,040	2,103	477	8%
Strategic Housing	3,687	5,494	4,832	(662)	873	18%
HCS	66	-	-	-	-	-
Joint Finance	1,358	-	-	-	74	N/a
Outturn	25,114	31,793	34,732	2,454	9,517	27%
Housing Revenue Account	7,030	3,379	3,774	394	3,453	91%
Total Outturn	32,144	35,172	38,506	2,992	12,970	34%

APPENDIX 3

CAPITAL RECEIPTS FOR 2003/04

Sale Detail	Directorate Share	Directorate Share	Corporate Share	Total receipt
		£'000	£'000	£'000
<i>Received</i>				
Artic Circle	50% Economic Development	7	7	14
RTB Clawbacks (75% set aside)	100% HRA	2	-	2
RTB Discounts (75% set aside)	100% HRA	4	-	4
Improvement grants	100% Strategic Housing	5	-	5
1.5 acres of land at Fir Tree Lane	100% Corporate	-	18	18
64 Waterside, Evesham	100% Corporate	-	22	22
Land at waterside, Evesham	100% Corporate	-	7	7
204/206 Wilden Lane, Stourport	100% Corporate	-	29	29
73 Park St Kidderminster	100% Corporate	-	13	13
Magistrates Court Tenbury	100% Corporate	-	28	28
Newnham Bridge Depot Tenbury Wells	100% Corporate	-	61	61
<i>Anticipated</i>				
Various	50% Property	283	282	565
Various	50% Education	60	60	120
Various	50% Social Development	68	67	135
Total		429	594	1,023

APPENDIX 4

MAIN CAPITAL SCHEMES OF REVISED 2003/04 CAPITAL PROGRAMME

Capital Programme Area	Schemes with a Revised Forecast >£500,000 as at 30/09/03 £,000
Education schemes:	
John Masefield High – 6 th Form block	650
St David's PRU – refurbishment of John Venn Unit	500
Marlbrook Early Excellence Centre – new building	734
National Grid for Learning various schemes	2,096
New Deal for Schools condition property schemes	1,027
P&F Property:	
Hillside Capital Scheme	1,068
P&F General schemes:	
Info in Bromyard	765
Environment General schemes:	
Rural areas & market towns integrated transport strategy	683
Roman Road	800
Rural low floor bus project	1,267
Capitalised maintenance of principal roads	910
Capitalised maintenance of non-principal roads	3,090
Capitalised assessment & strength of bridges	1,874
Economic Development schemes:	
Leominster Industrial Estate Access Road	2,257
Herefordshire Strategic Regeneration Package - Rotherwas Match Funding	2,291
Strategic Housing schemes:	

Social Housing Grants	2,420
<i>Other schemes less than £500,000</i>	<i>16,074</i>
Revised Forecast	38,506

INDEX OF MULTIPLE DEPRIVATION

PROGRAMME AREA OF RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

20TH NOVEMBER, 2003

Wards Affected

County-wide

Purpose

To endorse the issues to be addressed regarding the current consultation on the Index of Multiple Deprivation (IMD). The IMD is a list of all the 8,000+ wards in England, ranked in descending order of deprivation, based on a wide variety of factors.

Key Decision

This is not a Key Decision.

Recommendation

THAT the issues set out in this report be endorsed as a basis for responding to the consultation.

Reasons

To ensure that Herefordshire's best interests are reflected in the construction of the Index to maximise the future likelihood of accessing regional, national and European funding streams.

Considerations

1. The IMD is used by Central Government and regional bodies to distribute regeneration and other funds to wards. The current Index was published in 2000 based on statistics pertaining to 1998. It incorporates data on indicators in a variety of "domains" of personal deprivation: income, employment, housing, health, education and geographical access to services. With the exception of the South Wye area and other parts of Leominster and Hereford, the wards of the County rank as less deprived than many in England on most domains.
2. A first stage consultation on updating the Index was produced in late 2002; there was a move by some urban authorities to remove the Access to Services domain. Herefordshire Council responded to the consultation urging, among other issues, that the access to services domain be retained and that indicators relating to a lack of affordable housing be included.
3. The Office of the Deputy Prime Minister (ODPM) published the results of the first stage consultation in September 2003 and invited comments on the latest proposals for the Index to be returned by 14th November, 2003. Despite the warnings in the local government press that the Index would be heavily biased in favour of urban

areas, the proposed Index appears reasonably fair. The proposal to include the Access to Services domain is still on the table and the ODPM project team have also responded positively to requests from Herefordshire Council and other local authorities for a lack of affordable housing indicator.

4. There are however still concerns about the construction methodology of the Access to Services domain. In particular it is important to ensure that a distinction is maintained between geographical access to services and other barriers.
5. The way in which the ODPM propose to include housing indicators in the IMD favours does not appear to favour Herefordshire and it is proposed that we make recommendations for changes.
6. Other important issues include:-
 - Modifying proportions dependent on welfare benefits to allow for different take up rates between urban and rural areas,
 - Correct use of multi-variate analytical techniques which combine the indicators,
 - Indicator on homes vulnerable to flooding (recommend to be included),
 - Arrangement of census data to avoid disclosure should not distort the Index,
 - Correct population counts are used.
7. Once the new IMD is released (early 2004), a summary of the information will be published in the Council's Quarterly Economic Report. The Index will also be the subject of a Herefordshire Information and Research Network (HIRN) seminar in Spring 2004 (date to be arranged).

Alternative Options

To ignore the invitation from ODPM to respond to the second round of consultation. However it is important that Herefordshire's interests are pursued.

Risk Management

The risk that the Access to Services domain could be dropped or biased towards urban areas is still present. Consequently, it is imperative that rural authorities maintain the pressure on ODPM to ensure its inclusion and most favourable formulation.

Consultees

Wide networking with officers in other rural authorities.
The Manager of the Rural Regeneration Zone
Director of Public Health
Researchers in Partnership organisations

Background Papers

None identified

DEVELOPMENT CONTROL FUNCTIONS

PROGRAMME AREA RESPONSIBILITY: ENVIRONMENT

CABINET

20TH NOVEMBER, 2003

Wards Affected

County-wide

Purpose

To consider a request that the discharge of the Council's development control functions within the area of the city and parish of Hereford be delegated to Hereford City Council.

Key Decision

This is not a Key Decision.

Recommendation

THAT the request be not approved.

Reasons

Development control functions are a key responsibility for the Herefordshire Council.

Considerations

1. The Hereford City Council have formally requested the Council that it should enter into an appropriate agreement under the provisions of section 101 of the Local Government Act 1972 with regard to the discharge of development control functions within the area of the city and parish of Hereford by the Hereford City Council. It is proposed that this request is wholly within the current spirit of government policy to delegate functions to parish councils by agreement.
2. The request was considered by the Constitutional Review Working Group at its meeting on 19 June 2003. This is a cross-party group of senior councillors who are responsible for considering proposed changes to the Constitution before having the matter referred to Cabinet and Strategic Monitoring Committee for recommendation to Council. At its meeting on 19 June 2003, the Group considered the request. Aside from the implications of the proposal for the remainder of the parish councils within the county, the Working Group considered the discharge of development control functions as a key responsibility for the Herefordshire Council itself.
3. The Hereford City Council have asked for the matter to be brought before the full Council meeting at the earliest opportunity.

Further information on the subject of this report is available from
Marie Rosenthal, County Secretary and Solicitor on (01432) 260200

Alternative Options

There are no alternative options.

Risk Management

Determining planning applications is a key statutory responsibility for the authority in its role as local planning authority. Stringent controls would need to be put in place to ensure that the function was properly carried out and appropriately supported should the delegation be approved.

Consultees

Not applicable.

Background Papers

None identified.