

Agenda

Cabinet

Date: **Thursday 14 December 2023**

Time: **2.30 pm**

Place: **Conference Room 1 - Herefordshire Council, Plough Lane Offices, Hereford, HR4 0LE**

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

For any further information please contact:

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If you would like help to understand this document, or would like it in another format, please call Samantha Walmsley, Democratic Services Officer on (01432) 260176 or e-mail samantha.walmsley2@herefordshire.gov.uk in advance of the meeting.

Agenda for the meeting of Cabinet

Membership

Chairperson Councillor Jonathan Lester, Leader of the Council
Vice-Chairperson Councillor Elissa Swinglehurst, Deputy Leader of the Council

Councillor Graham Biggs
Councillor Harry Bramer
Councillor Barry Durkin
Councillor Carole Gandy
Councillor Ivan Powell
Councillor Philip Price
Councillor Pete Stoddart

Agenda

	Pages
<p>1. APOLOGIES FOR ABSENCE</p> <p>To receive any apologies for absence.</p>	
<p>2. DECLARATIONS OF INTEREST</p> <p>To receive declarations of interests in respect of Table A, Table B or Other Interests from members of the committee in respect of items on the agenda.</p>	
<p>3. MINUTES</p> <p>Minutes from the Cabinet meeting on 23 November 2023 are to follow.</p>	
<p>HOW TO SUBMIT QUESTIONS</p> <p><i>The deadline for submission of questions for this meeting is:</i></p> <p><i>9:30am on Monday 11 December 2023.</i></p> <p><i>Questions must be submitted to councillorservices@herefordshire.gov.uk. Questions sent to any other address may not be accepted.</i></p> <p><i>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</i></p>	
<p>4. QUESTIONS FROM MEMBERS OF THE PUBLIC</p> <p>To receive questions from members of the public.</p>	
<p>5. QUESTIONS FROM COUNCILLORS</p> <p>To receive questions from councillors.</p>	
<p>6. REPORTS FROM SCRUTINY COMMITTEES</p> <p>To receive reports from the Council's scrutiny committees on any recommendations to the Cabinet arising from recent scrutiny committee meetings.</p>	
<p>7. 2024/25 DRAFT BUDGET - REVENUE</p> <p>To approve the 2024/25 draft budget for consultation. This report provides an estimated funding position, based on information known to date, and sets out the key pressures and the savings proposals for each Directorate.</p>	11 - 42
<p>8. 2024/25 DRAFT CAPITAL INVESTMENT BUDGET AND CAPITAL STRATEGY UPDATE</p> <p>To recommend to Council for approval the revised capital investment budget and capital strategy for 2024/25 onwards.</p>	43 - 90

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- Inspect agenda and public reports at least five clear days before the date of the meeting. Agenda and reports (relating to items to be considered in public) are available at www.herefordshire.gov.uk/meetings
- 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.
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- 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. Information about councillors is available at www.herefordshire.gov.uk/councillors
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Guide to Cabinet

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

Cllr Jonathan Lester (Leader)	Corporate Strategy and Budget
Cllr Elissa Swinglehurst (Deputy Leader)	Environment
Cllr Ivan Powell	Children and Young People
Cllr Harry Bramer	Community Services and Assets
Cllr Pete Stoddart	Finance and Corporate Services
Cllr Carole Gandy	Adults, Health and Wellbeing
Cllr Graham Biggs	Economy and Growth
Cllr Barry Durkin	Roads and Regulatory Services
Cllr Philip Price	Transport and Infrastructure

The Cabinet's roles are:

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

Who attends cabinet meetings?

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

**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.



Title of report: 2024/25 Draft Budget - Revenue

Meeting:	Cabinet
Meeting date:	Thursday 14 December 2023
Cabinet member:	Peter Stoddart, finance and corporate services
Report by:	Leader of the Council (Section 9E)
Report author:	Director of Resources and Assurances

Classification

Open

Decision type

Budget and policy framework

Wards affected

All Wards

Purpose

To approve the 2024/25 draft budget for consultation. This report provides an estimated funding position, based on information known to date, and sets out the key pressures and the savings proposals for each Directorate.

The Council has a statutory responsibility to set a Budget and Council Tax in advance of the commencement of the new financial year. The 2024/25 Revenue Budget and Medium Term Financial Strategy 2024/25 to 2027/28 will be approved by Council in February 2024.

Recommendation(s)

That Cabinet:

- a) approves the 2024/25 draft revenue budget, which includes the key pressures and savings proposals for each Directorate, for consultation with Members, the council's relevant scrutiny committees, business rate payers and the public; and
- b) acknowledges that until the Local Government Finance Settlement is published in late December 2023, the funding assumed in the draft 2024/25 budget is an estimate of expected funding.

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. Council 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. A balanced draft revenue budget which totals £205.2 million is proposed for 2024/25. The proposal includes a 4.99% increase in council tax and estimates of central funding to be confirmed following the announcement of the provisional financial settlement in late December 2023.
4. The draft 2024/25 revenue budget assumes a total council tax increase of 4.99%: 2.99% increase in core council tax and a 2% adult social care precept. This increases the band D equivalent charge to £1,875.76, representing an increase of £7.43 per month. This is the maximum increase permitted; a higher increase would require the support of a referendum.
5. The 2% adult social care precept will generate approximately £2.5 million of additional income to fund social care pressures identified in the Community Wellbeing Directorate; reflecting increases in both demand and cost for services to support the county's residents.
6. An increase to the base budget for 2024/25 is proposed to fund identified budget pressures of £43.3 million. Savings and efficiencies of £19.5 million are proposed to mitigate these pressures to deliver a balanced budget.

Autumn Statement & Funding Updates

7. The Chancellor's Autumn Statement on 22 November 2023 included economic forecasts from the Office for Budget Responsibility (OBR) and set out medium term spending plans.

Inflation Forecasts and National Living Wage Increases

8. The OBR has forecast inflation to remain higher for longer and it is now expected that inflation will not return to the 2% target until the second quarter of 2025, more than a year later than forecast in the March 2023 Budget.
9. Consumer Price Index (CPI) inflation is forecast to fall to 4.8% in the final quarter of 2023 with an increase of 7.5% across 2023 compared with a rate of 6.1% in the March 2023 Budget. The increase for 2024 is 3.6% compared with 0.9% previously forecast. CPI inflation is expected to reduce below the 2% OBR target between 2025 and 2027 before returning to a rate of 2% for a longer term.
10. In advance of the Autumn Statement, Central Government announced an increase to the National Living Wage for individuals aged 21 and over of 9.8% from 1 April 2024 from £10.42 to £11.44 per hour.
11. The impact of the increase in the National Living Wage and movement in CPI inflation on the rates that the council pays for services under contract, and in particular care contracts, has been considered as part of this draft budget.

Planned Council Tax Increases

12. The Local Government Settlement in February 2023 confirmed that the council tax referendum limit would be increased to 3% in 2024/25. In addition, local authorities are able to meet adult social care pressures by raising council tax by a further 2% through additional precept in 2024/25.
13. Each 1% increase in council tax will generate approximately £1.3 million of recurrent funding to meet demand pressures and deliver the council's services. The proposed draft revenue budget for 2024/25 assumes the maximum increase of 4.99% in 2024/25.
14. It is anticipated that Government will announce individual local authority funding allocations in late December 2023 as part of the Provisional Local Government Finance Settlement. The final settlement is expected to be received in early February 2024.
15. If additional funding is identified following the announcement of the Local Government Finance Settlement in late December 2023, this will provide an opportunity for Cabinet to review the options for an increase in council tax and any other element of the draft budget. The updated funding position and any changes to the proposals will be included in the Report to Cabinet on 25 January 2024 along with the outcome of the public consultation and recommendations from scrutiny.

Revenue Budget Proposals 2024/25

16. The base budget proposed for 2024/25 is summarised below and detailed in Appendix B with Directorate Savings Proposals detailed in Appendix A.

Detail	2023/24 Base Budget	Unfunded Pressures	Mitigation	Savings	2024/25 Proposed Budget
	£'000	£'000	£'000	£'000	£'000
Community and Wellbeing	68,124	17,182	(5,123)	(3,251)	76,932
Children and Young People	50,812	17,623	(800)	(2,503)	65,132
Economy and Environment	27,735	5,811	(2,000)	(3,080)	28,466
Corporate	25,530	2,376	-	(2,772)	25,134
All Ages Social Care	4,000	(4,000)	-	-	-
Sub Total	176,201	38,992	(7,923)	(11,606)	195,664
Central	17,107	314	-	(7,915)	9,506
TOTALS	193,308	39,306	(7,923)	(19,521)	205,170
Funded by:					
Council tax	126,980				135,054
Business rates	40,614				41,426
Collection fund surplus	1,400				-

Revenue support grant	983				1,048
Rural sparsity delivery grant	5,353				5,982
Social care support grant	13,466				15,642
ASC Discharge Fund	951				1,585
Mkt Sustainability/Fair Cost of Care	2,062				3,100
Services Grant	1,268				1,102
New Homes Bonus	231				231
TOTALS	193,308				205,170

Directorate Key Budget Pressures

17. A summary of Unfunded Pressures of £43.3 million in 2024/25, by Directorate, is noted in the table below. It is proposed that the £4.0 million All Ages Social Care budget, approved in the 2023/24 revenue budget, is applied to the Community Wellbeing Directorate in 2024/25 to fund demand and cost pressures in adult social care.

Pay Award: This pressure represents an impact of the estimated pay award for 2024/25 on staffing expenditure across each Directorate.

Inflation: This pressure represents the impact of inflation across contractual and non-contractual commitments in 2024/25. Inflation is estimated based on a variety of relevant inflation and price indices as well as contract specific rates.

Demand: Demand pressures reflect additional demand for services based on most recent activity data and costs. This pressure includes adjustments to reflect trend analysis and planned activity in each service area.

Transformation: This pressure reflects expenditure required to deliver transformation of service activity and improvements in each Directorate.

Pressure	Community Wellbeing	Children & Young People	Economy & Environment	Corporate Services	Central	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Pay Award	1,160	1,253	806	809	-	4,028
Inflation	7,115	2,121	2,100	1,158	-	12,494
Demand	8,873	12,886	2,776	-	314	24,849
Transformation	34	1,363	129	409	-	1,935
TOTAL	17,182	17,623	5,811	2,376	314	43,306

Community Wellbeing

18. The Directorate faces continued challenge in 2024/25 as a result of increasing demand and complexity of need for the county's ageing population, limited market availability, the impact of hospital high occupancy rates and an increase in the number of individuals unable to fund their own care linked to the impact of increases in the cost of living and inflation.

19. Planned activity in 2024/25 aims to respond to these challenges and deliver savings and efficiencies across the Directorate through increased collaboration with Health and community partners, reviewing high cost Adult Social Care packages and improved utilisation of existing care contracts.

Children & Young People

20. Unprecedented increases in the demand for children’s social care have had a significant impact on Children’s Services nationally. Insufficiency of local residential placements, growing demand in Special Educational Needs (SEN) and Home to School Transport services and national challenges in the recruitment and retention of social workers continue to contribute to pressures across the Directorate.
21. In 2024/25, savings proposals through the 3 Year Financial Plan place workforce stability and the reduction of high cost placements as key priorities for the Directorate to ensure it lives within its means after 3 years. There will be a continued focus on the conversion of high cost agency staff to permanent posts and a decrease in the number of social workers, aligned to expected reductions in the number of children in care due to improvements. The 3 Year Financial Plan is aligned to support the delivery of activity per the Children’s Improvement Plan.
22. The table below outlines how savings planned over the three year period will enable a reduction in the base budget by 31 March 2027.

	Year 1 2024/25 £'000	Year 2 2025/26 £'000	Year 3 2026/27 £'000	Total 3 Year Saving £'000
Base budget b/f	50,812	65,132	59,761	
Additional funding	10,750	-	-	
Pressures less Mitigations	6,073	-	-	
Planned savings	(2,503)	(5,371)	(2,292)	(10,166)
Base budget c/f	65,132	59,761	57,469	

Economy & Environment

23. The Directorate budget for 2024/25 implements increases in parking charges to recognise previously deferred savings targets. Investment in the Directorate will provide sufficient resource and capacity to support growth in the economy in 2024/25 and beyond with additional one-off funding allocated to ensure the Local Plan can be delivered in the next 12 months and to provide resources and expertise to support the Future Operating Model and contractual arrangements with BBLP.

Corporate Services

24. Savings will be delivered in 2024/25; reducing costs through a review of corporate services, business support functions across the council and a review of the council’s management structure.

Proposed Directorate and Council-wide Savings

25. Total Savings of £19.5 million are proposed in the 2024/25 draft budget comprising £11.6 million of Directorate savings and a further £7.9 million of council-wide savings. These savings include a range of proposals to:
- transform the delivery of services;
 - increase opportunities to recover the costs of service delivery;
 - reduce expenditure to deliver recurrent efficiencies; and
 - review of the size and shape of the organisation.

Category of Saving	Directorate £'000	Council-wide £'000	TOTAL £'000
Transform	5,488	7,915	13,403
Reduce	5,103	-	5,103
Increase	1,015	-	1,015
TOTAL	11,606	7,915	19,521

26. Details of individual proposals and a description of planned activity for Directorate savings of £11.6 million are included at Appendix A.
27. In addition to the proposed Directorate savings, a further £7.9 million of savings will be achieved through planned transformation activity across the council in 2024/25. Efficiencies and savings will be achieved through the council's Thrive programme with improvements to systems, processes and technology; using digital solutions and technology to improve the customer offer and maximise opportunities to work with communities and partners alongside maximising income through service cost recovery.
28. Delivery of these initiatives will require the council to transform as an organisation to ensure the future sustainability of the council and the services it delivers. This will require a review of the size and shape of the workforce to create a lean and resilient council for the future.

Outstanding Information and Next Steps

29. Outstanding information which is required in the budget setting process is set out below. Changes to budget proposals arising from the funding settlement, consultation activity, inflationary changes as well as the assessed level of reserves and forecast outturn position for 2023/24 will need to be considered and reflected in the final budget proposed by Cabinet in January 2024.
30. Outstanding information expected to have an impact on the proposed budget for 2024/25 and MTFS includes:
- The provisional and final Local Government Finance Settlement for 2024/25 setting out the council's Settlement Funding Assessment and confirming estimated grant funding and any other changes;
 - The outcome of the public consultation running from 21 November to 31 December 2023; and
 - Recommendations from Scrutiny Management Board in respect of draft budget and savings proposals.

31. Cabinet will propose the 2024/25 Revenue Budget for recommendation to Council at the meeting on 25 January 2024 reflecting the outstanding information above. The report to Cabinet in January 2024 will include:
- a) Council tax and precept calculations;
 - b) 2024/25 Revenue Budget;
 - c) Medium Term Financial Strategy (2024/25 to 2027/28);
 - d) Directorate Savings Plans 2024/25;
 - e) Directorate Base Budgets 2024/25;
 - f) Treasury Management Strategy 2024/25;
 - g) Earmarked Reserve Balances at 31 March 2023;
 - h) Results of Consultation Activity; and
 - i) Responses to recommendations from Scrutiny Management Board.
32. Council will meet to approve the 2024/25 Revenue Budget and supporting Appendices at its meeting on 9 February 2024. Any changes to the budget proposed by Cabinet at the meeting on 25 January 2024, as a result of outstanding information noted above, will be incorporated into the final budget to be considered by Council.

Community impact

33. The draft budget demonstrates how the council plans to use its financial resources to deliver its statutory responsibilities and strategic priorities. The budget and savings proposals support the overall delivery plan and service delivery strategies in place.
34. In accordance with the adopted code of corporate governance, the 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.

Environmental Impact

35. 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.
36. 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

37. 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.
37. 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

38. 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

39. 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.
40. 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).
41. 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.
42. 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.
43. 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.
44. 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.
45. Local government legislation requires the council's S151 officer to make a report to the full Council meeting when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget

proposals (the statement is contained within the risk management section of this report). This is done so that members will have authoritative advice available to them when they make their decisions. As part of the Local Government Act 2003 members have a duty to determine whether they agree with the S151 statutory report.

46. 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.
47. 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.

Risk management

48. 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.
49. The budget has been updated using the best available information; current spending, anticipated pressures and estimates in respect of the provisional 2024/25 funding settlement.
50. 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.
51. The council maintains a general fund reserve balance above the minimum requirement, earmarked reserves and an annual contingency budget to manage these risks.
52. Key risks and mitigating actions are noted in the table below:

Key Financial Risk	Likelihood	Impact	Mitigation Action
<p>Not delivering required improvements The council must address the statutory direction and improvements across Children's Services</p>	Low	Medium	<p>The Children's Improvement Board continues to work with the Department for Education, the appointed Commissioner for Children's Services and its improvement partner Leeds City Council and resources have been allocated to address required transformation and improvement. Performance against the Improvement Plan is monitored and reported on a quarterly basis.</p> <p>A three year Strategic and Financial Plan has been developed to ensure the Children & Young People Directorate is able to live within its means after 3 years.</p>
<p>Unexpected events and emergencies By its nature, the financial risk is uncertain</p>	Low	High	<p>The Council maintains a strategic reserve at a level of between 3 and 5% of its net revenue budget for emergency purposes. The level of this reserve at 31 March 2023 was 9.6m (5.0% of budget). Additionally, national resources have</p>

			historically been provided to support national issues.
Increasing demand for Adult and Children's Social Care Demand for Children's services continue and demand for adult services increases as the population ages	High	Medium	Demand led pressures are reflected within our spending plans; additional funding to support increased demand has been applied to Community Wellbeing and Children & Young People Directorate base budgets for 2024/25. In year monitoring of performance enables Directorates to forecast trends and identify changes in demand. Talk Community and strength Based Assessment have evidenced managing demand and investing in Early Help and Prevention will support our response to increasing demand.
Potential overspend and non-delivery of savings required to balance the budget	Medium	Medium	High risk budget areas have been identified and financial support is targeted in these areas. Robust and regular financial monitoring which is reported to Directorate and Corporate Leadership Teams and Cabinet enables the timely identification of actions to mitigate the risk of overspends.
Volatility in Government funding streams The government settlement for 2024/25 is a one year settlement; the assumed funding for the MTFS period is not confirmed	High	Medium	The MTFS will reflect prudent estimates and assumptions in the financial planning over the medium term period where it is acknowledged that uncertainty over future funding exists
Interest and Inflation There is uncertainty over interest and inflation rates	Medium	Medium	The Treasury Management Strategy is informed by latest forecasts, as provided by our Treasury Management Advisors. Increases in borrowing rates will be offset by increases in investment returns.

Consultees

53. 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.
54. A series of 15 local budget public consultation events will be held between 22 November and 13 December 2023 including engagement with community groups and the business community. The consultation presents high-level options to contribute towards balancing the council's budget for 2024/25 and their likely impact. These options included reducing and transforming services, increasing charging for services and increasing council tax.

55. An online public consultation will be available for residents to complete from 21 November to 31 December 2023.
56. The results of these consultation activities will be included in the updated 2024/25 Budget Report for the meeting of Cabinet on 25 January 2024.
57. Scrutiny Management Board will be consulted with in early January 2024 and the Board's recommendations for consideration by Cabinet will be included in the updated 2024/25 Budget Report for the meeting of Cabinet on 25 January 2024.

Appendices

Appendix A Proposed Savings Plans 2024/25

Appendix B Proposed Directorate Base Budgets 2024/25

Background papers

None identified.

Appendix A: Savings Proposals recommended for 2024/25

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2024/25 Savings

Directorates	Savings £m
Community Wellbeing	3.2
Children & Young People	2.5
Environment & Economy	3.1
Corporate Services	2.8
Total Directorate Savings	11.6
Council-wide Savings	7.9
TOTAL SAVINGS	19.5

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2024/25 Savings by Category

Category	Directorate £m	Council-wide £m	TOTAL £m
Transform	5.5	7.9	13.4
Reduce	5.1	-	5.1
Increase	1.0	-	1.0
TOTAL SAVINGS	11.6	7.9	19.5

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2024/25 Community Wellbeing Savings £3.2m

Saving Category	Ref	Name of Proposal	Description	Saving £'000
Reduce	S1	Workforce service review	Full review of current service delivery models with a continued focus on operating with a stable engaged workforce.	353
Reduce	S2	Reduce Library opening hours by 10%	Review of current library service delivery with a focus on areas where reductions in opening hours would have the minimum impact	55
Reduce	S3	Delete vacant permanent posts not currently occupied	Review of all vacant posts not currently occupied by permanent or interim staff with a view to reducing employment costs across the service	801
Transform	S4	Review of high cost packages in Adult Social Care	Review of all active high cost packages of care including those delivering 2:1 and 3:1 care	1,000

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2024/25 Community Wellbeing Savings £3.2m

Saving Category	Ref	Name of Proposal	Description	Saving £'000
Transform	S5	Better utilisation of existing care contracts	Focus on existing block contracts	200
Reduce	S6	Reduction in non-care contract values	Specific focus on Talk Community website, advertising & promotion budgets and voluntary sector infrastructure support	104
Increase £138k; Reduce £23k; Transform £50k	S7	Public Health savings	Reprioritising Public health grant through the recommissioning / decommissioning of contracts across Public Health.	211
Increase	S8	Maximise housing benefit claims	Maximise housing benefit claims to offset the costs of temporary accommodation	22
Increase	S9	Ensure correct pathways for funding of complex care	Continuation of Fair & Consistent Care & Funding Pathway	500

2024/25 Community Wellbeing Savings £3.2m

Saving Category	Ref	Name of Proposal	Description	Saving £'000
Increase	S10	Charge for welfare benefits support	Introduction of charging for welfare benefits support where not already in place	5
			Total Community Wellbeing Savings	3,251

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2024/25 Children & Young People Savings £2.5m

Saving Category	Ref	Name of Proposal	Description	Saving £'000
Reduce	S1	Reduce Children's High-Cost placements	Current activity to step down higher cost placements and reunite some families	959
Reduce	S2	Reduction in Social Worker establishment	Achieving a reduction of 14 social workers posts by 31 March 2025 based on the assumption of reduced demand	338
Transform	S3	Reduce numbers of agency social workers	Convert 30 posts from agency to permanent by end of June 2024 (Q1) to realise 3/4yr effect	1,006
Transform	S4	SEN Transport Efficiencies	Changes to contract arrangements.	200
			Total Children and Young People Savings	2,503

2024/25 Environment & Economy Savings £3.1m

Saving Category	Ref	Name of Proposal	Description	Saving £'000
Reduce	S1	Delete vacant permanent posts not currently occupied	Removal of vacant posts that are no longer required	340
Reduce	S2	BBLP – Revision of Annual Plan works	Reduction in services provided as a part of the Annual Plan	450
Transform	S3	BBLP – Annual Efficiency Saving	Deliver the same services as a reduced cost	250
Reduce	S4	Reduced Energy Costs	As energy costs have reduced so the budget required has reduced	580
Transform	S5	Changes to School Enforcement team	Alignment of costs to income	40

2024/25 Environment & Economy Savings £3.1m

Saving Category	Ref	Name of Proposal	Description	Saving £'000
Increase	S6	Inflationary Increases in Fees and Charges	Increase in service charges in line with current levels of inflation	350
Transform	S7	Waste Collection Service	To deliver efficiencies for the operation of the waste collection service	800
Transform	S8	Transfer of functions from the Local Enterprise Partnership (LEP)	Following a government decision to transfer functions to Local Authorities, national guidance is expected in January 2024	250
Reduce	S9	Stop using Scoot Highways System	Removal of software for traffic signal operation	20
			Total Economy & Environment Savings	3,080

2024/25 Corporate Services Savings £2.8m

Saving Category	Ref	Name of Proposal	Description	Saving £'000
Reduce	S1	Governance & Legal Services: 50% reduction in locum budget	To reflect the recruitment of permanent staff	200
Reduce	S2	Governance & Legal Services: 20% reduction in external legal budget	Reduce spend, subject to reduced demands in child care proceedings and no increase in other areas	100
Transform	S3	Resources & Assurance: Implementation of Oxygen Finance solution	To achieve discount on invoice value through prompt payments to suppliers (supplier sign up to benefit from advanced cashflow in exchange for discount). To be implemented in Q4 of 2023/24	60
Reduce	S4	Resources & Assurance: Reduction in mobile phone provider contract	Delivered by appointment of new provider in 2023/24 at a cheaper rate	170

2024/25 Corporate Services Savings £2.8m

Saving Category	Ref	Name of Proposal	Description	Saving £'000
Transform	S5	Resources & Assurance: automation of Council Tax and Business Rate processes using GovTech solution	Implementation of a new system that allows customers to provide updates to the Council Tax and Business Rates system via the website	100
Reduce £610k; Transform £1,532k	S6	Reduction in Hoople SLA contract value and workforce service reviews	Renegotiation of the service level agreements with Hoople - transforming a range of support services and specific workforce service reviews	2,142
			Total Corporate Services Savings	2,772

2024/25 Council-wide Savings £7.9m

Saving Category	Ref	Name of Proposal	Description	Saving £'000
Transform	S1	Mutual Early Resignation Scheme 2024 (MERS24)	A voluntary resignation scheme for employees	4,500
Transform	S2	Transformation: Thrive Programme Savings	Maximisation of income generation through Service Cost Recovery. Reduction of expenditure through review of third party spend and transformation of services through Customer Acceleration and Robotic Automation projects	2,600
Transform	S3	Transformation: Target Operating Model	A review of the council Management Structure, Corporate Services and Business Support functions across the council.	815
			Total Council-wide Savings	7,915

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Appendix B:

Proposed Directorate Base Budgets 2024/25

Community Wellbeing Directorate TOTAL	2024/25 Proposed Budget £m
Employees	21.027
Premises	0.397
Transport	0.545
Supplies and Services	(1.002)
Support Services	0.058
Third Party Payments	101.769
Transfer Payments	1.105
Gross Budget	123.898
Income	(46.110)
Cont From Reserves	(0.856)
Net Budget	76.932

Director	2024/25 Proposed Budget £m
Employees	5.201
Premises	0.362
Transport	0.034
Supplies and Services	(5.264)
Support Services	0.000
Third Party Payments	0.597
Transfer Payments	(2.169)
Gross Budget	(1.239)
Income	(15.982)
Cont From Reserves	(0.138)
Net Budget	(17.359)

Social Care Delivery	2024/25 Proposed Budget £m
Employees	7.438
Premises	0.002
Transport	0.260
Supplies and Services	(1.574)
Support Services	0.000
Third Party Payments	84.460
Transfer Payments	0.000
Gross Budget	90.586
Income	(17.672)
Cont From Reserves	(0.057)
Net Budget	72.857

All Ages Commissioning	2024/25 Proposed Budget £m
Employees	3.495
Premises	0.001
Transport	0.219
Supplies and Services	2.561
Support Services	0.000
Third Party Payments	14.051
Transfer Payments	0.033
Gross Budget	20.360
Income	(2.237)
Cont From Reserves	(0.661)
Net Budget	17.462

Communities	2024/25 Proposed Budget £m
Employees	3.583
Premises	0.025
Transport	0.025
Supplies and Services	0.252
Support Services	0.000
Third Party Payments	0.124
Transfer Payments	0.010
Gross Budget	4.018
Income	(0.159)
Cont From Reserves	
Net Budget	3.859

Public Health	2024/25 Proposed Budget £m
Employees	1.310
Premises	0.007
Transport	0.007
Supplies and Services	3.023
Support Services	0.058
Third Party Payments	2.537
Transfer Payments	3.231
Gross Budget	10.173
Income	(10.060)
Cont From Reserves	
Net Budget	0.113

Children & Young People Directorate TOTAL	2024/25 Proposed Budget £m
Employees	29.454
Premises	3.548
Transport	5.989
Supplies and Services	(0.857)
Support Services	(0.868)
Third Party Payments	37.958
Transfer Payments	0.181
Gross Budget	75.405
Income	(10.273)
Cont From Reserves	0.000
Net Budget	65.132

Director	2024/25 Proposed Budget £m
Employees	4.864
Premises	0.000
Transport	0.014
Supplies and Services	(2.354)
Support Services	0.017
Third Party Payments	0.759
Transfer Payments	0.084
Gross Budget	3.384
Income	(0.207)
Cont From Reserves	
Net Budget	3.176

Education, Skills and Learning	2024/25 Proposed Budget £m
Employees	4.518
Premises	3.498
Transport	5.723
Supplies and Services	0.531
Support Services	(1.011)
Third Party Payments	1.880
Transfer Payments	0.001
Gross Budget	15.140
Income	(3.564)
Cont From Reserves	
Net Budget	11.576

Safeguarding and Family Support	2024/25 Proposed Budget £m
Employees	14.968
Premises	0.035
Transport	0.193
Supplies and Services	0.467
Support Services	0.095
Third Party Payments	35.281
Transfer Payments	0.156
Gross Budget	51.194
Income	(5.886)
Cont From Reserves	
Net Budget	45.308

Performance, Quality Assurance & Safeguarding	2024/25 Proposed Budget £m
Employees	5.104
Premises	0.015
Transport	0.059
Supplies and Services	0.499
Support Services	0.032
Third Party Payments	0.038
Transfer Payments	(0.060)
Gross Budget	5.688
Income	(0.616)
Cont From Reserves	
Net Budget	5.071

Economy and Environment Directorate TOTAL	2024/25 Proposed Budget £m
Employees	13.393
Premises	2.825
Transport	5.428
Supplies and Services	(0.661)
Support Services	0.026
Third Party Payments	29.670
Transfer Payments	0.497
Gross Budget	51.178
Income	(18.773)
Cont From Reserves	(3.939)
Net Budget	28.466

Director	2024/25 Proposed Budget £m
Employees	0.442
Premises	0.000
Transport	0.000
Supplies and Services	(1.134)
Support Services	0.000
Third Party Payments	0.000
Transfer Payments	0.000
Gross Budget	(0.692)
Income	0.000
Cont From Reserves	0.000
Net Budget	(0.692)

Environment, Highways and Waste	2024/25 Proposed Budget £m
Employees	5.285
Premises	2.680
Transport	5.330
Supplies and Services	(0.346)
Support Services	0.026
Third Party Payments	29.060
Transfer Payments	0.497
Gross Budget	42.532
Income	(12.389)
Cont From Reserves	(2.923)
Net Budget	27.220

Economy and Growth	2024/25 Proposed Budget £m
Employees	7.666
Premises	0.145
Transport	0.098
Supplies and Services	0.819
Support Services	0.000
Third Party Payments	0.360
Transfer Payments	0.000
Gross Budget	9.088
Income	(6.384)
Cont From Reserves	(0.766)
Net Budget	1.938

Lengthsman Scheme	2024/25 Proposed Budget £m
Employees	
Premises	
Transport	
Supplies and Services	
Support Services	
Third Party Payments	0.250
Transfer Payments	
Gross Budget	0.250
Income	
Cont From Reserves	(0.250)
Net Budget	0.000

Corporate Services Directorate TOTAL	2024/25 Proposed Budget £m
Employees	14.671
Premises	3.156
Transport	0.038
Supplies and Services	4.711
Support Services	(0.243)
Third Party Payments	11.395
Transfer Payments	0.773
Gross Budget	34.501
Income	(9.167)
Cont From Reserves	(0.200)
Net Budget	25.134

Chief Executive Office	2024/25 Proposed Budget £m
Employees	1.147
Premises	0.000
Transport	0.001
Supplies and Services	(1.375)
Support Services	(0.012)
Third Party Payments	0.000
Transfer Payments	0.000
Gross Budget	(0.239)
Income	0.000
Cont From Reserves	0.000
Net Budget	(0.239)

Corporate Services Support	2024/25 Proposed Budget £m
Employees	0.000
Premises	0.000
Transport	0.000
Supplies and Services	2.398
Support Services	0.000
Third Party Payments	2.437
Transfer Payments	0.000
Gross Budget	4.835
Income	(0.575)
Cont From Reserves	0.000
Net Budget	4.260

Governance and Legal Services	2024/25 Proposed Budget £m
Employees	5.763
Premises	0.127
Transport	0.029
Supplies and Services	1.341
Support Services	(0.025)
Third Party Payments	0.000
Transfer Payments	0.000
Gross Budget	7.235
Income	(1.323)
Cont From Reserves	(0.200)
Net Budget	5.712

HR and Organisational Development	2024/25 Proposed Budget £m
Employees	0.895
Premises	0.000
Transport	0.002
Supplies and Services	0.163
Support Services	0.000
Third Party Payments	0.773
Transfer Payments	0.000
Gross Budget	1.834
Income	0.000
Cont From Reserves	0.000
Net Budget	1.834

Strategic Assets	2024/25 Proposed Budget £m
Employees	1.495
Premises	3.029
Transport	0.003
Supplies and Services	0.252
Support Services	0.016
Third Party Payments	4.568
Transfer Payments	0.000
Gross Budget	9.363
Income	(6.179)
Cont From Reserves	0.000
Net Budget	3.184

Strategic Finance	2024/25 Proposed Budget £m
Employees	2.046
Premises	0.000
Transport	0.000
Supplies and Services	1.935
Support Services	(0.232)
Third Party Payments	3.616
Transfer Payments	0.770
Gross Budget	8.135
Income	(0.909)
Cont From Reserves	0.000
Net Budget	7.226

Transformation, PMO and Performance	2024/25 Proposed Budget £m
Employees	3.325
Premises	0.000
Transport	0.003
Supplies and Services	(0.003)
Support Services	0.010
Third Party Payments	0.000
Transfer Payments	0.003
Gross Budget	3.338
Income	(0.181)
Cont From Reserves	0.000
Net Budget	3.157

Title of report: 2024/25 Draft Capital Investment Budget and Capital Strategy Update

Meeting:	Cabinet
Meeting date:	Thursday 14 December 2023
Cabinet Member:	Peter Stoddart, Finance and Corporate Services
Report by:	Director of Resources and Assurance
Report Author:	Strategic Capital Finance Manager

Classification

Open

Decision type

Budget and policy framework

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

To recommend to Council for approval the revised capital investment budget and capital strategy for 2024/25 onwards.

Recommendation(s)

That: Cabinet

(A) Recommends the following to Council

- I. To approve the revised capital programme for 2024/25 attached at appendix C; and
- II. Approve the capital strategy at appendix D.

(B) For (i) the land assets listed in paragraph 14 of this Report and (ii) all further small land assets or building with an individual valuation of £500k and under, delegates:

- i. to the section 151 officer to undertake an options analysis in relation to each land asset; and**
- ii. to the Cabinet Member for Community Services & Assets to consider the options and decide whether to retain or dispose of each land asset in each case to ensure that the Council maximises the capital receipt for the land asset or that the decision aligns with the Councils strategic priorities or functions**

Alternative options

1. It is open to Cabinet to recommend alternative capital investment options to Council. No alternative options have been brought forward to date and suggestions would require review and assessment, in line with those completed on the options presented in this report. In addition, as an amendment to proposals put forward by Cabinet, any amendment would either require the consent of the Leader of the Council or further consideration by Cabinet, and scrutiny, before a decision could be taken in accordance with budget and policy framework rules.
2. A capital strategy is required in accordance with the statutory guidance issued by 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.
3. It is open for Cabinet not to approve the disposal and review of corporate assets although maintenance of the land has a revenue burden and means the council will not benefit from a capital receipt to fund other capital works in line with the county plan.

Key considerations

4. The capital programme reflects capital investment generating benefit to the county for a period in excess of one year.
5. There is a full Council meeting on 8 December 2023 and the current capital programme included in this report is assumes the proposed changes to the capital programme being approved on 8 December.
6. The current approved capital programme and forecast outturn is provided at appendix B as at the end of November. The reprofiling of the capital spend was carried out in quarter 2 in line with external audit recommendations and reported separately to cabinet. 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.
7. As part of the 2024/25 budget setting process, priority capital investment needs for future years have been identified.
8. All proposals are included in appendix A along with outline strategic business cases at Appendix E. Appendix A provides details of the proposed additions to the existing capital programme that have been identified and the impact of approving these additions. Seven capital investment budget proposals totalling £7.33m have been identified, to be funded by prudential borrowing (£7.33m).

9. An informal review of all prospective capital funding requests has been completed to ensure all funding requests were manageable within the current borrowing limits in the medium term financial strategy and retains approximately £6.7m in the capital receipts reserve.
10. Inclusion in the capital programme is not approval to proceed. Each project will be subject to its own governance, a full business case will be presented for approval where required and compliance with the council's contract procedure rules as applicable.
11. 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. The strategy is included at appendix D and in line with the guidelines requires Council approval.
12. The council is undertaking a Corporate Asset Review (CAR) which seeks to identify surplus areas of land and assets. The assets identified vary from smaller plots that might benefit local homeowners and small businesses to larger development plots that will enable housing development.
13. Property Services believe that this approach is best practice to ensure that the council retains only those assets where benefit can be derived for operational or financial reasons.
14. The seven sites in the table below have potential to bring forward residential development or commercial development.

Site Reference	Description
RDA6	Former Holme Lacy School Site
X590	Hereford Broadlands Lane Paddock
5GBJ	1 Lugg View Cottage, Broadlands Lane
JCBH	Bromyard Ashfields Highways Depot Hereford Road
PJBD	Bromyard Ashfields Depot Grazing Land Hereford Road
1LGG	Leominster Broad Street Car Park
UQG3	Churchill House

15. The disposal of the sites would produce a capital receipt, over and above its current use value, that could to be redirected to fund other capital projects that are in line with the council's priorities.
16. Any disposal processes should be evaluated upon their contribution to the delivery of the council's corporate plan.

Community impact

17. 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.

18. The capital investment proposals support the overall delivery 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

19. Herefordshire 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.
20. 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

21. 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.
22. 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 process, required ahead of incurring capital spend.

Resource implications

23. The proposed additions at appendix A total £7.33m over the next four years. This is all to be financed from prudential borrowing 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.

No	Scheme	Capital Grant funding £000	Redirected funding £000	Capital receipt funding £000	Funded by ROI £000	Corporate Funded PB £000	Total Request £000
Community:- Build communities to ensure everyone lives well and safely together							
1	Schools Accessibility	0.0	0.0	0.0	0.0	1,500.0	1,500.0
2	Children's residential homes for 11 to 18 year olds	0.0	0.0	0.0	0.0	424.0	424.0
	Total Community	0.0	0.0	0.0	0.0	1,924.0	1,924.0
Economy:- Support an economy which builds on the county's strengths and resources							
3	Planning & Regulatory Services software	0.0	0.0	0.0	0.0	1,396.0	1,396.0
4	Estates Building Improvement Programme 2024-27	0.0	0.0	0.0	0.0	2,465.6	2,465.6
5	Building works from 2022 Condition Surveys	0.0	0.0	0.0	0.0	745.0	745.0
6	VMWare Host Replacement	0.0	0.0	0.0	0.0	247.5	247.5
7	Property Improvements in Care Homes	0.0	0.0	0.0	0.0	550.0	550.0
	Total Economy	0.0	0.0	0.0	0.0	5,404.1	5,404.1
	Total	0.0	0.0	0.0	0.0	7,328.1	7,328.1

24. 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	24/25	25/26	26/27	27/28	Total
Total Corporate Borrowing Required	5,128.4	1,579.7	620.0	-	7,328.1
Annual Funding Limit	6,700.0	6,700.0	6,700.0	6,700.0	26,800.0
Unspent 22/23 borrowing to reallocate	150.7	-	-	-	150.7
Unspent 23/24 borrowing estimated	477.3	-	-	-	477.3
Allocated Previously	- 6,700.0	- 6,700.0	- 6,700.0	-	- 20,100.0
Total Funding Available	628.0	0.0	0.0	6,700.0	7,328.0
Funding Variance	-4,500.3	-1,579.7	-620.0	6,700.0	-0.0

25. The additional borrowing requirement is reflected in an update to the Treasury Management Strategy as shown in the report appearing elsewhere on the Cabinet's agenda today [14 December 2023] 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 2027/28 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.

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

Legal implications

27. 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.
28. 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.
29. 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.
30. 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.
31. 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. Scrutiny Management Board will need to consider the capital investment budget at appendix A at its meeting on 16 January 2024, to ensure the proposals in appendix C and D have been developed in accordance with the constitution.
32. 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.
33. In relation to recommendation B, each land asset proposal should comply with s123 Local Government Act 1972 to ensure best value and/or whether disposal/ development of the land aligns with the Council's priorities and functions. As the disposal could be for a range of purposes, it is not clear exactly at this stage what the eventual use of the land asset will be. As such, it is proper that final proposals and the potential implications of such should be considered by the executive member.

Risk management

34. For all capital projects monthly budget control meetings give assurance on the robustness of budget control and monitoring, to highlight key risks and to identify any mitigation to reduce the impact of pressures on the council's overall position for example through phasing of spend, identifying and securing scheme changes or alternative funding sources.
35. 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. 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.
36. 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

37. 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.
38. An online public consultation is currently open and the results of this will be published for the Council meeting in February 2024. The main focus of the consultation was on council tax setting and the savings that needed to be identified to enable a balanced revenue budget to be presented due to the current pressures but is also seeking views on the disposal of assets.

Appendices

Appendix A - Proposed capital investment additions from 2024/25

Appendix B - Current status of approved capital programme

Appendix C - Total proposed capital programme

Appendix D - Proposed Capital Strategy

Appendix E – Outline Strategic Business cases for capital investment proposals.

Background papers

None

Glossary of Terms

Capital Grant Funding – External income from another organisation

Redirected Funding – Use of revenue reserves to fund capital

Capital Receipt Funding – Use of the capital receipts reserve generated from sale of land, buildings and other assets of the council

Funded by Return on Investment – this is where there is a return on investment to repay the borrowing costs, such as increased income or savings on the current budget by reducing on going costs

Corporate funding by Prudential Borrowing – this is where prudential borrowing is repaid from the corporate revenue budget

Report Reviewers Used for appraising this report:

Please note this section must be completed before the report can be published		
Governance	John Coleman	Date 04/09/2023
Finance	Wendy Pickering	Date 01/12/2023
Legal	Sean O'Connor	Date 04/09/2023
Communications	Luenne Featherstone	Date 05/12/2023
Equality Duty	Click or tap here to enter text.	Date Click or tap to enter a date.
Procurement	Lee Robertson	Date 01/12/2023
Risk	Kevin Lloyd	Date 04/12/2023
Approved by	Andrew Lovegrove	Date 05/12/2023

Appendix A

No	Scheme	Current Capital Programme £000	Total 24/25 £000	Total 25/26 £000	Total 26/27 £000	Total 27/28 £000	Capital Grant funding £000	Redirected funding £000	Capital receipt funding £000	Funded by ROI £000	Corporate Funded PB £000	Total Request £000
Community:- Build communities to ensure everyone lives well and safely together												
1	Schools Accessibility	1,003.0	1,500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,500.0	1,500.0
2	Children's residential homes for 11 to 18 year olds		424.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	424.0	424.0
	Total Community	1,003.0	1,924.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,924.0	1,924.0
Economy:- Support an economy which builds on the county's strengths and resources												
3	Planning & Regulatory Services software		698.0	698.0	0.0	0.0	0.0	0.0	0.0	0.0	1,396.0	1,396.0
4	Estates Building Improvement Programme 2024-27		1,518.3	607.3	340.0	0.0	0.0	0.0	0.0	0.0	2,465.6	2,465.6
5	Building works from 2022 Condition Surveys		190.6	274.4	280.0	0.0	0.0	0.0	0.0	0.0	745.0	745.0
6	VMWare Host Replacement		247.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	247.5	247.5
7	Property Improvements in Care Homes		550.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	550.0	550.0
	Total Economy	0.0	3,204.4	1,579.7	620.0	0.0	0.0	0.0	0.0	0.0	5,404.1	5,404.1
	Total	1,003.0	5,128.4	1,579.7	620.0	0.0	0.0	0.0	0.0	0.0	7,328.1	7,328.1
	Unspent 22/23 borrowing to reallocate										150.7	
	Unspent 23/24 borrowing estimated										477.3	
	Allocated Previously										- 20,100.0	
	Total Funding Available										7,328.0	
											-	
	Funding Variance										-0.0	

Scheme Name	2023/24		2023/24 Forecast		2024/25			2025/26			2026/27			Total	Capital receipts	Grant & funding cont	Prudential borrowing	Total	Prior Years	Total Funding
	Prior Years £000	Total Budget £000	Forecast Q3 £000	Variance to Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	Scheme Budget £000	£000	£000	£000	£000	£000	£000
Hereford City Centre Transport Package	37,224	1,500	1,126	(374)	5,755	2,500	0	0	0	46,979	6,081	3,674	9,755	37,224	0	0	0	46,979		
Hereford City Centre Improvements (HCCI)	3,500	2,200	2,200	0	300	0	0	0	0	6,000	2,500	2,500	3,500	6,000	0	0	0	6,000		
Hereford ATMs and Super Cycle Highway		350	5	(345)	650	0	0	0	0	1,000	1,000	1,000	0	1,000	0	0	0	1,000		
Emergency Active travel Fund		119	75	(44)	0	0	0	0	0	119	119	119	0	119	0	0	0	119		
Active Travel Fund 4		156	156	0	150	0	0	0	0	306	306	306	0	306	0	0	0	306		
LUF - Active Travel Measures (north of river)	251	500	200	(300)	3,715	0	0	0	0	4,466	4,215	4,215	251	4,466	0	0	0	4,466		
LUF - Active Travel Measures (south of river)	2	750	200	(550)	8,445	0	0	0	0	9,197	9,194	9,194	2	9,197	0	0	0	9,197		
Passenger Transport Fleet (Electric)		7,800	0	(7,800)	15,600	15,600	0	0	0	39,000	35,000	4,000	39,000	0	0	0	39,000			
Sustainable Transport & Place Making Delivery Board	40,976	13,375	3,962	(9,413)	34,615	18,100	0	0	0	107,066	0	54,915	11,175	66,090	40,976	0	0	107,066		
Local Transport Plan (LTP)		15,466	15,466	0	15,466	0	0	0	0	30,932	30,932	30,932	0	30,932	0	0	0	30,932		
Priority Flood Repair Works	2,868	1,159	390	(769)	0	0	0	0	0	4,027	1,159	1,159	2,868	4,027	0	0	0	4,027		
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	1,891	256	95	(161)	151	0	0	0	0	2,299	408	408	1,891	2,299	0	0	0	2,299		
Public Realm Maintenance - Mitigating Risk on the Network	1,101	3,656	3,091	(566)	193	0	0	0	0	4,950	3,849	3,849	1,101	4,950	0	0	0	4,950		
Highways Maintenance and pot hole repairing 2023/24		2,558	2,558	0	0	0	0	0	0	2,558	2,558	2,558	0	2,558	0	0	0	2,558		
Winter Resilience		227	182	(45)	740	435	0	0	0	1,402	1,402	1,402	0	1,402	0	0	0	1,402		
Highways Equipment	41	507	314	(194)	0	0	0	0	0	548	507	507	41	548	0	0	0	548		
Natural Flood Management	97	220	220	0	337	336	284	1,274	1,176	1,274	1,176	1,176	97	1,274	0	0	0	1,274		
Highways Infrastructure Investment		1,335	1,335	0	6,835	3,985	3,885	16,040	1,580	16,040	14,460	16,040	0	16,040	0	0	0	16,040		
Public Realm Improvements for Ash Die Back		315	315	0	367	367	367	1,416	1,416	1,416	1,416	1,416	0	1,416	0	0	0	1,416		
Moving Traffic Enforcement Phase 2		25	25	0	119	0	0	144	144	144	144	144	0	144	0	0	0	144		
Masters House		762	0	(762)	0	0	0	762	762	762	762	762	0	762	0	0	0	762		
Highways Maintenance Delivery Board	5,998	26,486	23,990	(2,497)	24,209	5,123	4,536	66,352	0	37,008	23,345	60,354	5,998	66,352	0	0	66,352			
E & E's S106		1,979	1,979	0	4,045	1,548	0	7,572	7,572	7,572	7,572	7,572	0	7,572	0	0	0	7,572		
C & F's S106		860	860	0	1,047	2,084	0	3,992	3,992	3,992	3,992	3,992	0	3,992	0	0	0	3,992		
Planning Delivery Board	0	2,839	2,839	0	5,092	3,632	0	11,563	-	11,563	0	11,563	0	11,563	0	0	11,563			
Integrated Wetlands	2,252	410	410	0	339	0	0	3,000	748	748	748	2,252	3,000	0	0	0	3,000			
Solar Photovoltaic Panels	862	265	201	(64)	1,007	0	0	2,134	2,134	2,134	1,272	862	2,134	0	0	0	2,134			
Wye Valley AONB	55	155	155	0	116	0	0	326	272	272	272	55	326	0	0	0	326			
SEPUBU Grant	88	344	17	(327)	0	0	0	432	344	344	344	88	432	0	0	0	432			
Waste		0	0	0	18,090	0	0	18,090	5,800	12,290	18,090	0	18,090	0	0	0	18,090			
E-Cargo Bike Share		85	85	0	0	0	0	85	85	0	85	0	85	0	0	0	85			
Local Electric Vehicle Infrastructure Capital Fund (LEVI)		124	0	(124)	300	300	400	1,124	1,124	1,124	1,124	0	1,124	0	0	0	1,124			
Herefordshire Retrofit Hub		2,042	124	(1,918)	0	0	0	2,042	2,042	2,042	2,042	0	2,042	0	0	0	2,042			
Green Homes Grant - Local Authority Delivery	526	293	260	(33)	0	0	0	819	293	293	293	526	819	0	0	0	819			
Home Upgrade Grant	522	4,301	2,835	(1,466)	4,646	0	0	9,469	8,947	8,947	8,947	522	9,469	0	0	0	9,469			
Environment & Sustainability Delivery Board	4,304	8,019	4,087	(3,931)	24,498	300	400	37,521	0	19,655	13,562	33,217	4,304	37,521	0	0	37,521			
Hereford Enterprise Zone	14,526	421	421	0	0	0	0	14,947	421	421	421	14,526	14,947	0	0	0	14,947			
Marches Business Investment Programme	2,884	544	486	(58)	0	0	0	3,428	544	544	544	2,884	3,428	0	0	0	3,428			
Employment Land & Incubation Space in Market Towns	341	100	100	0	10,000	10,260	0	20,701	7,214	2,053	11,093	20,360	20,701	0	0	0	20,701			
Leominster Heritage Action Zone	1,095	1,356	1,356	0	653	0	0	3,104	1,623	386	2,009	1,095	3,104	0	0	0	3,104			
Safer Streets / CCTV	340	43	4	(39)	0	0	0	383	43	43	43	340	383	0	0	0	383			
Fastershire Broadband	26,990	4,240	4,240	0	4,508	0	0	35,738	839	7,909	8,748	26,990	35,738	0	0	0	35,738			
Development Partnership activities	10,415	2,000	0	(2,000)	3,000	5,185	0	20,600	140	10,045	10,185	10,415	20,600	0	0	0	20,600			
Economic Development Delivery Board	56,591	8,705	6,608	(2,097)	18,161	15,445	0	98,901	9,398	3,865	29,048	42,310	56,591	98,901	0	0	98,901			
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	1,535	700	600	(100)	7,000	8,765	0	18,000	7,946	8,519	16,465	1,535	18,000	0	0	0	18,000			
Stronger Towns Fund - Greening the City	81	23	23	0	300	0	0	404	323	323	323	81	404	0	0	0	404			
UK Shared Prosperity Fund		290	290	0	845	0	0	1,135	1,135	1,135	1,135	0	1,135	0	0	0	1,135			
Rural Prosperity Fund		850	850	0	856	0	0	1,706	1,706	1,706	1,706	0	1,706	0	0	0	1,706			
Stronger Towns Fund - Mayford Orchard Redevelopment and Learning Resource Centre	434	455	455	0	2,611	0	0	3,500	395	2,671	3,066	434	3,500	0	0	0	3,500			
Major External Funded Delivery Board	2,050	2,318	2,218	(100)	11,611	8,765	0	24,744	8,341	14,354	0	22,694	2,050	24,744	0	0	24,744			
Electronic Document Management Storage	303	12	0	(12)	0	0	0	315	1,000	12	12	303	315	0	0	0	315			
Capital Development Fund	1,000	0	0	(1,000)	0	0	0	1,000	1,000	1,000	1,000	0	1,000	0	0	0	1,000			
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)	143	412	412	0	0	0	0	555	412	412	412	143	555	0	0	0	555			
HARC SAN Lifecycle Replacement		2	2	0	370	0	0	372	372	372	372	0	372	0	0	0	372			
Data Centre Equipment Lifecycle Replacement	329	222	222	(107)	0	0	0	329	329	329	329	0	329	0	0	0	329			
Windows Server Upgrades	330	300	300	(30)	0	0	0	330	330	330	330	0	330	0	0	0	330			
Backup Storage	82	45	45	(37)	0	0	0	82	82	82	82	0	82	0	0	0	82			
Device and Ancillary kit replacement programme	265	265	265	0	365	415	548	1,593	1,593	1,593	1,593	0	1,593	0	0	0	1,593			
M365 E5 Implementation	300	300	300	0	150	0	0	450	450	450	450	0	450	0	0	0	450			
Primary Data Storage Area Network (Plough Lane)	272	63	9	(55)	0	0	0	335	63	63	63	272	335	0	0	0	335			
IT Services Partnership Board	718	2,795	1,554	(1,240)	885	415	548	5,361	0	1,000	3,643	4,643	718	5,361	0	0	5,361			
Flexible Futures	268	582	582	0	0	0	0	850	582	582	582	268	850	0	0					

Approved at February 2022 Council	98,060	140,283	103,771	52,177	6,270	400,561
Reprofile Budget		(78,948)	45,527	25,424	7,997	0
Grant/Funding Movement		10,156	9,140	300	400	19,996
22/23 Carry Forward		18,790				18,790
Remove Care Home project		(500)	(3,000)	(9,000)	(1,400)	(13,900)
Remove eCargo Bike borrowing requirement		(73)				(73)
Budget not carried forward for projects completed	(4,269)					(4,269)
Use of Reserves						0
Prior Year Spend adj (closed projects and 22/23 one off grant excluded)		24,140				24,140

Change in Capital Programme	0 (68,865)		54,667 25,724 8,397 19,923			
			Note 1			

Overall Change Financed By	£000	£000	£000			£000
Prudential Borrowing		(73)				(73)
Grant and funding contributions (Inc Reserves)		10,156	9,140	300	400	19,996
Capital receipts						0
	0	10,083	9,140	300	400	19,923

Note 1

Grant Amendments since February Council	£000
Levelling up fund for North and South ATMs	13,412
Integrated Wetlands - NHB	900
Changing Places	287
Highways Maintenance and pot hole repairing 2023/24	2,558
Active Travel Fund 4	306
DfE increase to schools maintenance grant 23/24	33
Fly-Tipping Intervention Grant	30
23/24 DFG additional grant	467
Wye Valley AONB additional grant	70
eCargo Bike Grant	85
Greening the City Adjustment for Grant Award	-6
Remove LTA Grant assumption	-180
Single Homelessness Accommodation Programme (SHAP)	910
Local Electric Vehicle Infrastructure Capital Grant	1,124
	19,996

Scheme Name	Spend in					Total	Grant & Prudential					Total Funding	
	Prior Years	Total Budget	Total Budget	Total Budget	Total Budget		Capital receipts	funding cont	Prudential borrowing	Total	Prior Years		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Hereford City Centre Transport Package	37,224	1,500	5,755	2,500	0	46,979	6,081	3,674	9,755	37,224	46,979		
Hereford City Centre Improvements (HCCI)	3,500	2,200	300	0	0	6,000		2,500	2,500	3,500	6,000		
Southern Link Road		150	2,850	2,000	5,300	10,300	5,000	5,300	10,300	0	10,300		
Hereford ATMs and Super Cycle Highway		1,000	0	0	0	1,000		1,000	1,000	0	1,000		
Emergency Active travel Fund		119	0	0	0	119		119	119	0	119		
Active Travel Fund 4		156	150	0	0	306		306	306	0	306		
LUF - Active Travel Measures (north of river)	251	500	3,715	0	0	4,466		4,215	4,215	251	4,466		
LUF - Active Travel Measures (south of river)	2	750	8,445	0	0	9,197		9,194	9,194	2	9,197		
Sustainable Transport & Place Making Delivery Board	40,976	6,375	21,215	4,500	5,300	78,366	5,000	19,915	12,475	37,390	40,976	78,366	
Local Transport Plan (LTP)		15,466	15,466	0	0	30,932			30,932	0	30,932		
Priority Flood Repair Works	2,868	1,159	0	0	0	4,027		1,159	1,159	2,868	4,027		
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	1,891	256	151	0	0	2,299		408	408	1,891	2,299		
Public Realm Maintenance - Mitigating Risk on the Network	1,101	3,656	193	0	0	4,950		3,849	3,849	1,101	4,950		
Highways Maintenance and pot hole repairing 2023/24		2,558	0	0	0	2,558	2,558		2,558	0	2,558		
Resurfacing Herefordshire Highways		0	5,000	5,000	0	10,000	816	9,185	10,000	0	10,000		
Winter Resilience		227	740	435	0	1,402		1,402	1,402	0	1,402		
Highways Equipment	41	507	0	0	0	548		507	507	41	548		
Natural Flood Management	97	220	337	336	284	1,274		1,176	1,176	97	1,274		
Highways Infrastructure Investment		1,335	6,835	3,985	3,885	16,040		14,460	16,040	0	16,040		
Public Realm Improvements for Ash Die Back		315	367	367	367	1,416		1,416	1,416	0	1,416		
Moving Traffic Enforcement Phase 2		25	119	0	0	144		144	144	0	144		
Highways Maintenance Delivery Board	5,998	25,724	29,209	10,123	4,536	75,590	816	36,246	32,530	69,592	5,998	75,590	
E & E's S106		1,979	4,045	1,548	0	7,572			7,572	0	7,572		
C & F's S106		860	1,047	2,084	0	3,992			3,992	0	3,992		
Planning Delivery Board	0	2,839	5,092	3,632	0	11,563	-	11,563	0	11,563	0	11,563	
Integrated Wetlands	2,252	410	339	0	0	3,000		748	748	2,252	3,000		
Solar Photovoltaic Panels	862	265	1,007	0	0	2,134		1,272	1,272	862	2,134		
Wye Valley AONB	55	155	116	0	0	326		272	272	55	326		
SEPubU Grant	88	344	0	0	0	432		344	344	88	432		
Waste		0	18,090	0	0	18,090		5,800	12,290	18,090	0	18,090	
E-Cargo Bike Share		85	0	0	0	85		85	0	85	0	85	
Local Electric Vehicle Infrastructure Capital Fund (LEVI)		124	300	300	400	1,124		1,124	1,124	0	1,124		
Green Homes Grant - Local Authority Delivery	526	293	0	0	0	819		293	293	526	819		
Home Upgrade Grant	522	4,301	4,646	0	0	9,469		8,947	8,947	522	9,469		
Environment & Sustainability Delivery Board	4,304	5,977	24,498	300	400	35,479	0	17,613	13,562	31,175	4,304	35,479	
Hereford Enterprise Zone	14,526	421	0	0	0	14,947	421		421	14,526	14,947		
Marches Business Investment Programme	2,884	544	0	0	0	3,428		544	544	2,884	3,428		
Investment in Employment Land in Herefordshire	341	100	10,000	10,260	0	20,701	12,000	2,053	6,307	20,360	341	20,701	
Leominster Heritage Action Zone	1,095	1,356	653	0	0	3,104	1,623	386	2,009	1,095	3,104		
Safer Streets / CCTV	340	43	0	0	0	383		43	43	340	383		
Fastershire Broadband	26,990	4,240	2,508	0	0	33,738		3,853	2,895	6,748	26,990	33,738	
Economic Development Delivery Board	46,176	6,705	13,161	10,260	0	76,301	14,044	6,879	9,202	30,125	46,176	76,301	
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	1,535	700	7,000	8,765	0	18,000	7,946	8,519	16,465	1,535	18,000		
Stronger Towns Fund - Greening the City	81	23	300	0	0	404		323	323	81	404		
UK Shared Prosperity Fund		290	845	0	0	1,135		1,135	1,135	0	1,135		
Rural Prosperity Fund		850	856	0	0	1,706		1,706	1,706	0	1,706		
Stronger Towns Library & Learning Centre relocation to Shirehall		395	2,611	0	0	3,005	395	2,611	3,005	0	3,005		
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre	434	455	2,611	0	0	3,500	395	2,671	3,066	434	3,500		
Major External Funded Delivery Board	2,050	2,713	14,222	8,765	0	27,750	8,735	16,964	0	25,700	2,050	27,750	
Electronic Document Management Storage	303	12	0	0	0	315			12	12	303	315	
Capital Development Fund		1,000	0	0	0	1,000			1,000	0	1,000		
Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)	143	412	0	0	0	555		412	412	143	555		
HARC SAN Lifecycle Replacement		2	370	0	0	372		372	372	0	372		
Data Centre Equipment Lifecycle Replacement		329	0	0	0	329		329	329	0	329		
Windows Server Upgrades		330	0	0	0	330		330	330	0	330		
Backup Storage		82	0	0	0	82		82	82	0	82		
Device and Ancillary kit replacement programme		265	365	415	548	1,593		1,593	1,593	0	1,593		
M365 E5 Implementation		300	150	0	0	450		450	450	0	450		
Planning & Regulatory Services software		0	698	698	0	1,396		1,396	1,396	0	1,396		
VMWare Host Replacement		272	248	0	0	248		248	248	0	248		
Primary Data Storage Area Network (Plough Lane)		272	63	0	0	335		63	63	272	335		
IT Services Partnership Board	718	2,795	1,831	1,113	548	7,005	0	1,000	5,286	6,286	718	7,005	
Flexible Futures	268	582	0	0	0	850			582	582	268	850	
Wye Valley Trust - Education Centre Investment	0	0	6,000	0	0	6,000			6,000	0	6,000		
HWGTA - Development of Vocational Work Based Skills Inv My Account	0	0	2,000	0	0	2,000			2,000	0	2,000		
Corporate Transformation Delivery Board	268	588	8,000	0	0	8,857	0	0	8,588	8,588	268	8,857	
Schools Capital Maintenance Grant		2,986	3,902	0	0	6,888		4,181	2,707	6,888	0	6,888	
Peterchurch Area School Investment	232	30	3,175	5,716	1,700	10,853	5,433	5,188	10,621	232	10,853		
Brookfield School Improvements	375	750	3,875	0	0	5,000	919	3,706	4,625	375	5,000		
High Needs Grant	77	150	3,328	500	0	4,055		3,978	3,978	77	4,055		
Basic Needs Funding		200	5,000	5,000	6,084	16,284		16,033	251	16,284	0	16,284	
Preliminary works to inform key investment need throughout the county	213	280	23	0	0	516			303	303	213	516	
School Accessibility Works		331	2,172	0	0	2,503			2,503	2,503	0	2,503	
Estates Capital Programme 2019/22	3,760	666	1,656	0	0	6,082			2,322	2,322	3,760	6,082	
Work to Shirehall Annex (Care Leavers Base)		100	0	0	0	100	100		100	0	100		
Shirehall Building Improvements		0	3,000	0	0	3,000	2,000		1,000	3,000	0	3,000	
Children's residential homes for 11 to 18 year olds			424	0	0	424			424	424	0	424	
Residual property works identified in the 2019 condition reports	40	701	650	0	0	1,392			1,351	1,351	40	1,392	
Estates Building Improvement Programme 22-25	174	1,698	1,135	0	0	3,007			2,833	2,833	174	3,007	
Estates Building Improvement Programme 2023-25		780	2,747	0	0	3,527	1,105		2,422	3,527	0	3,527	
Estates Building Improvement Programme 2024-27		0	1,518	607	340	2,466			2,466	2,466	0	2,466	
Building works from 2022 Condition Surveys		0	191	274	280	745			745	745	0	745	

Property Improvements in Care Homes	0	550	0	0	550	550	550	0	550
Fly-Tipping Intervention Scheme	30	0	0	0	30	30	30	0	30
Upgrade of Hereford CCTV Cameras	38	4	0	0	42	4	4	38	42
Changing Places	287	0	0	0	287	287	287	0	287
Hereford Library	145	0	200	0	345	200	200	145	345
Asset Management Delivery Board	5,055	8,993	33,545	12,098	8,404	68,094	8,452	29,324	63,039
Disabled facilities grant	4,229	2,000	0	0	6,229	6,229	6,229	0	6,229
Community Capital Grants Scheme	200	1,800	0	0	2,000	2,000	2,000	0	2,000
Community Wellbeing Delivery Board	0	4,429	3,800	0	8,229	2,000	6,229	0	8,229
Hillside	879	121	0	0	1,000	121	121	879	1,000
Empty Property Investment & Development	919	0	0	0	919	919	919	0	919
Gypsy & Traveller Pitch development	781	50	1,046	0	1,877	1,096	1,096	781	1,877
Single Homelessness Accommodation Programme (SHAP)	455	455	0	0	910	910	910	0	910
Strategic Housing Development	80	0	0	0	80	80	80	0	80
Private sector housing improvements (Demo Centre)	88	111	0	0	199	111	111	88	199
Housing & Accommodation Delivery Board	1,747	1,736	1,501	0	4,984	232	910	2,094	4,984
Total Capital Programme	107,293	68,873	156,073	50,791	19,187	402,217	39,280	146,644	294,924

Key:

Revenue Funded Borrowing
Reserve to be topped back up by future receipts

Current 2023/24 Programme Budget	107,293	147,821	105,417	23,788	10,570	394,889
(subject to approval at Council 8 December 2023)	(78,948)	45,527	25,424	7,997	0	0
Budget Reprofile						

Change in Capital Programme **0 0 5,128 1,580 620 7,328**

Overall Change Financed By

	£000	£000	£000	£000	£000	£000
Prudential Borrowing			5,128	1,580	620	7,328
Grant and funding contributions (Inc Reserves)						0
Capital receipts						0
	0	0	5,128	1,580	620	7,328

DRAFT

Capital Strategy

2024 – 2030

HEREFORDSHIRE CAPITAL STRATEGY 2024-2030

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HEREFORDSHIRE CAPITAL STRATEGY 2024-2030

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 2024-28, 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. They manage the delivery of all capital projects through the development stage such as 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 will be captured. The recommendation of capital projects lies with the Executive using a range of

HEREFORDSHIRE CAPITAL STRATEGY 2024-2030

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.

HEREFORDSHIRE CAPITAL STRATEGY 2024-2030

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**

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

- **What it sets out**

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

2.6 The strategic objectives for our corporate assets are to:

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

HEREFORDSHIRE CAPITAL STRATEGY 2024-2030

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

HEREFORDSHIRE CAPITAL STRATEGY 2024-2030

3. CURRENT CAPITAL PROGRAMME & LONG TERM PLAN

3.1 The following table details the capital investment by programme board over the 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.

Proposed Capital Programme

	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	Total Capital Programme Budgets £000s
Sustainable Transport & Place Making Delivery Board	6,375	21,215	4,500	5,300	37,390
Highways Maintenance Delivery Board	25,724	29,209	10,123	4,536	69,592
Planning Delivery Board	2,839	5,092	3,632	0	11,563
Environment & Sustainability Delivery Board	5,977	24,498	300	400	31,175
Economic Development Delivery Board	6,705	13,161	10,260	0	30,125
Major External Funded Delivery Board	2,713	14,222	8,765	0	25,700
IT Services Partnership Board	2,795	1,831	1,113	548	6,286
Corporate Transformation Delivery Board	588	8,000	0	0	8,588
Asset Management Delivery Board	8,993	33,545	12,098	8,404	63,039
Community Wellbeing Delivery Board	4,429	3,800	0	0	8,229
Housing & Accommodation Delivery Board	1,736	1,501	0	0	3,237
Total Capital Programme	68,873	156,073	50,791	19,187	294,924

Financed by

Capital Receipts	39,280
Grants & Funding Contributions	146,644
Prudential Borrowing	109,000
Total Funding	294,924

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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.

Employment Land

A capital allocation of £16m was approved by Council to fund the development of the enterprise zone; to date £14.5m has been spent with the remainder of this work being completed in 23/24. 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 was fully spent in year. This will enable growth of businesses in the zone and increase the number of jobs for Herefordshire. In 2022 both the Shell Store and Cyber Centre opened which should result in a number of new businesses locating to the enterprise zone.

The employment land at Ross will be developed in the current capital programme and other sites in other market towns will hopefully also come forward for development.

Hereford City Centre Transport Package

A Levelling Up grant of £6.33m was awarded for the delivery of the transport hub, this project will hopefully complete by 2026 and enable better transport links from the railway station.

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. A further £2.558m was awarded on top of the £15.466m LTP grant in 2023/24 and £1.68m will be awarded in 2024/25 and 2025/26, we are awaiting the final confirmations of the full grant award for 2024/25 onwards, with additional funds announced over the next 10 years.

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Other areas for Development

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

There will be a replacement school at Peterchurch and significant works for a new unit and work within the existing site at Brookfield to increase capacity.

Other projects being delivered include the improvement works at the Shire hall and other property works across the estate including schools. Options for expanding the Westfield school site were developed for the current site or other land owned by the Council. External grants are being sought to help deliver this project.

The Council will be looking to work with current housing companies to increase the availability of affordable housing for local residents.

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4. CAPITAL FUNDING STREAMS

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

4.2 The following funding sources are available;

Borrowing

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

Grants

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

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

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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 2022/23 financial year there was a balance of £40.1m 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 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.

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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.

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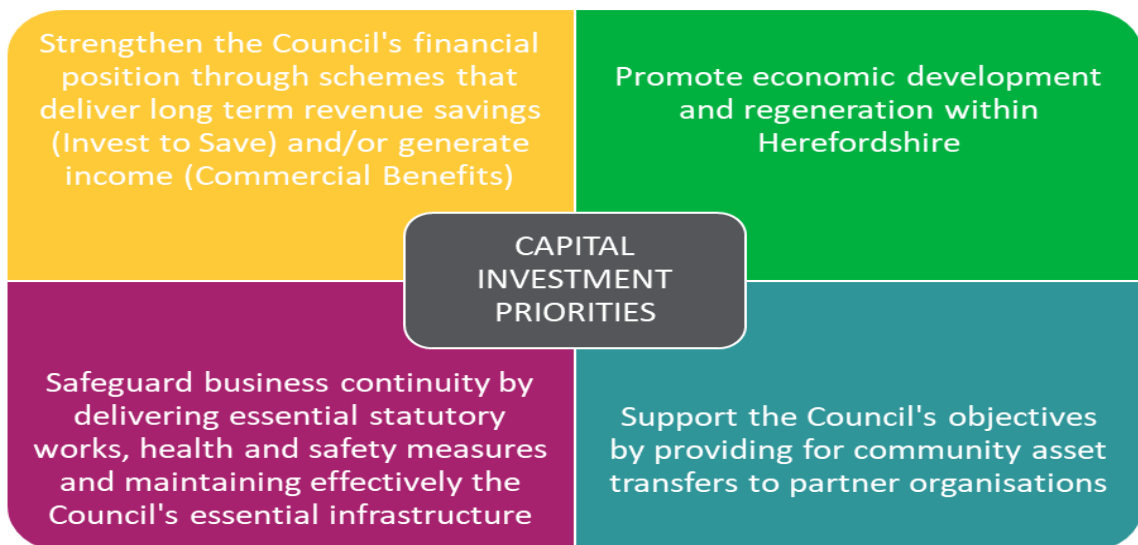
6.5 Where required, and with due diligence, the Council may also appoint external agents to advise on particular specialist matters or to access specialist expertise that may not be available 'in house.'

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 2024-28. 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.

HEREFORDSHIRE CAPITAL STRATEGY 2024-2030

- 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.

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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 the governance process embedded 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 Executive Programme Board. The Executive Programme Board represents the highest level of officer involvement and accountability; allocating feasibility funding and having oversight of all projects.

HEREFORDSHIRE CAPITAL STRATEGY 2024-2030

Appendix A

Scheme Name	Spend in	2023/24	2024/25	2025/26	2026/27	Total
	Prior Years £000	Total Budget £000	Total Budget £000	Total Budget £000	Total Budget £000	Scheme Budget £000
Hereford City Centre Transport Package	37,224	1,500	5,755	2,500	0	46,979
Hereford City Centre Improvements (HCCI)	3,500	2,200	300	0	0	6,000
Southern Link Road		150	2,850	2,000	5,300	10,300
Hereford ATMs and Super Cycle Highway		1,000	0	0	0	1,000
Emergency Active travel Fund		119	0	0	0	119
Active Travel Fund 4		156	150	0	0	306
LUF - Active Travel Measures (north of river)	251	500	3,715	0	0	4,466
LUF - Active Travel Measures (south of river)	2	750	8,445	0	0	9,197
Sustainable Transport & Place Making Delivery Board	40,976	6,375	21,215	4,500	5,300	78,366
Local Transport Plan (LTP)		15,466	15,466	0	0	30,932
Priority Flood Repair Works	2,868	1,159	0	0	0	4,027
Extra Ordinary Highways Maintenance & Biodiversity Net Gain	1,891	256	151	0	0	2,299
Public Realm Maintenance - Mitigating Risk on the Network	1,101	3,656	193	0	0	4,950
Highways Maintenance and pot hole repairing 2023/24		2,558	0	0	0	2,558
Resurfacing Herefordshire Highways		0	5,000	5,000	0	10,000
Winter Resilience		227	740	435	0	1,402
Highways Equipment	41	507	0	0	0	548
Natural Flood Management	97	220	337	336	284	1,274
Highways Infrastructure Investment		1,335	6,835	3,985	3,885	16,040
Public Realm Improvements for Ash Die Back		315	367	367	367	1,416
Moving Traffic Enforcement Phase 2		25	119	0	0	144
Highways Maintenance Delivery Board	5,998	25,724	29,209	10,123	4,536	75,590
E & E's S106		1,979	4,045	1,548	0	7,572

HEREFORDSHIRE CAPITAL STRATEGY 2024-2030

C & F's S106		860	1,047	2,084	0	3,992
Planning Delivery Board	0	2,839	5,092	3,632	0	11,563
Integrated Wetlands	2,252	410	339	0	0	3,000
Solar Photovoltaic Panels	862	265	1,007	0	0	2,134
Wye Valley AONB	55	155	116	0	0	326
SEPUBU Grant	88	344	0	0	0	432
Waste		0	18,090	0	0	18,090
E-Cargo Bike Share		85	0	0	0	85
Local Electric Vehicle Infrastructure Capital Fund (LEVI)		124	300	300	400	1,124
Green Homes Grant - Local Authority Delivery	526	293	0	0	0	819
Home Upgrade Grant	522	4,301	4,646	0	0	9,469
Environment & Sustainability Delivery Board	4,304	5,977	24,498	300	400	35,479
Hereford Enterprise Zone	14,526	421	0	0	0	14,947
Marches Business Investment Programme	2,884	544	0	0	0	3,428
Investment in Employment Land in Herefordshire	341	100	10,000	10,260	0	20,701
Leominster Heritage Action Zone	1,095	1,356	653	0	0	3,104
Safer Streets / CCTV	340	43	0	0	0	383
Fastershire Broadband	26,990	4,240	2,508	0	0	33,738
Economic Development Delivery Board	46,176	6,705	13,161	10,260	0	76,301
Stronger Towns Fund - Hereford Museum & Art Gallery Redevelopment	1,535	700	7,000	8,765	0	18,000
Stronger Towns Fund - Greening the City	81	23	300	0	0	404
UK Shared Prosperity Fund		290	845	0	0	1,135
Rural Prosperity Fund		850	856	0	0	1,706
Stronger Towns Library & Learning Centre relocation to Shire hall		395	2,611	0	0	3,005
Stronger Towns Fund - Maylord Orchard Redevelopment and Learning Resource Centre	434	455	2,611	0	0	3,500
Major External Funded Delivery Board	2,050	2,713	14,222	8,765	0	27,750
Electronic Document Management Storage	303	12	0	0	0	315
Capital Development Fund		1,000	0	0	0	1,000

HEREFORDSHIRE CAPITAL STRATEGY 2024-2030

Key Network Infrastructure (Core Data Centre Switches & Corporate Wi-Fi)	143	412	0	0	0	555
HARC SAN Lifecycle Replacement		2	370	0	0	372
Data Centre Equipment Lifecycle Replacement		329	0	0	0	329
Windows Server Upgrades		330	0	0	0	330
Backup Storage		82	0	0	0	82
Device and Ancillary kit replacement programme		265	365	415	548	1,593
M365 E5 Implementation		300	150	0	0	450
Planning & Regulatory Services software		0	698	698	0	1,396
VMWare Host Replacement			248	0	0	248
Primary Data Storage Area Network (Plough Lane)	272	63	0	0	0	335
IT Services Partnership Board	718	2,795	1,831	1,113	548	7,005
Flexible Futures	268	582	0	0	0	850
Wye Valley Trust - Education Centre Investment	0	0	6,000	0	0	6,000
HWGTA - Development of Vocational Work Based Skills Investment	0	0	2,000	0	0	2,000
My Account		7	0	0	0	7
Corporate Transformation Delivery Board	268	588	8,000	0	0	8,857
Schools Capital Maintenance Grant		2,986	3,902	0	0	6,888
Peterchurch Area School Investment	232	30	3,175	5,716	1,700	10,853
Brookfield School Improvements	375	750	3,875	0	0	5,000
High Needs Grant	77	150	3,328	500	0	4,055
Basic Needs Funding		200	5,000	5,000	6,084	16,284
Preliminary works to inform key investment need throughout the county	213	280	23	0	0	516
School Accessibility Works		331	2,172	0	0	2,503
Estates Capital Programme 2019/22	3,760	666	1,656	0	0	6,082
Work to Shire hall Annex (Care Leavers Base)		100	0	0	0	100
Shire hall Building Improvements		0	3,000	0	0	3,000
Children's residential homes for 11 to 18 year olds			424	0	0	424
Residual property works identified in the 2019 condition reports	40	701	650	0	0	1,392
Estates Building Improvement Programme 22-25	174	1,698	1,135	0	0	3,007

HEREFORDSHIRE CAPITAL STRATEGY 2024-2030

Estates Building Improvement Programme 2023-25	780	2,747	0	0	3,527
Estates Building Improvement Programme 2024-27	0	1,518	607	340	2,466
Building works from 2022 Condition Surveys	0	191	274	280	745
Property Improvements in Care Homes	0	550	0	0	550
Fly-Tipping Intervention Scheme	30	0	0	0	30
Upgrade of Hereford CCTV Cameras	38	4	0	0	42
Changing Places	287	0	0	0	287
Hereford Library	145	0	200	0	345
Asset Management Delivery Board	5,055	8,993	33,545	12,098	8,404
Disabled facilities grant	4,229	2,000	0	0	6,229
Community Capital Grants Scheme	200	1,800	0	0	2,000
Community Wellbeing Delivery Board	0	4,429	3,800	0	8,229
Hillside	879	121	0	0	1,000
Empty Property Investment & Development		919	0	0	919
Gypsy & Traveller Pitch development	781	50	1,046	0	1,877
Single Homelessness Accommodation Programme (SHAP)		455	455	0	910
Strategic Housing Development		80	0	0	80
Private sector housing improvements (Demo Centre)	88	111	0	0	199
Housing & Accommodation Delivery Board	1,747	1,736	1,501	0	4,984
Total Capital Programme	107,293	68,873	156,073	50,791	19,187

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:

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

The overarching strategy contains a suite of 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.

HEREFORDSHIRE CAPITAL STRATEGY 2024-2030

• **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.

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Children and Young People
Scheme Name	Schools Accessibility Works
Budget Holder	Head of Educational Development Children and Young People

Project aims and objectives:

Scheme description and demonstration of links to corporate priorities and savings plans.

There are nine known children that may require adaptations who are transitioning into schools. The schools that the children will ultimately be attending has not been determined. This will be ascertained as part of the admissions process which takes place at the start of each calendar year. The final places therefore will not be known until April/May 2024, however, these children will need an accessible school for September 2024

Councils receive no dedicated funding for adaptation, improvement or alteration at any schools. It remains the case, therefore, that central funding for accessibility improvements related to pupils joining or transferring to an individual school will need to be considered by the council. There is a requirement on schools to notify the council of access needs, and parents need to identify on school admission forms that their child has physical access requirements.

This project will seek to the following corporate priorities:

- CO1: Ensure all children are healthy, safe and inspired to achieve
- CO4: Protect and improve the lives of vulnerable people
- EC3: Invest in education and the skills needed by employers
- EC6: Spend public money in the local economy wherever possible

Estimated costs and funding sources:

	2024/25	2025/26	2026/27	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
Schools Accessibility Works	1,275				1,275
profession, internal fees and surveys	225				225
TOTAL	1,500				1,500
Funding sources					
Council borrowing	1,500				1,500
TOTAL	1,500				1,500
Revenue budget implications					
TOTAL					

Benefits and risks:

The anticipated benefits and risks of the proposed project plus risks of not going ahead with the scheme.

Benefits:

- Compliance with government guidelines
- Fit for purpose accommodation and associated infrastructure
- A fully accessible school that could meet the needs of all future children as well as staff and visitors.

Risks

- Adaptations will not be delivered in time for when the learner requires them
- Learners do not have the same choices/opportunities as their abled peers

Do nothing option

- Council does not fulfil their statutory duty to place children with SEN and/or disabilities in schools
- Impact on service delivery
- Reputational risk of the Council failing in its duty
- Learners could be placed in out of catchment schools leading to additional schools transport costs

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Children & Young People
Scheme Name	Children’s residential homes for 11 to 18 year olds – Provider sourced staff and council purchased accommodation
Budget Holder	Darryl Freeman – Corporate Director Children & Young People

Project aims and objectives:

Following the cabinet decision of 23rd November 2023 approving the commissioning of two, two bedroomed children’s residential homes within Herefordshire, it was also approved for officers to undertake work to consider the option to develop an in house provision as a phase 2 approach. This project aims to develop an in house provision to further increase local sufficiency for children’s placements in Herefordshire and achieve best value.

Herefordshire County Plan 2020-24 states:

“We intend to invest in new models of care, housing and accommodation to maximise the levels of personal independence these vulnerable people are able to attain while remaining in their communities. This might include new care homes, care villages, technology or specialist accommodation for vulnerable children and young people.”

Our Sufficiency Strategy 2019-2024 states that:

“For those young people requiring residential care we intend to develop more local quality provision within 2024-25 and improve percentage of children placed in area annually.

Herefordshire Improvement Plan for Children and Families 2023 highlights that our role as Corporate Parent is a priority area of focus and promotes the following outcomes:

“Children and young people are central to decision making and planning within the council. They trust that the council has their best interest at heart and will prioritise resources to meet their needs.”
 “Increased choice of placement to meet the needs of children in our care.”
 “Matching of placement will be available to ensure needs are met and reduction in short term placements.”

Estimated costs and funding sources:

	2024/25	2025/26	2026/27	Future Years	Total
	£’000	£’000	£’000	£’000	£’000
Capital cost of project					
Purchase cost and mobilisation cost [2 x 2 bedroom houses]	424				424
TOTAL	424				424
Funding sources					
Corporate Funded Borrowing	424				424
TOTAL	424				424
Revenue budget implications					
Cost of purchasing property and adapting but a provider running the service (assuming 2 x 2 at 80% occupancy)	249	498	498	498	1,743
TOTAL	249	498	498	498	1,743

Benefits and risks:

Benefits: -

The provision within county is expected to deliver improved outcomes, promote placement stability through effective matching, control costs and allow for effective collaborative working across partner agencies.

- The council would have full control of how the service was developed and delivered via specification
- The council would manage referrals into the service and support conversations around matching, managing risk and avoid placement of non-Herefordshire children. However, the provider would have the potential to veto subject to certain conditions i.e. safeguarding risk.
- Risks associated with sourcing property, maintenance and management would be shared
- Increased local options improving choice and matching
- Retention of local connection with family/community and access to services within adult social care and housing
- Improved outcomes for children and recognition of the need to maintain trusted relationships
- Increased access to local education and health services avoiding delay in assessment/ support
- Improved engagement with providers mitigating breakdown, complaints and reputational risk
- Improved referral uptake leading to effective care planning with timely step up/down
- Reduced number of placement moves experienced by children and young people
- Reduced costs associated with transport, contact, travel, notice and uplifts
- Reduced additionality of costs linked to spot/emergency arrangements
- Reduced risk of unregistered placements
- Reduced average length of placement prior to transition to family based care

Risks: -

Currently children are being placed into accommodation that does not fully meet their needs and is often out of area. Placement stability is fragile and matching cannot be managed fully. Costs are rising and quality cannot always be guaranteed. Placing children out of county creates challenges for maintaining family contact, local networks and disrupts education.

Herefordshire's use of both in area and out of area residential have increased by circa 67% between 2020 and 2021 with in-area placements representing approximately 20% of all placements made [Note based on previously reported data]. Out of area placements are costly and work within the service is underway to use alternative placement methods, e.g. reunification, kinship placements, etc. However due to the complex needs of some young people, it may be in their best interest to be in an external placement which is in area rather than out of area. Young people placed out of area do not maintain the family and friendship groups easily which is not in their best interest.

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Economy & Environment / Community Wellbeing
Scheme Name	Planning and Regulatory Services software replacement
Budget Holder	Roger Allonby- Service Director Economy & Growth

Project aims and objectives:

Scheme description and demonstration of links to corporate priorities and savings plans.

The Economy & Environment Directorate currently use Civica APP as their dominant line of business system. It is used by numerous service areas, delivering many Statutory functions, including Planning & Building Control, Waste, Conservation, Environmental Health, Public Health, and Licensing. It is also used by the Home Improvement Agency and Strategic Housing (Community Wellbeing).

The current system has been in place since **2009** and is renewed annually at a cost of c£57k+ RPI (around £900k spent over lifetime, to 2023). The current contract period comes to an end on 31 March 2024 and is being extended to enable replacement. The implementation would take up to two years to cover all service areas currently in scope

The replacement of Civica APP is the highest Economy and Environment Transformation Plan priorities. It will also deliver multi-Directorate benefits, whilst replacing a business-critical system that is about to reach the end-of-life stage (as-such, there is no opportunity to upgrade the current software).

Starting the procurement and implementation as soon as is possible will reduce the risk of needing to extend the current Civica contract for more than a two-year period. It will also deliver significant operational benefits in terms of improved services to customers, improved data, enhanced communication tools, improve user output significantly, and reduce dependence on outdated and labour-intensive manual processes.

A modern back-office IT system for regulatory services should be able to further reduce duplication and manual inputting of work, offering an integrated digital by default and remote mobile working solution for all service areas. This should allow all service areas using the system to sustain current service level during current difficulties of recruitment and retention.

Whilst a new software system is yet to be identified, it can be assumed that with the improved efficiencies a new software system will bring will result in the potential reduction in FTEs. New processes will also be the enabler for major changes in ways of working and accruing benefits from the Economy and Place Directorate Transformation Plan.

Estimated costs and funding sources:

	2024/25	2025/26	2026/27	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
Planning, Housing & Regulatory Services software replacement	698.0	698.0	0	0	1,1396.0
TOTAL	698.0	698.0	0	0	1,1396.0
Funding sources					
<i>Corporate Funded Borrowing</i>	698.0	698.0	0	0	1,396.0
TOTAL	698.0	698.0	0	0	1,396.0

Revenue budget implications					
New licenses and hosting (R)					108
Current (and two year) licences (R)		78	78	-78	
TOTAL		78	78	30	

Benefits and risks:

The replacement of the now dated Civica APP with a modern software system is the highest Economy & Environment transformation priority. It is business-critical for the service users that have a duty to provide statutory services.

Option	Short-list Y/N	Reasons
Do Nothing	N	The current software will inevitably be de-supported in the future. This would lead to a rush to procure and implement; In the meantime the services would need to work with an inefficient / broken system This would mean statutory duties could not be undertaken by HC
Do minimum (ie replace certain functionality in phases)	N	By not having a full suite of software options teams and customers would be impacted. Further IT solutions would have to be procured, likely to increase overall costs of support and integration
Full replacement of software suite	Y	Cost effective and quickest solution to ensure statutory service standards are maintained and potentially improved

The current software (Civica APP) is end of life and has not been developed by the vendor for some time. There are some major issues, such as:

- Remote / field working is very limited
- Search functionality is slow and limited
- Data extracts and reports take a significant amount of time to produce
- The system slows when 'many' users are logged in
- There are frequent periods of system downtime
- There is lack of integration to the Planning Portal
- The Private Water Supplies functionality is missing
- Lack of citizen self-serve functionality

BENEFITS: The benefits are that a new system will address these issues (above) enabling much more efficient working practices and improvement in service. This will inevitably include fte savings however these are difficult to quantify in advance.

Risk	Mitigation
Lack of HC resources, leading to lengthened implementation and need to extend current contract	Ensure appropriate and necessary resources and allocated to the implementation
No system solution agreed and in place before end of Civica APP life, teams would be unable to provide statutory services	Agree funding and begin procurement and implementation of a replacement solution asap
Civica issuing end-of-life notice for current software before new implementation project has started	Agree funding and begin procurement and implementation of a replacement solution asap
Inconsistent / no- use of HC EDRMS by services, causing double work on document 'loading' and testing	Progress other initiatives or projects to ensure all services in scope are using EDRMS by time of implementation
Poor data quality in current system	Conduct data cleansing before project implementation

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Corporate Services
Scheme Name	Estates Building Improvement Programme 2024-27 & Building Works from 2022 Condition Surveys
Budget Holder	Andrew Lovegrove- Director Resources & Assurance

Project aims and objectives:

A three year programme of building improvement works 2024/27 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.

Key objectives include:

- 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

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.

Estimated costs and funding sources:

	2024/25	2025/26	2026/27	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
Building Improvement Works	1,518.3	607.3	340.0	0	2,465.6
Condition Survey Works	190.6	274.4	280.0	0	745.0
TOTAL	1,708.9	881.7	620.0	0	3,210.6
Funding sources					
Corporate Funded Borrowing	1,708.9	881.7	620.0	0	3,210.6
TOTAL	1,708.9	881.7	620.0	0	3,210.6
Revenue budget implications					
TOTAL					

Benefits and risks:

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

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
- Potential for serious physical injury
- 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

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Corporate Services
Scheme Name	VMWare Host Replacement
Budget Holder	Andrew Lovegrove- Director Resources & Assurance

Project aims and objectives:

Scheme description and demonstration of links to corporate priorities and savings plans.

Replacement of Key IT Hardware operating the council's key line of business systems.

The primary objective for the project is to support the council's requirements to operate IT solutions in a secure manner protecting the Confidentiality, Integrity and Availability of the Councils data and service delivery. The authority is obliged to ensure that the underlying infrastructure is secure and that the systems 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 computer server equipment with manufacturer supported equipment, to allow security and operational integrity to be maintained, in line with emerging vulnerabilities and Cyber Security threats.

The aim of the project is as follows:

- Replace ageing server hosting equipment which provides the underlying hardware resources required to run the councils key line of business systems, with supported 'in life' equipment which is actively supported by the supplier for hardware failure and cyber security/vulnerability patches.
- Replace like for like with equipment that meets the current compatibility, interoperability and support requirements for the infrastructure. This will include additional overhead to mitigate against failure and capacity growth in line with current digital planning throughout the first 5 years of operation.
- Provide support and maintenance contract with the manufacturer or partner for a period of five years.
- Migrate services from existing hosting equipment to new supported equipment.
- Decommission and dispose of outgoing equipment in line with the authorities' security and environmental policies and obligations.

This will support the Council with its strategy & planning towards digital transformation by providing a stable, modern and fit for purpose infrastructure, enabling the flexibility required to adapt to changing service delivery models throughout the short to medium term (i.e. the initial life of the equipment - 5 years).

Procurement will be through an approved Local Government Procurement Framework (CCS or similar) to ensure that best value is demonstrated.

Commissioning and migration activity will be carried out by the Councils contracted IT provider – Hoople Ltd.

Estimated costs and funding sources:

	2024/25	2025/26	2026/27	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
VMWare Host Replacement	247.5				247.5
TOTAL	247.5				247.5
Funding sources					
Corporate Funded Borrowing	247.5				247.5
TOTAL	247.5				247.5
Revenue budget implications					
TOTAL					

Benefits and risks:

The anticipated benefits and risks of the proposed project plus risks of not going ahead with the scheme.

Supported 'in life' equipment will provide:

- Continued Cyber Security protection through manufacturer support for vulnerabilities (i.e. loss of data or disruption to service through Ransomware, Malware & Virus exploitation)
- Continued hardware failure protection through manufacturer support for parts and components (i.e. loss of data or disruption to service through catastrophic hardware or component failure)
- Continued feature support through manufacturer software development. Potential for cost avoidance associated with exploitation of advances in technology.
- Reduces risk for potential loss of Confidentiality, Integrity and Availability of Council key Data due to Cyber Attack or Catastrophic Hardware Failure.
- Protects the Councils Data and Service Delivery obligations through fit for purpose equipment.
- Provides operational efficiencies with opportunity for reduced power consumption & improved performance due to technology advancement in modern solutions.
- Additional overhead to support future data growth/transformation in line with current planning.

OUTLINE STRATEGIC BUSINESS CASE

Directorate	Corporate Services
Scheme Name	Property Improvements in Care Homes
Budget Holder	Andrew Lovegrove- Director Resources & Assurance

Project aims and objectives:

A programme of building improvement works 2023/24 which have been identified 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.

Key objectives include:

- Ensure that the Council's estate is maintained, safe and fit for purpose
- Address identified risks
- Reduce revenue expenditure by investing in buildings
- Extend the lifecycle of Council assets and protect/enhance value
- Secure better services, quality of life and value for money
- Support reduction of carbon footprint
- To support the delivery of the County Plan

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.

Estimated costs and funding sources:

	2023/24	2024/25	2025/26	Future Years	Total
	£'000	£'000	£'000	£'000	£'000
Capital cost of project					
Care Homes Building Improvement Works 2023/24	550.0				550.0
TOTAL	550.0				550.0
Funding sources					
Corporate Funded Borrowing	550.0				550.0
TOTAL	550.0				550.0
Revenue budget implications					
TOTAL					

Benefits and risks:

The anticipated benefits of the proposed programme are listed below:

- Statutory Compliance
- Risk Management / Mitigation
- Protected Service Delivery
- Energy Efficiency
- Sustainability

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

The key risks of not doing the project are:

- Non-Compliance with Statutory Regulations
- Health and Safety Risks
- Potential for serious Physical Injury
- Impact on Service Delivery
- Reputational Risk

The key project risks are:

- Statutory
- Financial
- Service
- Reputational