Herefordshire Council

# Minutes of the meeting of Cabinet held at Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE on Monday 13 January 2025 at 2.30 pm

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| **Cabinet Members Physically Present and voting:** | **Councillor Jonathan Lester, Leader of the Council (Chairperson)**<br>**Councillor Elissa Swinglehurst, Deputy Leader of the Council (Vice-Chairperson)**<br><br>**Councillors Graham Biggs, Harry Bramer, Barry Durkin, Carole Gandy, Philip Price and Pete Stoddart** |
| **Cabinet Members in remote attendance** | **None**<br><br>*Cabinet members attending the meeting remotely, e.g. through video conferencing facilities, may not vote on any decisions taken.* |

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| Cabinet support members in attendance | Councillor Mason |
| Group leaders / representatives in attendance | Councillors Liz Harvey and Diana Toynbee. Councillor Kevin Tillett as representative for Councillor James. |
| Scrutiny chairpersons in attendance | Councillors Ed O'Driscoll, Toni Fagan, Ben Proctor and Louis Stark. |

Officers in attendance: R Cook, H Hall, L Featherstone, Z Loughead, S O'Connor, R Sanders and P Walker, S Gregory (Secretary).

**46. APOLOGIES FOR ABSENCE**

There were apologies from Councillors Powell and Hurcomb.

**47. DECLARATIONS OF INTEREST**

None.

**48. DRAFT MINUTES**

**Resolved: That the minutes of the meeting held on 19 December 2024 be approved as a correct record and signed by the Chairperson.**

**49. QUESTIONS FROM MEMBERS OF THE PUBLIC** (Pages 11 - 16)

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

**50. QUESTIONS FROM COUNCILLORS** (Pages 17 - 18)

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

**51. REPORTS FROM SCRUTINY COMMITTEES**

There were no reports from scrutiny committees for consideration at this meeting.

**52. 2025/26 DRAFT BUDGET- REVENUE**

The member for finance and corporate services introduced the report. It was confirmed that despite the challenges and reduction in grant funding the council had achieved a balanced budget for 2025/26.

It was noted that in 2024/25 the council received £6.9m in Rural Services Delivery Grant funding and £0.2m in Services Grant, totalling £7.1m. The November 2024 policy statement confirmed the introduction of £1.53 billion in new grant funding for local government across 3 priority grants; recovery fund of £600m; a social care grant of £680m and children services prevention grant of £250m. It was noted that these grants would be funded, in part, by the abolition of the Rural Services Delivery Grant of £110m and the Services Grant of £87m. It was noted that the Rural Services Delivery Grant recognised the increased financial pressures in delivering services in a rural county.

It was highlighted that the council is committed to ensuring that funding appropriately reflects rural needs and the additional cost pressures of service delivery and demand in rural areas. It was confirmed that responses on the provisional settlement and local authority funding reform had been made and the council will also actively engage in the fair funding review in March 2025.

The provisional settlement announced by Central Government on the 19th of December 2024 confirmed that Hereford would receive zero funds under the new recovery grants and a total of £369k under the new children's social care prevention grant. This resulted in a net loss of £6.766m against the previous year. It was highlighted that rural authorities only received £22.8m (3.8% of the available from the recovery grant) and there was a significant gap in the position of rural counties compared with urban authorities. It was also noted that there was a £2.5m reduction in Central Government grant funding since 2024/25. The reduction in Central Government grants results in less funding per head than urban areas despite the increased cost of service delivery to rural communities.

It was confirmed that the provisional revenue budget for 25/26 totalled £232m and the revenue budget proposal for 2025/26 was highlighted at Appendix C. It was noted that the Medium-Term Financial Strategy (MTFS) had a 3.99% increase in council tax planned. However, due to the impact of central government’s reduction in the council’s preliminary settlement the council have had to accept a 4.99% increase in council tax was needed.

It was highlighted that in February 2024 the council unanimously approved the implementation of council tax premiums for empty properties and second homes in line with regulation and guidance issued by the Secretary of State. The total council tax income of £146.5m in the 2025/26 draft revenue budget includes estimated income of £3.1m in premiums which apply to second homes and empty properties.

It was noted that the 2025/26 revenue budget included additional business rate income retained from the Hereford Enterprise Zone of £1.3m. It was confirmed that any additional rate income retained above the budgeted income of £1.3m will be transferred to earmarked reserves to be reinvested locally to support economic growth and redevelopment in future years. It was further confirmed that if additional funding was confirmed in the final local government settlement (expected late January / early February 2025) the value of additional business rates income applied to the revenue budget in 2025/26 would be subsequently reduced.

It was highlighted that extended producer responsibility was a new central government grant and the provisional settlement confirmed the allocation of £1.1billion in income which will be allocated to local authorities in 2025/26. It was confirmed that the council’s allocation was £3.5m.

It was confirmed that the impact of the increase in the national living wage, employers National Insurance and movement in the CPI inflation had been considered as part of the draft budget, particularly in respect of care contracts.

The revenue budget proposals for 2025/26 were summarised at paragraph 40 totalling £231,995m. it was noted that unfunded pressured totalled £27.6m but these had been factored into their base budgets for 2025/26. The key pressures were summarised and Table 3 which shows the value of these pressures split by each directorate. It was confirmed that a contingency reserve of £11m had been established in 2024/25 as approved by cabinet in November 2024 and will remain under review. This reserve recognises and mitigates the risk to the revenue budget of excessive cost pressures and volatility in demand across social care budgets.

In Children and Young People, it was detailed that it moved from a three year to a four year financial plan and the budget included £3.9m of realistic and achievable savings in this directory. It was confirmed that it will also deliver a balanced position for 2024/25 with delivery of £2.3m in savings.

It was also noted that the Dedicated Schools Grant (DSG) deficit was accounted for as an unusable reserve on the council's balance sheet as permitted by statutory instrument which will remain in place until the 31st of March 2026. This enables all local authorities to ring fence the DSG deficit in its statutory accounts. It was confirmed that the cumulative deficit brought forward totalled £6.1m on 1st April 2024. The Q2 (September) 2024/25 forecast showed an overspend of £7.6m, increasing the cumulative deficit to £13.7m by 31st March 2025.

In Economy and Environment directorate it was confirmed there will be investment in the directory which will provide sufficient resource and capacity to support growth in the economy in 2025/26 and will deliver key projects through the capital programme. It was noted that a review of the development planning control income target for 2025/26 was undertaken, which highlighted this should be reduced by £1m.

It was also noted that additional funding received in 2024/25 through the increase in Rural Services Grant provided additional funding for drainage works across the county of £445k, Lengthsman scheme services £250k and improvements to Public Rights of Way at £250k. It was highlighted that despite the loss of the Rural Services Grant this year, this commitment will continue in 2025/26 to maintain delivery in these priority areas across the county. However, expenditure for these schemes in future years will be subject to confirmation of future funding arrangements, the multiyear settlement and a review of the council's public realm services contract.

It was noted that there were significant pressures in the provision of mainstream home to school transport and SEND transportation services. It was highlighted that the government intends to reform the SEND system. However, ahead of any substantial reform it was confirmed that the council must manage increasing demand and cost pressures in transport services. It was confirmed that additional investment in a council owned fleet of vehicles in the proposed Capital Programme for 2025/26 is planned to further mitigate this revenue budget pressure.

In corporate services it was confirmed that the 2025/26 revenue budget reflected investment in the Corporate Services Directorate to support continued delivery of transformation across the council.

In Central budget it was noted this comprises financing transactions, Minimum Revenue Provisions (MRP) and other corporate budget items including: pension costs, cost in respect of the administration of housing benefit and council tax and business rate collections and income from the council's business rate pooling arrangement.

It was noted that the 2024/25 revenue budget included the challenging savings target of £19.5m comprising of directorate savings of £11.6m and council wide savings of £7.9m.

It was confirmed that work was underway to maximise delivery of the balance of the £5m savings assessed as at risk.

It was confirmed that the only savings proposed in the 2025/26 revenue budget were £3.9m of savings in the Children and Young Peoples directorate in year 2 of the financial plan.

It was noted that table 5 highlighted the mitigations.  It was confirmed that mitigations of £3m, included £1.4m contribution from the budget resilience reserve (or contingency reserve) in 2025/26 to bridge the gap of year 2 savings identified in the Children Young Peoples directorate. This contribution will repaid in years three and four of the revised plan, alongside delivery of the balance of £2.3m of savings.

Transformation expenditure in the corporate service directory will be mitigated in 2025/26 through the application of £0.6m of capital receipts.

It was highlighted that for the 2023/24 financial year Herefordshire council was the first and only council in the country to receive an audit opinion on the financial statements and its value for money arrangements by the statutory deadline of 30 September 2024. It was confirmed that the auditors annual report for 2023/24 noted that arrangements for identifying, developing, monitoring and reporting on savings were appropriate and that the council used appropriate key assumptions together with sensitivity analysis when developing its 2024/25 budget. It was noted that these arrangements underpin the 2025/26 budget.

The audit report provides valuable independent assurance that the council has robust financial arrangements in place to identify all significant financial pressures and risks to financial resilience and support the sustainable delivery of services in accordance with strategic, director and statutory requirements.

It was noted that the key financial risks and mitigation actions were detailed at paragraph 122.

It was confirmed that the Medium-Term Financial Strategy (MTFS) highlighted a balanced position for 25/26, a small surplus in 26/27 and a small gap between funding and expenditure requirements in 27/28 and 28/29. It was confirmed that these future gaps represented 0.4% and 1.8% of the net budget required in each of those years respectively.  Therefore it is expected that activity to deliver efficiencies to bridge this gap will be easily achievable.

It was noted that due to future uncertainty and planned reforms the cabinet will consider whether it's appropriate to review the MTFS during 2025/26 in advance of the budget setting process for next year.

Comments from cabinet members.

Support was expressed for the cabinet member for finance and corporate services alongside the finance team.  It was noted that the government had removed the Rural Services Grant, which it had promised to re-purpose. However, the council had received less than £400k, meaning that cut amounted to 30% of the non-social care funding received from government.  It was clarified that the removal of £6.766m, left the council with a £2.5m reduction in its central grant funding.

It was noted that deprivation in Herefordshire was real.  It was confirmed that the average Herefordshire earnings remained significantly lower than the average for both the West Midlands and England. It was raised whether the government had no understanding of rural deprivation.  It was clarified that the government had looked at a different way of measuring social deprivation.  It was confirmed that the council had engaged heavily with the RSN (Rural Services Network), CCN (County Councils Network) and the society of county treasures to highlight the impact of this on Herefordshire and to put this forward to central government.  The council will also include that in the fair funding review in March 2025.

It was noted that the Rural Services Network had reported recently that this is widening the gap between urban and rural areas with urban areas now benefiting from 41% more funding per capita than the rural areas. It was confirmed that £22m had been retained by rural areas, less than 10%.

It was confirmed that it was Cabinet's attention to set the council tax at 3.99% but due to the Rural Services Grant being removed and not wanting to reduce services which would have impacted residents, the decision was taken to increase council tax for 2025/26 to 4.99%.

It was noted that the government settlement is only 16% of the revenue budget and 84% is from council and business tax income. It was queried how Herefordshire council compared with other councils in respect of such low level of support.  It was confirmed that more information will be provided.

It was confirmed from the RSN analysis that rural authorities received £22.8m or 3.8% of the available total of the Rural Services Grant with Durham and Cumbria receiving £15.3m, and the balance being split amongst district councils.

It was raised that whilst the government had said it will support the costs of national insurance and national living wage for one year, it is unclear if it will in the multiyear settlement.  It was noted the costs had increased by 23% for domiciliary care from 2023 to 2024 and respite residential care had increased by 50% in that time, therefore the figure for 2025 will likely be higher again, resulting in an inevitable financial gap.  It was confirmed that the direct earning costs had been assessed at £1.5m which had been factored into the budget, but confirmation was awaited from central government in the final settlement.  It was also confirmed that indirect earning costs had been factored into the budget as a demand led area and had been included in the allocation to each directorate.  Lastly, it was confirmed there was a contingency reserve for demand led services which could be used provided the criteria was met.

Group leaders gave the views of their groups. Parties acknowledged the hard work from officers and staff in preparing the draft budget.

It was acknowledged that savings had been achieved despite initial reservations and multiyear settlements will be welcomed from next year. However, it was raised that cuts to funding had been made year on year and didn't start under the Labour government.

It was raised that 65% of the budget goes to Adults and Children's directorates and it was noted that more is paid out to these two service areas than the total amount of council tax received.

Concern was expressed regarding the lack of government understanding in respect of rural county's needs.  The impact of losing the Rural Services Grant was acknowledged and it was noted that grant funding was stood still or ring fenced, meaning the loss of the Rural Support Grant will be disproportionately felt in some areas.

Queries were raised regarding investment in a new operating model for the county's buses and how the bus summit proposal had progressed.  It was also queried what happened to the £102m local transport funding that was allocated to Herefordshire Council.

It was queried where the losses in the Rural Services Grant fell against service areas. Further detail was requested regarding the costs, where are these being absorbed in service areas, are the savings deliverable and what is able to be funded. It was also requested for the income sources to be made clearer and where the council is growing that income. It was recognised that it was fair to see savings shown in the children's directorate. However, concerns were raised that no savings were being shown from transformation activity.

It was noted there was no targeted additional support funds for hardest hit households, except for the council tax reduction scheme whereas the previous administration had introduced other schemes to support hard hit families. It was also noted that the income stream from empty and second homes was positive but there was significant risk as a first-year income stream.

In response to queries it was confirmed that it was right to support vulnerable people with council tax and it highlights the level of demand on that service.

It was confirmed that a meeting had taken place with bus providers and that will help inform the position of those providers when the bus summit is held. The bus summit date would be confirmed this week.

It was confirmed that the council had written to the previous government regarding the £102m allocated and were advised they were awaiting a funding review. It was further confirmed that a letter was being sent this week to the new secretary of state for transport,

Regarding the points on the budget, the impact of the reductions on revenue and how transformation of services leads to improvements and cost efficiency, it was confirmed it may be beneficial for these points to be covered at the Scrutiny Management Board on 14 January. It was confirmed that cabinet had already scrutinised itself in preparing this draft budget and there were no hidden cost savings or cuts in the revenue budget.

In respect of additional help for hard hit families, it was queried when the extra support was provided by the previous administration. It was also confirmed that the council has a range of services and support in place already.

Lastly, it was confirmed that whilst the loss of the Rural Services Grant impacted Herefordshire, it was also about the reduction in funding for rural counties across the country.

**Councillor Stoddart proposed the recommendations, and it was unanimously resolved that the following be recommended to Council**

**That Cabinet:**
**a) approves the 2025/26 draft revenue budget, which includes the key pressures for each Directorate and savings proposals, for consultation with Members, the council's relevant scrutiny committees, business rate payers and the public; and**

**b) acknowledges that the funding assumed in this draft budget is an estimate of expected funding; to be confirmed following publication of the Final Local Government Finance Settlement for 2025/26**

## 53. 2025/26 DRAFT CAPITAL INVESTMENT BUDGET AND CAPITAL STRATEGY UPDATE

The member for finance and corporate services introduced the report. The capital programme reflects capital investment which generates benefits for the county. It was noted that on 6th December 2024 at full Council an amendment for several IT projects was approved. Appendix B set out the approved capital programme, as of December 2024.

It was confirmed that the proposed capital programme for 2025/26 presented an ambitious programme of capital investment which was aligned to the priorities of the council plan across people, place, growth and transformation.

It was highlighted that 18 capital investment budget proposals, totalling £58.12m had been identified to be funded by prudential borrowing, capital receipt reserve and reserve revenue reserves. It was also noted that to ensure the council utilised the levelling up fund grant as early as possible and used council match funding last, the Hereford city transport package for the transport hub would increase the grant funding by £2.5m and reduce the amount of council borrowing required.

It was confirmed that a review of all prospective capital funding requests had been completed to ensure the financial impact of the funding requests were taken into account in the Medium Term Financial Strategy.

It was highlighted that as part of the 2016/17 local government finance settlement the government announced new flexibilities which allowed local authorities to use capital receipts to fund transformation expenditure. This was updated in 2025/26 and extended to 2029/30. Therefore £0.6m in 24/25 and £0.6m in 25/26 revenue transformation works would be funded from the use of capital receipts reserve.

It was confirmed that inclusion in the capital programme was not approval to proceed. Each project would be subject to its own governance, a full business case would be presented to cabinet for approval, where required, and compliance with the council's contract procedure rules.

It was confirmed that the council is committed to the first phase of the western bypass, and is aiming to be on site to deliver the current scheme to the South of the city in 2026. Once completed this new bypass connection for the A49 from the South to the North of the city will deliver the western growth corridor creating over 10,000 new homes and over 300 acres of new employment land. It was noted that this project, previously named as the 'Southern Link Road', had been renamed in the capital programme to 'Hereford Western Bypass Phase 1'. The increase in capital budget is proposed to be funded from borrowing, and grants would be sought to reduce the amount of borrowing required.

It was confirmed that social and affordable housing needs across the county remained a high priority for the council. It was noted that the acquisition for housing provision of £5m (which was added to the capital programme in July 2024), was already being used to bring forward schemes to deliver social housing to meet the county's urgent need. The £5m funding was considered adequate for 2025/26. However, should other opportunities come forward, council approval would be sought to add additional borrowing to the current capital programme.

It was noted that the proposed additions at appendix A totalled £58.12m over the next four years. £56.12m will be financed from potential borrowing, of which £45.72m is an addition to the amount available through current levels of corporate funded borrowing. £1m is refunded from the use of the capital receipts reserve and £1m from the revenue reserve specific for the use at College Road campus.

It was highlighted that the 18 projects include; the playground investment of £1m, the IT system upgrades and server replacements of £500k, the public realm services fleet of £1.54m, public realm mobilisation of £450k, property investments in care homes Phase 2 of £604k, estates building improvement programme 2025/27 of £4.304m, building works from the 2022 condition surveys of £1.715m, Yazor Brooke £260k, school route planning software £50k, resurfacing Herefordshire highways of £5m, road safety schemes of £3m, the highways infrastructure investment of £5m, City and Market Town public realm investment of £1.2m, CCTV equipment upgrades of £89k, Shirehall refurbishment phase two of £1m, council school transport fleet £350k, Herefordshire flood risk mitigation of just over £2m and lastly the Hereford Western Bypass Phase 1 of £30m. It was confirmed that Appendix E contained the outline business cases for each project.

It was confirmed that the corporate revenue implications of securing the new borrowing was included in the current Medium Term Financial Strategy and Treasury Management Strategy which had always allowed for £6.7m of new prudential borrowing per annum over the strategy period. The additional borrowing requirement was reflected in an update to the treasury management strategy, with actual borrowing secured as cash funding at the optimal interest rate available at that time. The table at paragraph 24 showed borrowing above the annual funding each year and this will have an impact on future revenue budgets when the repayments have to be made. These additional costs are reflected in the table at paragraph 25. This is calculated over a 40-year period and therefore £2.2m repayments will continue until fully repaid.

It was confirmed that individual capital scheme resourcing implications will be detailed in the ‘approval to proceed decision’.

It was noted that the budget setting document would not detail specific environmental impacts. However, considerations will always be made in minimising waste and resources used in line with the council's environment policy.

It was confirmed that monthly budget control meetings take place for all capital projects. These provide assurance on the robustness of budget control and monitor to highlight key risks and to identify any mitigation to reduce the impact of pressures on the council's overall position. It was also confirmed that individual project reporting and project boards were in place to mitigate risks.

Comments from cabinet members.

It was highlighted that this was not a conservative budget, but it was a council budget and it was hoped that all members could support it.

Group leaders gave the views of their groups.

There was some support for the Western Bypass Phase 1. It was raised that the council should be clear about its intention, and it was raised that rigorous value for money should be applied.

There was support regarding affordable housing and it was positive that the budget reflected such a clear commitment to this.

It was also positive that roads, their condition and repair were a priority in the budget. However, reassurance was sought in respect of the borrowing period and the time period matching.

Investment in play areas was welcomed and there was support for this. It was raised if this was now an opportunity to share the maintenance and upkeep of these.

A query was raised regarding Appendix D, the council’s capital strategy, it was queried how the cabinet weighs up the need for instant cash, which can only be used once, against the council’s responsibility to preserve its assets.

Concern was raised regarding Appendix E and the strategic business case for the Hereford Western Bypass Phase 1.  In respect of the risks, it was noted that external funding may not be forthcoming, and the council could be required to fully fund the project.  Also, if phase 2 was not progressed then the full potential benefits of phase 1 may not be realised.  It was noted that a full business case for phase 1 to demonstrate value for money will be developed and this was awaited.

Concern was raised that ambitious capital programmes were put forward, but they failed to deliver at the pace intended.  It was raised if a more measured approach and amended delivery profile would be more realistic, rather than adjusting expectations in year.

Concern was raised that the capital strategy was more of a delivery plan for the existing programme.

In response to the query regarding disposal of assets, it was confirmed the asset base would continue to be reviewed and it was not the council's intention to dispose of any assets unless there was a strong business case to do so.

In respect of the key aspects of the capital strategy and the intention to establish the capital allocation for delivery of the first phase of the Western Bypass and the important housing provision.  It was noted the importance of having a strategic joined up approach to provide housing to residents.

Regarding delivery of capital projects and phasing of them, it was confirmed that 50% more of capital projects had been delivered than last financial year.

**Councillor Stoddart proposed the recommendations, and it was unanimously resolved that the following be recommended to Council**

**That: Cabinet recommends the following to Council**
**a) To approve the revised capital programme for 2024/25 attached at appendix C;**

**b) Approve the capital strategy at appendix D; and**

**c) Approve the Flexible Use of Capital Receipts of up to £0.6million in 2024/25 and £0.6million in 2025/26, to support transformation to generate ongoing revenue savings and reduce service delivery costs in future years**

The meeting ended at 16:40 **Chairperson**

## Agenda item no. 4 - Questions from members of the public

| Question No. | Questioner | Question | Question to |
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| PQ 1 | Peter McKay, Leominster | **The Unclassified Roads, UCR's, shown on the Highways and Public Rights of Way Map include an estimated 90 miles of roads that are unsurfaced, and I ask if you could differentiate these by recording them as uUCR's, show with a different colour line, and add a section to the Rights of Way Improvement Plan, presently at draft stage, covering the management policy for these?** | **Cllr Durkin** |

**Response:**

Thank you for your question.

In response, I can confirm that not all our unclassified roads have a tarmac surface. Whilst I have noted the suggestion that the surface be referenced on our highway map, this would not be a current priority for the team due to the current amount of work currently being undertaken with regard to focussing on reopening Public Rights of Ways that are currently closed or dealing with the high volume of Definitive Map Modification Order requests.

We will bear this in mind when the team have available time to reconsider our priorities.

**Supplementary question:**

**My question asked if you will add a section to the Rights of Way Improvement Plan covering the management policy for unsurfaced unclassified roads, without reply, such as an annual safety inspection logging obstructions, etc., on the new road defect webpage, when it moves to the next stage and if you have any prediction when that may be?**

**Supplementary response:**

Thank you for your original and supplementary question.  The Council's Rights of Way Improvement Plan covers the period 2018 to 2028 and sets out the approach to inspection and maintenance. We will of course consider your suggestions provided when work is undertaken to produce the next Plan.

It is important to note that the Council's Highway Maintenance Plan also sets out the categories, frequencies and modes associated with undertaking safety inspections, including unsurfaced roads and unmetalled Public Rights of Way.

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| **PQ 2.** | **Mrs E Morawiecka, Hereford** | **The Local Plan Regulation 18 Strategic Policies Document of March 2024 stated that the whole county of Herefordshire required only 9,608 new homes to be built to 2041, with 5,600 to be allocated to Hereford City along with 80hectares of employment land.**<br><br>**The 2025/26 Capital Investment Budget claims that the Hereford bypass "will deliver the Western Growth Corridor creating over 10,000 new homes and over 300 acres of new employment land". Development to the west of Hereford poses the risk of the loss of over 3,000 existing jobs from pollution of water supplies to 2 of the city's largest employers and increases the risk of flooding the City that lies downstream of the Yazor Brook.**<br><br>**When and where did Herefordshire Council agree this scale of development to be allocated to the West of the City?** | **Cllr Swinglehurst** |

**Response:**

The council has not yet agreed to this scale of the development to the west of the city, it will be included in the re-drafted Local Plan which will be subject to a further Regulation 18 consultation period later in the year.

Government launched the revised National Planning Policy Framework (NPPF) on 12th December 2024, which identifies a mandatory housing target for the county of 27,260 in the next Local Plan period (up to 2041). This is an increase from 16,100 new houses previously. To meet this increased requirement the council is reviewing where this level of growth could be accommodated, including the possible western growth corridor. The changes to the NPPF are so significant that the council will need to re-draft the current Local Plan which will be subject to a further Regulation 18 consultation period later in the year.

**Supplementary question:**

**If the council has not yet agreed to this scale of the development to the west of the city what are the criteria it is using to enable the 2025/26 Capital Investment Budget to state that a new road in this area will result in the allocation of 37% (10,000 houses) of the total mandatory housing target for the entire County to an area that is nationally scarce, high grade agricultural land, a floodplain and poses such a huge risk to over 3,000 existing jobs and the wider local economy and flooding to the City of Hereford?**

**Supplementary response:**

Thank you for the supplementary question. We are unable to confirm the specific number of houses that will be developed to the west of Hereford until options for allocation of the new mandatory housing targets are fully assessed and consulted upon through the Local Plan. We anticipate that a further regulation 18 consultation will be undertaken later in 2025.

| Question No. | Questioner | Question | Question to |
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| **PQ 3** | **Carole Protherough, Hereford** | **"This Cabinet has said that the reopening of the Pontrilas Railway Station is a priority of this administration. If so, why is there no capital investment in the Capital Strategy or Capital budgets for the next 3 years for this transport project?"** | **Cllr Price** |

**Response:**

The council has committed revenue funding to the development of a business case for a new station serving the Golden Valley area around Pontrilas and has set up a task force of key stakeholders to support this work. Until the business case has been completed to demonstrate that there is a viable proposal supported by DfT and Network Rail, it would be inappropriate to allocate any funding into the capital programme at this time.

**Supplementary question:**

**Cllr Price says that no capital funding has been allocated to Pontrilas Station as the business case needs to demonstrate a viable proposal supported by DfT and Network Rail. Please explain why the Council has applied different standards to the allocation of funding to the Pontrilas and Southern Link Road schemes given that neither have business cases demonstrating they are viable proposals supported by DfT and Network Rail?**

**Supplementary response:**

Thank you for the supplementary question. These schemes are not comparable as they are at very different stages of their development. The Hereford Western Bypass is at full business case stage whereas a potential station at Pontrilas is only at Strategic Outline Business Case (SOBC), considering where a scheme is viable. Regardless, a new station between Abergavenny and Hereford would be delivered by Network Rail and requires their agreement and funding as well as other third-party approvals; whereas the bypass is being delivered by the Council and within the Council's powers as the Highway Authority.

| Question No. | Questioner | Question | Question to |
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| **PQ 4** | **Jeremy Milln, Hereford** | **The proposed Southern Link Road (aka Western Bypass Phase 1) is now estimated to cost £40.3 million (£35m construction, £5.3m for D&M), apparently to be funded using £5M of capital receipts and £35.3M of public borrowing. The Capital Strategy states that funding above £6.7m is available to support capital investments that give a clear pay back through revenue budget savings. How much of the interest payable on this borrowing is contributing to the deficits of £1.217m in 2026/27 and £5.266m in 2027/28 and what revenue will be generated by the scheme to pay back the £35.3m of borrowings and interest over the 40 year repayment period?** | **Cllr Stoddart** |

**Response:**

*The additional borrowing to fund the proposed £30m addition to the capital programme for 25/26 has a revenue budget impact aligned to the term of borrowing.*

*Repayments of borrowing and interest will be accounted for by reducing the value of the borrowing in the council's balance and recognising an interest expense in the revenue account.*

*The impact on the revenue budget in each year of the MTFS is noted below:*

- ***2026/27:*** *revenue impact of £0.25m (assuming borrowing of £5m in 25/26)*
- ***2027/28:*** *total revenue impact of £1.0m (assuming borrowing of £5m in 25/26 and further borrowing of £15m in 26/27)*
- ***2028/29:*** *total revenue impact of £1.5m (assuming borrowing of £5m in 25/26, and further borrowing of £15m in 26/27 and £10m in 27/28)*

*The council is committed to bringing forward the first phase of the Western Bypass. Once completed, this new bypass connection for the A49, from the south to the north of the city, will deliver the Western Growth Corridor, creating over 10,000 new homes and over 300 acres of employment land.*

**Supplementary question:**

***The response confirms that, for the proposed Southern Link Road (SLR), we would be paying an additional £1.5m a year on the interest alone for another £30m of borrowing. The response doesn't answer the question as to what revenue budget saving the Council thinks will be generated by the scheme in line with its rules requiring a pay back on capital investments above £6.7m.***

***At the Public Inquiry Herefordshire Council insisted the SLR, as part of the South Wye Transport Pack, is a stand-alone project, not part of some larger 'bypass', or housing access road as is now being suggested. As such the Council has been unable to deliver a full Business Case for it, nor -given its low Benefit Cost Ratio - 'demonstrate that it represents value for money in its own right' as required by the OSBC (*****Outline Strategic Business Case*****) (item 8, appendix E).***
***How does the Council propose to address this and what services might be cut in future years to meet the additional revenue deficit if the scheme proceeds?***

**Supplementary response:**

Thank you for your supplementary question. The £6.7m refers to the amount which is corporately funded. Any amounts above this level are considered as part of the revenue budget and MTFS. This revenue budget and MTFS reflect the proposed borrowing. I also confrm there are no services that are planned to be cut.

**Agenda item no. 5 - Questions from Councillors**

| Question No. | Questioner | Question | Question to |
|---|---|---|---|
| PQ 1 | Cllr David Hitchiner | The successful development of the wetland sites in the County provides for payment of cash by developers to ensure that the sites are maintained “in perpetuity”. The cash in the “Wetland Revenue Reserve” is currently over £1m. It would seem prudent for this cash to be invested to work harder for the projects than by earning deposit rate interest or being used to set off the Council’s borrowings. The risk of the current approach being that inflation will inevitably eat away at the “value” of the cash, resulting in a reducing capability to undertake maintenance work in the future.<br><br>Will the Cabinet agree that full consideration should be given to the best way to protect this growing deposit, including the possibility of investing with a fund manager, and provide an appropriate report to members within the next three months? | Cllr Stoddart |
| **Response:**<br><br>The council’s Investment Strategy is included within the Treasury Management Strategy approved by Council on 9 February 2024. The objective of the Investment Strategy is to ensure prudence is applied and risks are managed when the council holds surplus funds. Share portfolios are not an approved counterparty within this strategy. The wetlands remains an active project and income from phosphate credits will be managed to fund delivery of future phases over the next few years and maintain existing sites. | | | |
| **Supplementary question:**<br><br>**As far as I know the Treasury Management Strategy is not set in stone and can be amended at a Full Council meeting. I accept that there is insufficient time between now and the date of the Budget meeting on February 7th 2025 for proper consideration to be given to this issue. I therefore repeat my question slightly amended - Will the Cabinet agree that full consideration should be given to the best way to protect this growing deposit, including the possibility of investing with a fund manager, for incorporation, if appropriate, in the Treasury Management Strategy to be considered at the Council meeting in February 2026, and provide an appropriate report to members within the next three months? Keeping the money in cash, and setting it off against borrowings may be helpful to the Council in the short term, but as members will be aware, as with s106 monies, is not a protection against inflation.** | | | |



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**Supplementary response:**

Thank you for your supplementary question. I can confirm that cabinet will consider this proposal and we will provide appropriate information within the next three months.