

MEETING:	OVERVIEW AND SCRUTINY COMMITTEE
DATE:	18 OCTOBER 2010
TITLE OF REPORT:	LEADER'S REPORT

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To receive a report from the Leader of the Council identifying key issues from the last six months.

Introduction and Background

1. The Constitution provides regular opportunities for the Leader to report to full Council and in particular provides that he make an annual report to Council. Accordingly, rather than requesting an annual presentation to this Committee as well, the Committee has made provision in the Committee's work programme for a half-yearly update from the Leader.
2. A report is attached.

Background Papers

None identified.

Further information on the subject of this report is available from Tony Geeson – Head of Policy & Performance,
on (01432) 261855

REPORT FROM THE LEADER OF THE COUNCIL TO THE OVERVIEW AND SCRUTINY COMMITTEE – OCTOBER 2010

Introduction

The shape of the coalition government's programme is now even clearer than in my previous reports to the full Council.

- There will be significant reductions in local government funding which is not being afforded the protection given to other sectors. The implications will become clearer in two days time with the CSR 2010 report on October 20th. However the precise local implications may not be fully clear until the local government settlement in mid December
- In the longer term the local government resource review is due to report in the summer of 2011. However many of the recommendations of the Lyons review already appear to have been ruled out.
- We have already seen mid-year funding cuts as a result of the emergency budget on 10th June. Herefordshire's revenue grant reduction was £1.158m of area based grants (ABG). A further £640k of capital grant was also removed. A further £836k of grants will not be received but, as these had not been included in the Council's 2010-11 budget, no further reductions were required. The long term future of ABG itself is unknown as the national debate focuses on the balance between cutting local authorities general or specific ring-fenced grants.
- In addition the age qualification for free bus passes is to rise to 65 and we have already had to cease the free swimming programme for local people aged under 16 or over 60. New borrowing powers are promised which will allow local authorities like Herefordshire to borrow against predicted growth in the locally raised business rates
- Big Society places more responsibility on individuals but also means smaller central and local government. This Council is going to have to make difficult choices in the next few months but you will already be aware of initiatives on shared services – discussed by Cabinet in July - and organisational design which is challenging what all Directorates do and the suitability of our current procedures & structures for the challenges ahead. These are specifically intended to protect front line services to vulnerable people as much as possible.
- Projects like shared services and organisational design are significant in themselves but they are just part of the enormously wide ranging transformation programme we are undertaking across both the Council and NHS Herefordshire – Rising to the Challenge. This has five work-streams; customer-focus, communities first, streamlining the business, better services and people & performance. The scope of Rising to the Challenge includes delivering the customer strategy, developing locality working, rationalising office accommodation, improving our procurement and commercial expertise, creating an integrated care organisation, improving mental health services and ensuring that our workforce is equipped for the future and fully engaged in getting there. All of these will change and improve the way services are delivered directly, or release resources which can be used to the maximum benefit.
- We are not alone in making changes; West Mercia Police are also restructuring while Advantage West Midlands, the Audit Commission and the Commission for Rural Communities are amongst the bodies to be abolished.

Throughout all of this we will be looking to sustain financial stability and the Council's growing reputation for innovation. Examples of our forward thinking include:

- The remodelling of tourism deliver discussed last month by the Cabinet and
- The programme of support for libraries. We are one of 10 national pilot schemes with Shropshire.
- The approval of a joint commercial strategy by Cabinet in July offering the potential to save between £3-5m over the next two years on an HPS spend of £440m a year

I do not intend to stray specifically into individual Cabinet member areas but will look at issues that affect the overall strategy and direction of the Council and, in particular, the challenges ahead.

Localism and Decentralisation

I covered this in my report to Council on 16 July. If the timetable outlined in the Queen's Speech is maintained by November there will be:

- A power of general competence to Council's like Herefordshire
- Greater powers devolved to Council's and neighbourhoods giving greater control for local communities over housing and planning decisions
- Confirmation the abolition of regional spatial strategies – no central Government role in resolving the growing national shortage of affordable housing
- A right for communities to bid to take over local, state run services.
- No more national Standards Board
- Potential for a return of a committee system instead of Cabinet & Scrutiny arrangements
- A power for local residents to instigate referendums on any local issue such as service closure and veto excessive council tax increases.
- Authority to create local enterprise partnerships (LEP's) replacing regional development agencies. These joint local authority–business bodies will promote local economic development. We have already applied for a joint LEP with Shropshire & Telford.
- A requirement to publish the salaries and expenses of senior officers – we have already done this.

Equity and Excellence – liberating the NHS

Our partnership with NHS Herefordshire is one example where we are ahead of much of the country. We must ensure that the proposed abolition of PCT's and Strategic health authorities does not harm our local initiatives. For instance, if the population sizes for the new GP commissioning groups are centrally defined and are set artificially high, they will not suit sparse rural areas like Herefordshire. We will need to consider:

- How the local health and well being board will work best locally and its relation to the current health scrutiny arrangements
- How a local public health service will integrate properly into our other services
- How we will truly lead future improvements in Herefordshire's health & well-being.

There is of course an independent commission of Andrew Dilnot, Lord Warner and Dame Williams considering how to ensure responsible and sustainable funding for long-term care which will report within a year. In the meantime we await the forthcoming social care white paper. Clearly these are matters of great interest given our growing proportion of frail elderly residents.

Education

We are quite rightly proud of educational attainment in the county. The Academies Act passed in July allows:

- Existing schools to become academies with

- Freedom from local authority control and the national curriculum as well as the ability to set their own pay and conditions and
- Freedom to spend the remaining money a local authority currently spends on their behalf. We will need to work with our schools, whatever their status, to ensure that children and young people in Herefordshire get the best possible education and we will need to carefully consider any implications of new Academies on our local authority services so that the other schools in Herefordshire are not adversely affected.

New free schools, set up in response to parental demand, may become a reality nationally by September 2011. We all know the difficulties of funding smaller schools to maintain the full range of the national curriculum. In line with existing policy, Cabinet recommended the closure of Dilwyn school in July 2010.

If the forthcoming Education Bill becomes law, it will remove the requirement for Children's Trust Boards and joint children & young people's plans as well as the duty of schools to co-operate with Children's trusts. The duty to cooperate will remain for a range of partners, including health. While any reduction in bureaucracy is to be welcomed we must continue to work together to raise education standard even higher and protect vulnerable children. Partnership working is crucial to this and we will continue to focus on the needs of children and young people in Herefordshire and make the most of our strong relationships with other organisations.

Communities

The various communities that make up Herefordshire are one of our greatest strengths. I look forward to:

- The overhaul of alcohol licensing giving more power to ourselves and West Mercia police to meet local concerns
- The new homes bonus where local communities who build more homes will be rewarded by getting more funding to use on local priorities. The proposals will be finalised after the CSR in October.
- The devolution from central government of powers to confirm local nature reserves.

Local economy

The growing local economy offers the best way to improve health and well-being in Herefordshire given reductions in public expenditure over the next few years. As noted above it could also increase our borrowing powers as well as raising business rates. In the last few months:

- Work has begun on the new state of the art livestock market showing our faith in the local agricultural economy
- Herefordshire Futures has been created to secure private sector investment that will assist in delivering the priorities expressed by the public of Herefordshire in the Shaping the Place consultation including better paid jobs, new enterprise, affordable housing, better transport links and improved higher education facilities.
- Investment in the city centre continues to remain a priority of the administration and on the back of the £4 million worth of spend on the fabric of the city centre immediate priorities include the maturing of the shop local card and the refurbishing of the Butter Market.

We still await our final settlement before Christmas when we will know whether the scale of the reductions we have indicated will be sufficient but I remain committed to the belief that the Council must as a matter of principle make its savings initially in how it delivers its services rather than the services themselves. I would hope that I would have that support across all political groups in the authority and I look forward to reading their alternatives.