

Questions to Overview and Scrutiny Committee
Meeting Monday 16th Jan 2012

Question 1.

The last report to Herefordshire Council on the private company Hereford Futures Ltd was made as a verbal report in March 2011 to the Community Services Scrutiny Committee whose role has now been subsumed by the Overview and scrutiny Committee. When will a proper written report, including financial figures and delivery performance arising from the use of public funds, be provided to Herefordshire Council and the providers of this money, namely the residents of Herefordshire?

This will be a matter for discussion covering any future work programme

Question 2.

What public assets or funds have been transferred to Hereford Futures Ltd in the last 2 financial years and how has this money been used to achieve value for money of the people of Herefordshire?

The council's accounts show that payments to Hereford Futures /ESG were £586,000 in 2010/11 and £700,000 in 2009/10.

A number of properties are ring fenced receipts under the agreement.

Question 3.

(i) With regard to the Herefordshire Council Core Principle "*Valued Services – focusing on our priorities & what matters to people, stopping things we don't need to do*" what is the benefit of the £27million link road and the expensive improvements planned for Broad Street included in the Proposed Capital Programme.

(ii) Bearing in mind the very poor state of many of our roads and the many other transport projects in the current local transport strategy that have been cancelled, are these works essential?

(iii) When the Usable Capital Receipts Reserve is estimated to stand at just £3.55m (one fifth of what it was 3 years ago) is this the best use of nearly £30 million of taxpayers money at a time of financial rationing?

The following points formed part of the Link Road business case;

1. Provides access to a development of up to 800 new homes within the Urban Village
2. Allows the creation of up to 1400 new jobs resulting from development realised through delivery of the link road.
3. Reduces peak traffic usage on the inner ring road (Blueschool Street & New Market Street) by up to 50%

4. Significantly contributes to the regeneration of Hereford, one of 10 priorities within the current Economic Development Strategy

Question 4.

Hereford Futures Ltd state on their website that they calculate the link road will cost £30 million. On page 11 para 67 Herefordshire Council state "*The estimated cost of the overall scheme will be £27million*" for which the Council are seeking to secure borrowing in 2012. From a FOI request (002456) of Herefordshire Council a response dated 6th Dec 2011 states that the only funding in place for the Hereford Link road is "*£220K approved by HF Board on 14th November 2011 for advanced works, studies, etc*".

The figure of £30m was an initial estimate and the latest estimate for the construction of the road including land purchases is £27m

- (i) If the link road project was not to go ahead would this deliver a saving in 2012/13 of £220,000 in costs "approved by HF board"?

The £220k is coming from capital receipts reserve funding, if this was not spent the reserve would not be reduced and the funding resource would be carried forward to fund capital costs only.

- (ii) Would there be any additional payroll costs in HF that could be saved as a result of cancelling this project?

The Hereford Futures project team has been significantly reduced as part of the places and communities budget saving plan. These savings have occurred over the last two years.

- (iii) What is the risk of the project costing more than the £27m estimated by Herefordshire Council and probably coming in more than 10% higher as predicted by Hereford Futures Ltd?

The figure of £27m is an estimate but represents a figure within which the project will be delivered. It should be noted that if phase 2 of the development proceeds there is likely to be a developers contribution which will reduce the overall borrowing.