

PUBLIC QUESTIONS TO CABINET – 31 January 2019**Question 1****Mrs Morawiecka, Breinton****To: cabinet member, infrastructure**

The SWAP report on the Blueschool House fiasco made significant recommendations for capital projects to be adequately controlled and reported to councillors. The written answer to my supplementary question in Nov 2018 shows that the budget for the SWTP has not been updated in any detail these last 8 years. The executive is using a simple 2010 cost based budget with an “uplift” for inflation. There is no reporting of adverse expenditure to date versus budget. The decision report referred to in the answer relates only to the compulsory purchase of land.

Where is the decision report giving permission for the executive to spend in excess of £5million on professional fees vs a clear budgeted cost (uplifted) of £1million, for the SWTP project?

Response

There is an approved capital provision for the South Wye Transport Package (SWTP) of £35m as contained in both the medium term financial strategy and capital programme. The 2010 figure of £1m you refer to is not an approved budget. It forms part of a scheme cost breakdown within the Strategic Outline Business Case application for funding to the Marches Local Enterprise Partnership, which secured £27m funding for the project.

The decision to progress the scheme was taken by Cabinet on 13 November 2014. That decision authorised officers to prepare and submit a planning application for the SWTP and, subject to planning consent being obtained, to continue detailed design of the scheme and develop proposals for land acquisition. Further authority to spend, and information about how the scheme is being progressed, has been contained in decisions taken on:

- 26 August 2016
- 20 October 2016
- 16 November 2017
- 14 December 2017
- 28 February 2018
- 22 May 2018
- 9 October 2018
- 12 November 2018

All these decisions are published on the council’s website and available to view at:

<http://councillors.herefordshire.gov.uk/mgDelegatedDecisions.aspx?bcr=1>

The SWTP budget, spend and forecast is updated regularly. Monitoring of the capital programme takes place that demonstrates spend to date and forecast spend the whole programme of capital projects.

The council has been implementing improvements to the clarity of financial information provided in reports informing decisions and in overall performance reporting. It is now the case that each project decision report summarises project budget, spend to date and forecast spend so that the financial implication of each project decision is clear and auditable. The report informing the most recent decision (12 November 2018) for the SWTP contained a summary of this information for the scheme and set out the forecast spend for 2018/2019 (£1.75m) and how this will be funded, as well as spend to the end of 2017/2018 (£4,977,931.67).

Supplementary Question

Thank you for the comprehensive written answer. The answer to my question as to where is the key decision for officers to spend over £5m of tax payers money on professional fees on the SWTP gives a list of decision dates, but on none of these dates is there a key decision approving a spend on professional fees totalling in excess of £5m. The council's answer that the 2010 figure of £1m is not an approved budget is a bit surprising, as this was the budget presented to the public inquiry in November 2018 as the only detailed budget currently available. When there is no approved detailed budget and no key decision for £5m of spend on professional fees, who has authorised all these payments in flagrant breach of the constitution and the recommendations of the council's own internal auditors including the SWAP recommendations on Blueschool House?

Response

A written response was provided as follows:

The decision to progress the South Wye Transport Package (Southern Link Road) scheme was taken by cabinet on the 13 November 2014.

This decision confirmed that:

- Route SC2 was selected as the preferred route for the Southern Link Road (SLR)
- Authority was delegated to then Assistant Director Place Based Commissioning to prepare and submit a planning application for a scheme along route SC2
- Subject to planning consent being obtained authority is delegated to the then Assistant Director Place Based Commissioning to continue detailed design of the scheme and develop proposals for land acquisition. A further report will be prepared for cabinet outlining land and property acquisition plans and draft orders in due course.

It was this decision which gave authority to prepare and submit a planning application and following consent to continue the detailed design of the scheme. Within the financial implications section of this report the provisional allocation of funding of £27m from the Marches LEP is confirmed and the estimated costs of the SLR is set out as £25m based on the level of design detail of the SC2 route at that time. The estimated cost of capital cost of progressing the scheme to planning in 2014/2015 and 2015/2016 is referred to within this report as £1.6m. This work comprised:

- Commencement of detailed design of earthworks, structures, pavements construction, footways, signals, street lighting and junctions along the SC2 route
- Ecological surveys to enable the impact of the scheme to be determined and to inform mitigation measures design
- Topographical and ground investigations to progress the detailed design of the SC2 route.
- Preparation of detailed planning application with supporting documentation.
- Provide supplementary information to support planning determination

Following the receipt of planning consent for the SLR in August 2016 the Cabinet Member for Infrastructure gave approval to consult on the possible active travel measures which could form the SWTP. The report confirms that there was an approved budget for the scheme within the capital programme and that the financial implications of the preferred package of measures when selected would be the subject of a future report.

In November 2016 cabinet took a decision that:

- The director for economy, communities and corporate, be delegated authority to take all operational steps necessary to acquire all the necessary land interests required for the delivery of the southern link road through negotiation with possible affected landowners, and;

- In principle the council use statutory powers of compulsory acquisition in making a compulsory purchase order, and the council use statutory powers to make a side roads would be subject to a further decision to more specifically identify the land interests to be acquired and further explain the necessity for a CPO in a statement of reasons

This report also confirms that there was an approved budget for the scheme within the capital programme. It set out that the cost of land required for the scheme was estimated as £1m based on the level of detail known at that time regarding land value and compensation costs.

In the following year in November 2017 cabinet took a decision to authorise the

- Director for Economy, Communities and Corporate be authorised to arrange for the making of the County of Herefordshire District Council CPO and for compensation payments to be made in accordance with the relevant legislation;
- Director for Economy, Communities and Corporate be authorised to arrange for the making of the County of Herefordshire District Council (South Wye Transport Package – Southern Link Road) SRO
- Director for Economy, Communities and Corporate be authorised to arrange for the making of the Compulsory Purchase Order and the Side Road Order and to take all the necessary and ancillary steps, including the publication and service of all statutory notices and the presentation of the Councils case at any public inquiry, to secure the confirmation of the orders by the Secretary of State;
- Director for Economy, Communities and Corporate be authorised to implement the Orders, including the acquisition of all necessary land and interests and new rights, and to pay compensation including acquisitions agreed by negotiation and to carry out any other additional steps needed for the implementation of the Orders for the Southern Link Road;
- Director for Economy, Communities and Corporate be authorised to take all operational decisions necessary to establish and implement a procurement strategy to inform and enable a decision to award a contract to the best value tender for the construction of the SLR within a budget up to £150,000.

This report also confirms that there was an approved budget of £35m for the scheme within the capital programme with £27m funding secured. It set out an updated cost estimate of land and compensation costs of £1.8m with estimated costs of £500K for associated legal costs for the CPO / SRO process and an estimated budget of £150K for the procurement process to select a contract for the SLR.

In December 2017 cabinet took a decision (having regard to the public support for the SWTP active travel measures) that the

- Assistant director environment and place be authorised to take all operational decisions necessary to progress further analysis and detailed design, to a maximum value of £500,000, to confirm a preferred package of active travel measures to be delivered with the SLR for approval by the cabinet member for infrastructure;
- Programme for delivery of this preferred package of active travel measures and a procurement strategy for their delivery be developed for approval by the cabinet member for infrastructure

As with previous decision report this report also confirms that there was an approved budget of £35m for the scheme within the capital programme with £27m funding secured. It sets out an estimated cost for professional design fees to assess and undertake design of ATMs as £500K. It confirms that funding for the scheme was secured on the basis of the SOBC and sets out that all scheme costs would be updated in the full business case submitted to DfT.

On 12 November 2018 Cabinet Member Infrastructure took a decision that:

- The council use statutory powers to purchase by agreement property not included in the south wye transport package A4194 southern link road CPO if there is a justified business case for doing so
- The acting director for economy and place be delegated authority, following consultation with the chief finance officer, cabinet member contracts and assets and cabinet member infrastructure, to agree terms and complete the purchase of the property
- That the land acquisition budget of £1.8m approved by cabinet on 16 November 2017 be increased to £2m and contained within the overall capital budget for the SWTP of £35m.

As with previous decision reports this report confirmed the approved capital budget of £35m for the SWTP project. In response to recent guidance and recommendation to provide improved clarity of financial information provided in reports informing decisions and in overall performance reporting it is now envisaged that each project decision report summarises project budget, spend to date and forecast spend so that the financial implication of each project decision is clear and auditable. To that end the most recent SWTP report (12 November 2018) set out spend to date and funding of the work authorised by cabinet and cabinet member in reports listed above. The implementation of the above decisions was taken in accordance the approved scheme of delegation.

The £1m figure referred to in this supplementary question forms part of cost build-up for the SC2 route for the bypass within the Strategic Outline Business Case for the scheme from 2014. It was an estimated value for preparation and supervision costs based on the Southern Link Road estimated cost at that time. At the recent SLR Public Inquiry these SOBC costs were presented and explained to the Inspector. This confirmed the overall approved budget of £35m for the SWTP but did not suggest that any of the individual elements within the SOBC build up were approved budgets. They are not set out as approved budgets for project activities within any decision reports subsequent to the SOBC listed above.

Question2**Mrs Wegg-Prosser, Breinton****To: cabinet member, infrastructure**

Reference the Capital Programme 2019/20 and Capital Strategy (paragraph 27: 'Revised Forecast' tabulation) could the Cabinet member for Infrastructure please explain his justification for the budget for the Active Travel Measures for the SWTP being £5M, when the same Cabinet member replied to members of the public submitting questions to him in Cabinet on 14 December 2017 that the budget for these ATMs was £8M. He assured everyone this budget of £8M would not be spent elsewhere; it would be spent on "the purpose for which it was there for" (Answer to Public Question No. 10) and "will be used for that purpose" (Answer to Public Question No. 12).

Response

I believe the responses you refer to were given at a meeting on 16 November 2017. In them I gave an assurance that the South Wye Transport Package (SWTP) active travel measures would be funded, and funding for this package would not be spent elsewhere. The figure of £8m for active travel measures I referenced was based on my understanding at that time of the estimated active travel measure costs. The active travel measures costs are set out in the Strategic Outline Business Case (SOBC) and are based on the detail known at that time.

I would also draw attention to a response I gave to another public question at the same meeting in November 2017 about cost/budget estimates relating to complex transport package schemes. That response stated: "I fully expect the final actual figures to differ from these estimates – that is normal and to be expected on a project of this scale being developed over a period of time and in accordance with relevant guidance. Any changes will be authorised and reported as they arise."

It is the SOBC costs which are referred to in paragraph 27 of the Capital Programme 2019/2020 onwards and capital strategy document and the South Wye Transport Package - southern link road land acquisitions cabinet member report dated 12 November 2018.

The full final business case due to be submitted later this year to Department for Transport will provide an updated estimated of both the Southern Link Road and active travel measures and will be published on the council's website at that time. It is entirely appropriate in a significant scheme of this scale developed over a period of years for cost estimates to be revised. My commitment to funding the entire package remains.

Question 3

Ms D Toynbee,

To: cabinet member, infrastructure

Appendix 2 (Capital Programme position Dec 2018/19) shows a prior-year spend of £4978k for the South Wye Transport Package and a further forecast spend of £2508k in this financial year. This total of £7486k is approximately 20% of the total SWTP budget. Please could you explain what this expenditure has delivered?

Response

The spend in 2018/2019 will deliver:

- Completion of the detailed design of the Southern Link Road
- Discharge of the pre-commencement planning conditions associated with the Southern Link Road consent including ecological licences
- Archaeological site works
- Making of Compulsory and Side Road orders for the Southern Link Road.
- Land and compensation costs
- Public Inquiry costs
- Procurement of a contractor for the Southern Link Road construction and mobilisation
- Completion of the full business case for the South Wye Transport Package for submission and sign off to Department for Transport
- Development of a programme for delivery of the active travel measures

Question 4**Mr R Palgrave,****To: cabinet member, infrastructure**

The total capital budget for Economy and Place in 2018-19 shown in Appendix 3 is £98.2m. Of this only approximately £2m is related directly or indirectly to tackling climate change - Solar panels, Energy Efficiency and Warm Homes Fund. Renewable energy and energy efficiency investments can provide a good return and will also support Corporate Plan Objectives A and D. There is no specific provision for the Hereford Heat Network identified in the Carbon Management Plan 2017-21. However, other planned capital investments such as roads will worsen climate change. Why is Council budgeting to invest so little to protect the climate and the future security of residents?

Response

I cannot agree with the questioner's view that we are investing little to protect the climate and future security of Herefordshire residents. The council is committed to tackling climate change and has a strong track record of investing in renewable energy and energy efficiency measures across its estate, and is on course to deliver its 40% CO2 reduction target by 2020/21.

Our proposed capital programme in 2019/20 includes over £3.2m investment in energy efficiency, invest to save and renewable energy projects. These will continue our investment in solar and photovoltaic energy, improvements to public buildings energy efficiency, warm home grants available to low income households looking to install central heating for the first time, further investment in LED lighting, and a more fuel efficient vehicle fleet.

In addition to our own capital investment:

- the council is able to use this resource to draw down significant external funding. This includes access to up to 50% capital grants for energy efficiency and renewable energy projects, energy efficiency grants for businesses, and significant funding from the Energy Company Obligation (ECO) to support residents with home energy projects. This will not only increase the total available funding for these projects, but will also offer the council better payback periods and improved value for money.
- Our proposed budget includes planned revenue expenditure of almost £1m for energy efficiency, active travel and affordable warmth activity. This revenue investment includes utilising £150k of grant funding from the Department of Business, Energy and Industrial Strategy to undertake a detailed project development study for the Hereford Heat Network.

The significant investment in a bypass for Hereford will address a range of other issues facing the county that include improving air condition in certain city hotspots, improving traffic flow in the city and enabling necessary housing growth. All the bypass phases of delivery are supported by packages of active travel measures that we are investing significant amounts of money in. Indeed, we are currently consulting on proposals to support increased walking, cycling, and bus use with associated public space improvements as part of the Hereford Transport Package. Details of this consultation can be found at: <https://www.herefordshire.gov.uk/http> and I would encourage all residents to participate in the consultation.

Supplementary Question

Do you agree that the various consultants' reports and the Natural England report show that the building of the Hereford bypass and southern link road will increase greenhouse gas emissions and why is this an acceptable project to be going ahead with at the moment?

Response

I do not agree. I believe the Hereford bypass will reduce areas of emissions. I am sure that the transport of the future will change dramatically but we do need the infrastructure in place and the traffic that will be using it will be emitting fewer emissions.