



Herefordshire Council Capital Strategy

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HEREFORDSHIRE CAPITAL STRATEGY 2005

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SECTION A - CONTEXT

1. INTRODUCTION

1.1 The objective of this Capital Strategy is to provide a framework within which the Council will work with its strategic partners to: -

- Support the immediate and longer term goals of the Council's Corporate Plan
- Support the ambitions of the Herefordshire Plan
- Assess the options for investment in capital assets
- Prioritise investment in capital assets
- Maximise the efficient use of limited capital resources
- Allocate resources in support of shared ambitions
- Ensure resources are applied to meet legal obligations
- Attract and support external investment
- Ensure Council property is properly maintained
- Ensure a robust monitoring and review process is in place for capital projects
- Ensure a comprehensive appraisal and challenge process is in place for potential new projects

1.2 A corner stone of the Capital Strategy is for the Council to consider a number of fundamental points:

- **What it wants to do**

The Capital Strategy needs to have a longer term vision of 10 to 15 years. Producing a truly corporate capital programme requires commitment from the Corporate Management Board (CMB) and from Cabinet for specific capital investment to meet the objectives of the vision. The capital programme must reflect the strategic objectives of the Council and the proactive management of its assets.

- **What it needs to do**

Short term departmental service pressures and maintenance backlogs may override long term corporate strategic issues. Projects to ensure that legal requirements are met have to be done, as do those which involve essential maintenance. At its simplest the capital programme has to balance these short term operational pressures with addressing the longer term vision and objectives of the Council.

- **What resources are needed**

It is simply not possible to afford everything the Council wants to do in the short and medium term from existing and forecast resources. A longer term strategy is therefore needed to ensure resources are targeted to those areas that best fit the vision.

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- **What resources are available**

The Council is heavily reliant on Supported Borrowing through the Government's Revenue Support Grant and other specific grants to fund its capital programme. Such funding is generally only notified on a short term basis which makes it difficult to make longer term plans. Limited capital receipt reserves may be used if available but these need to be maintained at a prudent level to support future commitments. Prudential Borrowing may be used but the capital financing costs are a direct charge to Council Tax. Members have agreed an annual 'planning target' of £5 million per year for Prudential Borrowing to support the Capital Programme.

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2. HEREFORDSHIRE CHARACTERISTICS

- 2.1 Herefordshire is a rural county situated along the southern part of the English / Welsh border. The landscape is one of beautiful rolling hills and wide river valleys with historic black and white villages, a few larger market towns and the ancient city of Hereford. The County has a long agricultural tradition and is an important centre for British cider making. The economy is diverse with over 7,000 businesses.
- 2.2 Herefordshire has an area of 218,283 hectares - over 95% of which is rural land. It has a population of 177,800 people and one of the five lowest county population densities in England. Hereford City is the main administrative, leisure and commercial centre and has a population of 54,800. The market towns of Leominster (population of almost 11,100), Ross-On-Wye (10,100), Ledbury (9,200), Bromyard (5,800) and Kington (3,200) are the other main settlements.
- 2.3 Herefordshire Council came into being on the 1st April 1998 as a single tier unitary authority with 58 elected members. The current political makeup of the council is Herefordshire Liberal Democrats (16), Conservatives (21), Independents (17) and Labour (4). An alliance of the Conservative and Independent Groups form the administration.

3. FINANCIAL BACKGROUND

The following tables detail the anticipated resources available to fund the capital programme and the indicative budgets over the next three years.

3.1 Capital Programme Resources - 2004/05 to 2007/08

	Outturn	Budget	Indicative	Indicative
	2004/05	2005/06	2006/07	2007/08
	£'000	£'000	£'000	£'000
Supported Capital Borrowing	17,270	13,679	13,766	13,247
Unsupported Prudential Borrowing	2,733	7,607	5,000	5,000
Grants & Contributions	8,751	11,055	5,703	3,234
Capital Receipts	4,328	4,511	3,299	3,324
Net Revenue Contributions	116	279		
TOTAL	33,198	37,131	27,768	24,805

3.2 Capital Budget by Programme Area - 2004/05 to 2007/08

	Outturn	Budget	Indicative	Indicative
	2004/05	2005/06	2006/07	2007/08
	£'000	£'000	£'000	£'000
Highways and Transportation	12,994	13,424	11,759	12,259
Strategic Housing	3,098	10,325	7,705	5,325
Children's Services	5,746	6,655	3,251	2,763
Adult and Community Services	5,932	3,801	433	125
ICT Services	1,919	2,576	2,233	1,933
Property	2,568	350	250	250
Service Improvement Plan	941			
Unallocated Prudential Borrowing			2,137	2,150
TOTAL	33,198	37,131	27,768	24,805

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- 3.3 The tables do not include external funding which has not been confirmed. Significant external funding will be needed for specific schemes such as the Rotherwas relief road unless significant additional Government support is received.
- 3.4 Also not included is funding which is devolved directly to schools as this does not form part of the Councils' capital programme. Devolved Formula Capital (DFC) gives maintained schools direct funding to help support the capital needs of their buildings. It is initially allocated to the local education authorities (LEA) who must then allocate the funding directly to schools using a simple formula based on a standard amount and pupil numbers. In general this funding should be invested as per the priorities agreed and identified in the local Asset Management Plan. The funding can be rolled forward for up to 3 years to enable larger projects to be planned. For example DFC allocated in 2004/05 may be rolled forward until 2006/07, and under the latest Standards Fund criteria must be spent and claimed by 31 August 2007. The total allocation of DFC for Herefordshire for 2005/06 is £2,933,000 with indicative amounts of £3,703,000 for 2006/07 and £3,925,000 for 2007/08. The only limit on the size of a project that can be supported by DFC relates to the amount of DFC that can be accumulated by a school.
- 3.5 The tables do not highlight the gap between investment need and available resources (bearing in mind the level of backlog capital maintenance) but they do take into account current disposal plans for other surplus assets. They assume a level of borrowing in line with current Supported Capital Expenditure levels together with an annual level of Unsupported Prudential Borrowing which has been built into the Council's revenue forecasts.
- 3.6 The Council has limited scope to generate its own capital resources however the property portfolio is kept under continual review to release scarce resources for reinvestment, a policy central to the Property Strategy. The Council is committed to pursuing public/private partnerships as a means of bridging the resource gap it faces, continuing its success at partnership working to secure additional funding.
- 3.7 The Property Strategy (**Appendix 5**) looks at the Council's top service and organisational priorities which in turn drive the property objectives and shape the property vision. This influences the way property is managed and requires suitable systems in place to measure and report on property performance. The implementation plan for the property strategy sets out the process for Service Area reviews and Area Property reviews leading to a Capital and Revenue plan for property by December 2005. The Property Strategy gives a clear programme of action to allow the Council to consider addressing property maintenance backlog issues.

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4. PROPERTY BACKGROUND

4.1 This table shows the assessed maintenance backlog of the Council's assets across its main service areas as at March 2005. The table only shows the overall extent of the portfolio as the values (shown as at March 2004) are mainly discounted replacement cost values rather than market values and may reflect tenancies granted rather than vacant possession. The Property Strategy detailed later in this document sets out a policy of reviewing and challenging property holdings with a view to making disposals as appropriate to rationalise assets and generate capital receipts for further investment.

DIRECTORATE	NO. OF ESTABS	PROPERTY TYPE	BACKLOG £'000	VALUE £'000
Childrens Services	14	High Schools	5,958	63,960
	84	Primary Schools	6,112	61,526
	4	Pupil Referral Units	55	1,136
	4	Special Schools	294	4,203
	1	LEA Pool	63	115
Environment	1	Buttermarket	170	1,321
	52	Car Parks	1,553	4,170
	1	Cattle Market	122	1,534
	4	Cemeteries/Crematoria	23	268
	4	Industrial Estates	491	10,551
	35	Public Conveniences	95	1,467
	69	Smallholding Farms	931	4,249
	9	Highways Depots	268	1,636
	9	Shops	44	2,069
	1	Countryside Park	12	707
	Adult & Community Services	9	Leisure Centres/Pools	625
9		Libraries	60	3,968
6		Heritage Centres/ Museums	239	1,182
12		Picnic Sites	0	67
6		Registry Offices	28	174
7		Tourist Information Centres	38	0
6		Youth Centres	130	976
13		Social Services Premises	327	6,241
Support Services		38	Offices	1,688
Miscellaneous	Numerous	Miscellaneous	442	16,054
Totals			19,768	195,399

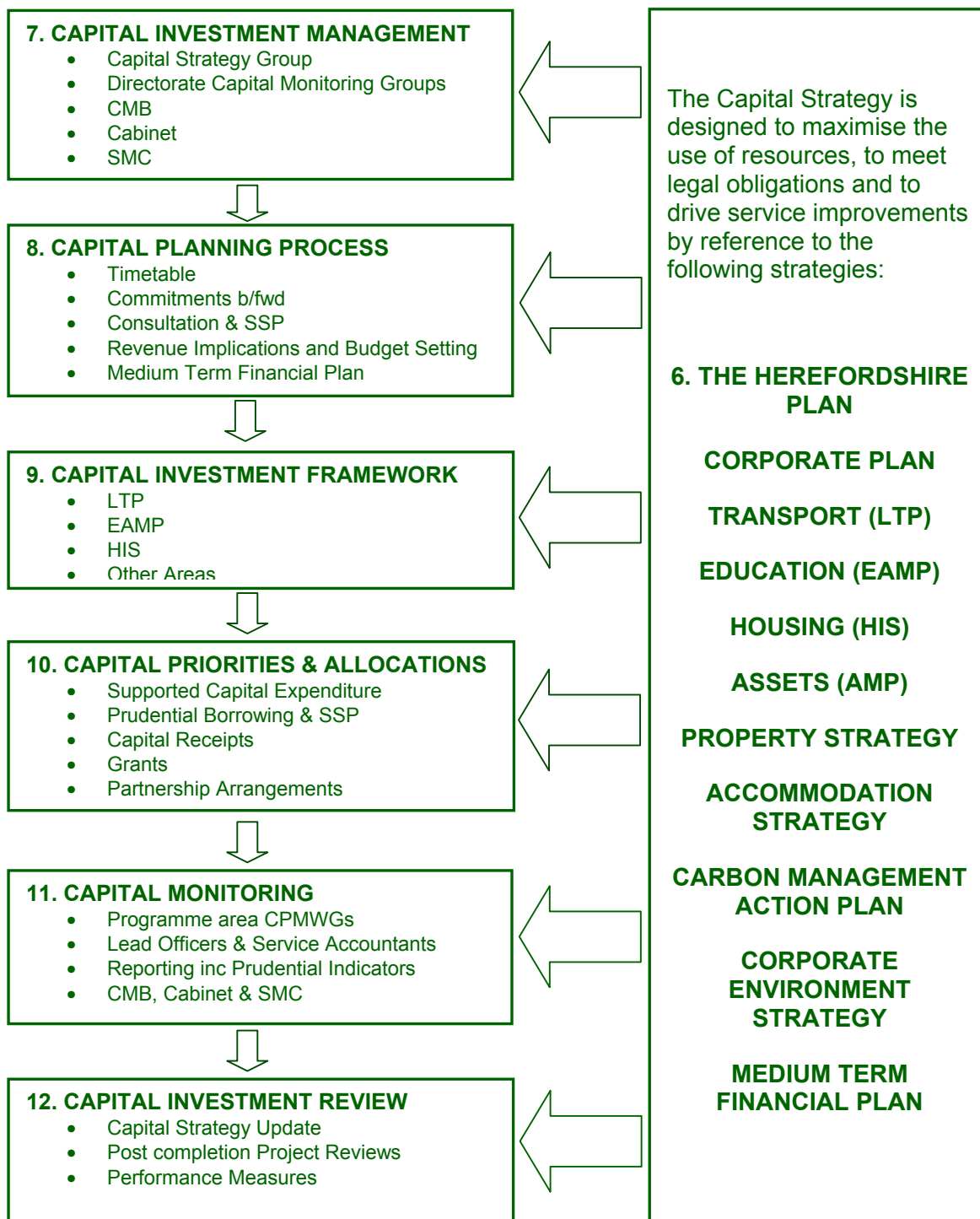
Notes to support data –

1. *This is not a comprehensive breakdown of all properties but instead covers principal properties; some properties are still to be surveyed.*
2. *Backlog figures cover all known planned local authority maintenance expenditure over a five-year period. Herefordshire Council commissions condition surveys on a rolling basis. The use of total figures for a five-year period provides a consistent basis of expressing the backlog, given the spread of survey dates.*
3. *The multi-occupancy nature of many of the Herefordshire Council properties means that both the maintenance backlog figures and the valuation figures may not be under the service category listed. For example, some Registrars offices are located within larger general-purpose offices.*
4. *The backlog figures represent the cost of bringing each asset into an ideal state of repair. This is not necessarily a reasonable expectation in the medium term.*

SECTION B – CAPITAL STRATEGY

5. INTRODUCTION

5.1 This section of the capital strategy looks at the framework within which the Council operates in order to manage, develop, monitor and review the capital programme and how it prioritises its investment in the infrastructure of Herefordshire.



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5.2 The Corporate Plan will drive the Capital Strategy at a fundamental level. A number of strategies are incorporated within this overarching plan which include:

- The Herefordshire Plan (Appendix 1)
- Local Transport Plan (Appendix 2)
- Housing Investment Strategy (Appendix 3)
- Education Asset Management Plan (Appendix 4)
- Property Strategy (Appendix 5)
- Asset Management Plan (Appendix 6)
- Carbon Management Action Plan (Appendix 7)
- Corporate Environment Strategy (Appendix 8)
- Accommodation Strategy (Appendix 9)
- Medium Term Financial Plan (Appendix 12)

6. THE HEREFORDSHIRE PARTNERSHIP – ‘HEREFORDSHIRE PLAN’

6.1 The **Herefordshire Plan** - the Community Strategy for Herefordshire - is currently being reviewed. The current review has now moved into consultation with Ambition Groups, interest groups and geographic communities. This will feed into a major, countywide consultation event “**The Herefordshire Conversation**” in June 2005.

6.2 The Council is part of the ‘Herefordshire Partnership’. There is widespread commitment amongst local organisations to the concept of “One Partnership, One Plan” for Herefordshire that will provide an overarching framework to link the needs and aspirations of local people to specific policy agendas and individual organisations’ business plans. The Herefordshire Plan (**Appendix 1**) is the Community Plan and it provides a vision of the County in 2010 that the Partners are coordinating efforts to attain. It outlines the vision, principles and ambitions for Herefordshire. The Corporate Plan augments the link between high level ambitions and the delivery of those ambitions through the activity of individual Directorates. The Council’s own service plans and its financial, capital, human resource, asset management and Information & Communication strategies are all developed to support the Partnership’s 10 stated ambitions.

6.3 The Council is determined to target its efforts and resources into delivering outcomes in support of the Herefordshire Plan ambitions. The Council is nearing the successful completion of its first Local Public Service Agreement with the Government, which was targeted at the ambitions of the Plan. A second Local Public Service Agreement is currently being constructed as an opportunity to further commit to the Vision. The Council’s performance management framework ensures that the services identified in the Plan as being most important to the community are reflected in the LPSA and the Council’s statutory and other business plans. The over-riding aim of the Council’s capital and revenue strategies is to ensure that financial resources are matched to its strategic priorities.

6.4 The Herefordshire Plan identifies the key strategic partners that make up the Herefordshire Partnership. They are: -

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- Advantage West Midlands
 - Herefordshire Council
 - Primary Care Trust
 - Voluntary Organisations
 - West Mercia Constabulary
 - Chamber of Commerce
 - Learning and Skills Council
- 6.5 A significant recent development is that the Council has been selected to develop a Local Area Agreement (LAA) Single Pot proposal for agreement by Ministers early in 2006 with a subsequent start in April 2006. Herefordshire's case is entitled "Herefordshire's Journey to Prosperity - Action to 2020". The proposal is to deliver a shared fifteen year vision with local partners to tackle disadvantage and transform the economy of the County by 2020. The vision is focused on transforming the local economy, with Hereford City as the hub driving the regeneration of the whole County. This reinforces the role identified for Hereford as a sub-regional employment and service centre in Regional Planning Guidance. The Vision is that Herefordshire is a place where people, business and an outstanding natural environment will together bring about sustainable prosperity and well-being for all.
- 6.6 In essence, the action proposed is to bring together existing regeneration programmes in Hereford City into a single transformational regeneration programme to ensure that Hereford is able to succeed as a major sub-regional employment, service and retail centre that will act as a focus for the long term regeneration of the whole County.
- 6.7 The action will concentrate on prioritisation, partnership and pooling of budgets for a single Hereford City programme based on delivering higher skills, better infrastructure and higher paid jobs. The concrete outcomes will be a vibrant and prosperous City centre, a successful and prosperous community in South Wye, including an unblocked Rotherwas Industrial Estate and the Herefordshire Learning Village. These outcomes will in turn have a significant impact on rural Herefordshire including its market towns and will help to maintain balance in the County's economy.
- 6.8 This approach will deliver joined up action and ensure a step change in the City's regeneration. The joined-up approach will also ensure more efficient delivery of individual programmes consistent with the Government's drive for efficiency. A single programme will provide reduced management and monitoring costs and will ensure the opportunity for shared procurement, as well as providing the basis for linking activities in individual programmes to produce better overall results.

7. CAPITAL INVESTMENT MANAGEMENT

- 7.1 The Council has a Corporate Capital Strategy Group (CSG) responsible for strategic issues and service area Capital Programme Monitoring Working Groups (CPMWG) responsible for operational issues. Members are involved at various stages of the process, having input at bid submission (Scheme Selection and Prioritisation process (SSP)) and reports are submitted to Cabinet, Strategic Monitoring Committee (SMC). Members will be involved as part of the process of reviewing and challenging SSP bids at both planning and monitoring stages via the CSG. The CSG reports to the

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CMB and receives strategic guidance on an ongoing basis.

- 7.2 The Assistant County Treasurer chairs the CSG. The Head of Service (Corporate and Customer Services) and the Head of Business Services (Social Care and Strategic Housing) together with the Property Services Manager are the members of the group. The group is supported by the Principal Financial Policy Manager and the Capital Accountant. The working group currently meets bi-monthly and is responsible to the CMB for: -
- Developing and maintaining the Council's medium term corporate Capital Strategy.
 - Developing the Council's annual capital programme including resource allocation, project selection and monitoring arrangements.
 - Developing and maintaining the Council's medium term corporate Asset Management Plan.
 - Developing and maintaining the Council's corporate property acquisitions and disposals policy.
 - Promoting capital strategy and asset management issues throughout the Council
- 7.3 The CPMWGs are responsible to the CSG for ensuring that the agreed capital monitoring arrangements are effectively and efficiently deployed and that best practice is identified and shared. The Principal Financial Policy Manager chairs the CPMWGs and provides the link between the strategic and operational working groups. Meetings are arranged at appropriate points in the monitoring timetable. The CPMWGs are supported by the lead officers who oversee each specific project and the accountants involved in capital programme management. Regular reports on financial progress compared to the capital expenditure budget for the year are prepared for Officer and Member attention as part of the corporate reporting framework.

8. CAPITAL PLANNING PROCESS

- 8.1 The Council reviews its approach to capital planning in order to ensure that the Capital Strategy delivers a capital programme that matches investment to the Council's key priorities and hence those of the Herefordshire Plan. The process diagram shown in **Appendix 10** outlines the annual timetable of events that will be followed unless influenced by statutory obligations or other factors outside the Council's direct control. The process diagram includes the feedback loops to show how consultation and developments in statutory and other local service plans inform the Capital Strategy.
- 8.2 The capital planning process begins with a review of existing statutory and local service plans, consultation feedback and the overall investment/disposal needs coming out of service reviews and Business Excellence (EFQM) assessments, in order to identify the key priorities. Outturn information from the previous year and an assessment of the likely level of future resources is also made and used to update the Capital Strategy by rolling it forward one year. At the same time, the capital Scheme Selection and Prioritisation (SSP) process will be reviewed and updated in the light of experience gained from the previous years process and the outcomes of the review of existing and completed SSP projects.
- 8.3 In the next stage of the process, the capital investment requirements for each service area are reviewed and bids prepared for investment proposals not covered by the

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LTP, HIS and EAMP using the SSP process. Although the SSP process and its scoring methodology help to inform and influence capital allocations it is not intended to be a final determinant in setting the capital programme. The CSG oversees this process reporting their findings and recommendations to CMB. Directors then present their resulting expenditure proposals to Council for approval. The process of identifying capital investment priorities is completed in time for the December SCE announcements when the assessment of resource requirements compared to resource availability can begin.

- 8.4 The CSG leads on drafting a capital programme for CMB and Council to consider. Once the capital programme has been approved, Directors can finalise arrangements for an early start in the new financial year for new schemes.
- 8.5 A fundamental element of Capital Planning is the link to the Medium Term Financial Plan (MTFP). An extract from the Revenue Budget report to Cabinet 24 February 2005 is included as **Appendix 12**.

9. THE CAPITAL INVESTMENT FRAMEWORK

The framework of the Council's Capital Strategy encompasses the following areas and these are looked at in detail in the following paragraphs:

- Transport
- Strategic Housing
- Children's Services
- Other Services

9.1 Transport

- 9.1.1 Herefordshire Council is committed to developing sustainable and integrated transport solutions that meet the needs of the County as well as addressing environmental issues such as congestion, pollution and climate change. Central to the overarching Local Transport Plan are the key objectives of maintaining existing infrastructure, improving facilities for public transport, walking and cycling and managing the demand for car use
- 9.1.2 Herefordshire's first Local Transport Plan (LTP) covered the period 2001/02 to 2005/06. The second Local Transport Plan covers the period 2006/07 to 2010/11 and sets out a comprehensive strategy for the development of a more sustainable and integrated transport system to meet the needs of the County. This is currently a provisional plan and may be subject to some amendment before being submitted to Government. The core objectives are identified in the Executive Summary (**Appendix 2**) and link directly with the Partnership's ambition for transport. The Plan outlines the investment strategy, focusing its approach to addressing considerable urban transport problems in the City (reducing car dependency), social exclusion in a dispersed local community, road safety and maintaining the highway network in a cost effective manner. Development of the LTP has been cross Directorate and it is subject to full public consultation; the programme was designed to give as many residents, interest groups and organisations as possible an opportunity to get involved. Delivering the LTP is a joint effort, involving many partners including the Herefordshire Rural Transport Partnership, South Wye Regeneration Partnership, local schools and businesses. Monitoring is an essential to ensure that investment is directed effectively. The Annual Progress Report outlines the success achieved in public transport facilities, road safety and tackling deterioration in the condition of roads thus contributing to achieving the Council's LPSA1 targets.

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9.2 Strategic Housing

- 9.2.1 Herefordshire Council's Housing Investment Strategy (**Appendix 3**) covers the period 2005/08. The Council is no longer required to submit an annual Housing Investment Strategy but is required to develop a Housing Strategy that is rated as 'Fit for Purpose' following assessment by the Government Office for the West Midlands.
- 9.2.2 The last Housing Investment Strategy for the period 2003/06 was published in July 2002, prior to the Housing Stock Transfer which took place in November 2002.
- 9.2.3 The Housing Strategy for Herefordshire 2005/08 has been developed to encompass the requirements set out for achieving Fit for Purpose. In doing so appropriate consideration has been given to the evaluation of the challenges faced within Herefordshire, the relative priorities and the actions planned to achieve the agreed priorities. Appropriate regard has been given to the important role of partnership working to identify and deliver the priorities including reflection on the successes that have been achieved to date through the use of partnership working.
- 9.2.4 In developing the Housing Strategy, the Housing Ambition Group of the Herefordshire Partnership co-sponsored a stakeholder event in March 2005 in partnership with Strategic Housing Services. The conference brought together a range of partners, stakeholders, users and statutory, voluntary and private representatives for the purpose of establishing the key themes and priorities for housing services in Herefordshire. The Strategy has also been subject to consultation with officers of the GOWM to ensure it satisfies the Fit for Purpose criteria.
- 9.2.5 The proposals for action agreed in consultation with our partners are set out within the strategy. The priorities for action over the three year period covered by the strategy are:-
- To achieve a more balanced housing market
 - To address the increasing levels of homelessness in the County
 - To ensure that vulnerable people needing housing linked to support have their needs met in all parts of the area
 - To improve housing conditions in Herefordshire across all tenures
- 9.2.6 The Council still has a statutory duty to prevent homelessness wherever possible and to assist homeless households when homelessness cannot be prevented. It continues to be the Council's responsibility to provide a Housing Advice Service which offers help and guidance on housing matters across all tenures. The Homelessness and Housing Advice Services are currently operated by Herefordshire Housing Ltd on behalf of the Council but this service is being brought back into the Council during 2005/06. The Council works in partnership with the five largest Registered Social Landlords in the County on the operation of the statutory housing register for the County. HomePoint, as the partnership is known, advertises available properties under a choice-based lettings programme.
- 9.2.7 The Housing Investment Strategy provides a significant contribution to the delivery of the Herefordshire Plan ambitions, particularly in meeting Herefordshire's accommodation needs. Herefordshire is an attractive place to live, with an image of relative affluence, free of any social or economic problems although in reality this does paint too broad a picture. A significant amount of work has, and continues to be

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done, to identify housing needs. This has revealed a need for more affordable housing and bringing existing housing up to a satisfactory condition. To meet these needs a balanced investment approach is taken, across all tenures. The Strategy has been adopted by the Housing Ambition Group (of the Herefordshire Partnership) and has been subject to extensive consultation with stakeholders. There are many examples of joint working e.g. Energy Efficiency Consortium, Landlord and Letting Agents, Staying Put Agency, Registered Social Landlords and the Rural Housing Network which provides a rural voice within the West Midlands in informing the Regional Housing agenda. Affordable housing in particular has been embedded in the planning process.

- 9.2.8 The transfer of the Housing Stock in 2002 generated a significant capital receipt which is being used over the medium term to support Strategic Housing investment. However this source of funding will be fully used by 2007/08. An ongoing share of preserved "Right to Buy" receipts will still accrue to the Council and will enable further investment for some years thereafter. However in the longer term the Council will need to secure funding from the Housing Corporation or seek Prudential Borrowing if such investment is to continue in the longer term.

9.3 Children's Services

- 9.3.1 Herefordshire's Education Asset Management Plan (EAMP) covers a rolling five-year period; the summary (**Appendix 4**) describes how it supports the ambition to provide excellent education opportunities. It identifies the accommodation needs of Herefordshire's schools on the basis of condition, sufficiency and suitability and sets out the method by which spending priorities will be determined. The EAMP has been the subject of consultation with stakeholders.
- 9.3.2 The Council has recently completed the signing of a Public Finance Initiative (PFI) contract for a new Whitecross High School (providing an additional 150 places); this is an innovative project that aims to provide a community facility that delivers a range of services. The scheduled opening date for the new school is June 2006 although it could potentially open before this time.
- 9.3.3 The management of the Education Capital Programme is to ensure that projects are delivered on time, within budget, but avoiding under spending, and to the user's satisfaction. To make this possible it is necessary to appraise the reasonableness of resources being available and plan over the medium term. Although the EAMP is a five-year plan it is prudent to plan for resource availability on a three-year rolling programme. The introduction of the 3 year Revenue and Capital settlements from ODPM from 2006/07 will help facilitate this approach.
- 9.3.4 Education capital spend has and is estimated to continue to run at around £5m per annum, but this will vary depending on the outcome of the 3 year settlement process and according to any specific grants allocations received from the DfES. The County Treasurer will advise on the level of approved resources in Year 1 and the level of estimated resources available in Years 2 and 3.
- 9.3.5 The Director of Children's Services will formulate a rolling three-year programme for approval by the Cabinet Member. The programme will reflect the needs established in the AMP and the priorities set in the local policy statement. The programme will be monitored and reported to Cabinet as appropriate. As previously mentioned schools receive Devolved Formula Capital funding in addition to the LEA capital funding.

9.4 Other Services

- 9.4.1 The Council's corporate Asset Management Plan (AMP) (**Appendix 6**) and Property Strategy (**Appendix 5**), together with ongoing Area Reviews, cover assets used by all other Council services and identifies the investment priorities for assets other than schools, housing and transport. It takes account of the condition of existing assets, the need to maintain them, their sufficiency and suitability. The AMP and Property Strategy are therefore significant elements of the capital investment framework.
- 9.4.2 The Council's revenue and capital accounts are intrinsically linked. For this reason, the revenue implications of the Council's capital investment plans and capital financing costs are taken into account in its budget strategy. Cash flows based on anticipated take up of supported and unsupported borrowing and use of internal reserves underpins the calculations for loan repayments and investment income. The medium-term financial plan, which is constantly being updated, also assumes that the current level of revenue support for capital investment in properties will be maintained and takes the increasing revenue demands for maintaining and running new capital assets into consideration.
- 9.4.3 It is a fundamental requirement of the capital allocation and budget setting process that the initial and on-going revenue implications of capital investment other than the direct capital financing costs are taken into account and catered for.
- 9.4.4 The Council is determined to pursue innovative ways of securing capital investment in support of local, regional and national policy objectives. All opportunities for joint commissioning and public/private partnerships are considered for capital projects. The Council is already party to two public/private partnership schemes through PFI projects for waste management and the provision of Whitecross High School. The Council has demonstrated its willingness to consider alternative service delivery options that will improve investment opportunities in housing (via LSVT), leisure (operational properties transferred to a Trust in April 2002) and residential homes (transferred to Shaw Homes in 2003). It continues to work in active partnership with other organisations to secure additional funding; the Council's Single Regeneration Budget (SRB) and Objective2 programme are examples of success in this area. The submission of a broad proposal for a Local Area Agreement seeks to ensure sustainable and continued improvement in those areas of the county where EC funding has been focussed.
- 9.4.5 The SSP process is used each year to capture investment need. A number of capital investment aspirations for 'Other Areas' have been identified as requiring funding in the medium to long term:

PROPERTY & RESOURCES

- Property maintenance
- Energy conservation
- Disabled Access to all buildings
- New Office Accommodation
- Replacement Cattle Market.

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ENVIRONMENT

- Closed Landfill Sites - Engineering works to safeguard the environment at Stretton Sugwas, Leominster, Strangford and Belmont. Potential at Stretton Sugwas to provide energy to the National Grid by collecting landfill gas.
- Flood alleviation schemes.
- Crematorium

ADULT AND COMMUNITY SERVICES

- Investment in industrial properties that will contribute to the wealth of the County
- Rotherwas Business Centre
- Match funding for major external funding regimes such as the existing SRB Programmes, Objective 2 and Rural Regeneration Zones Programmes where these are consistent with priorities emerging from the Herefordshire Plan.
- Replacement library for Hereford city.
- Redevelopment of Heritage Services.
- Targeting of facilities and space for leisure activities.
- Edgar Street Grid development.

CORPORATE AND CUSTOMER SERVICES

- Continued roll out of INFO in Herefordshire
- City Centre Contact centre (Info in Herefordshire / IEG / Herefordshire In Touch)
- Accommodation (**Appendix 10**).

10. CAPITAL INVESTMENT PRIORITIES AND ALLOCATIONS

10.1 The investment priorities for transport, housing and education are clearly defined by service based capital strategies and asset management plans. The resources available for these services will be allocated and prioritised in line with the relevant strategy/plan. The method of resource allocation outlined in this Capital Strategy for other services provides the basis for developing a medium-term capital programme covering all areas of capital investment.

10.2 The Scheme Selection and Prioritisation (SSP) Process has been used for a number of years and is now well established. Its role, within the Capital Planning process, has been communicated throughout the Council and training sessions have been provided. The SSP provides objectivity in the determination of the relative priorities of capital investment proposals made for other services as a basis for further consideration by members. It is also used to assess proposals to provide capital grants and proposals to bid for external funding needing a contribution from the Council such as joint funded schemes with:

- Central or regional government (e.g. SRB)
- National Lottery (e.g. Heritage schemes)
- European Union (e.g. Objective 2)
- Other public bodies (e.g. PCT)

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- 10.3 The Medium Term Financial Plan takes into account the capital financing costs of Prudential Borrowing of £5,000,000 per year. The capital financing costs are revised based on the actual Prudential Borrowing allocations and an appropriate debt repayment timescale to match the life of assets created. Following previous rounds of SSP Cabinet has approved allocations for 2004/05 and 2005/06 and for subsequent years in advance for specific projects lasting more than one year. These allocations are set out on **Appendix 11**.
- 10.4 The first element of the SSP process tests the impact a proposal has in terms of the principles and values that cement the 10 ambitions in the Herefordshire Plan together and its contribution to objectives identified in the Plan. The Council and its partners have developed an appraisal tool to do this which has been incorporated into an electronic SSP module.
- 10.5 The second element of the SSP process takes the form of a detailed business case for the investment proposal that will need to be completed in detail for all SSP bids. It will involve consideration of the: -
- Contribution to other statutory and local service plans.
 - Extent to which the Council's Best Value and Procurement strategies have been embraced.
 - Consultation – including getting the support of the local councillor.
 - Quality of the measures of success identified for the proposal (measuring performance).
 - Contribution made towards supporting the Council's partnership working ethos.
 - Extent to which the proposal encourages others to use or modify the use of their own resources.
 - Generation of external funding.
 - Legal implications of undertaking the project or not.
 - Financial implications (capital, revenue and VAT) of undertaking the project or not.
 - Environmental impact using a model created by the Environmental Sustainability Unit (Good Environmental Management (GEM)).
 - Likelihood that the project will complete as proposed, on time and within budget.
 - 'Joined-up' thinking.
 - An analysis of risk
- 10.6 Good Environmental Management (GEM) demonstrates to Council's stakeholders that the authority is serious about minimising its negative affects on the environment. GEM is a Council wide initiative where all Directorates took an active part in the development of the system and targets. Teamwork was essential for the accreditation process and demonstrates that the authority can deliver its performance management agenda.
- 10.7 The analysis of risk requires detailed consideration of all elements of risk, identifying the potential occurrence of the risk and the potential impact (each either high, medium or low). Detailed information must be given of how each risk will be mitigated and specify the officer responsible for managing each risk. It is also necessary to determine the inherent risk of not progressing with a particular project.

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- 10.8 The first call on capital resources each financial year will be to cover contractual commitments in respect of on-going projects. The capital monitoring processes ensure that accurate and timely information is available on a regular basis so that the expenditure forecast and funding plan can be regularly updated.
- 10.9 Council's policy continues to direct Supported Capital Expenditure (Revenue) (SCE(R)) allocations directly to meet the need identified in the Local Transport Plan, the Housing Investment Plan and the Education Asset Management Plan. There are a number of reasons for this but perhaps most importantly it enables these key strategic services to plan effectively in to the medium term with a certain amount of assurance in funding. Any additional SCE(R) is used to support additional borrowing required for the SSP process.
- 10.10 Under the Prudential Code the Council has the ability to borrow extra funding if it is prudent and affordable to do so. The capital financing costs of such borrowing is unsupported through the Revenue Support Grant mechanism and therefore has to be met directly from Council Tax. The Council has taken the opportunity to undertake significant Prudential Borrowing (PB) to support a medium term capital programme in support of a number of corporate initiatives. The SSP process is used to collate bids and to compare them on a competitive basis. The SSP process seeks to ensure a full business case is completed together with essential information as detailed above.
- 10.11 The capital financing costs of Prudential Borrowing undertaken to fund a new asset will be repaid over the expected life of the asset acquired. This is appropriate to ensure debt is repaid in a prudent manner. It is also indicative of the gradual stance the Council must take towards ensuring debt is only held for assets which do have a remaining value.
- 10.12 A fundamental requirement of the Prudential Code is to set a range of Prudential Indicators (PIs) for each year and, where appropriate, for at least the subsequent two years, in order to support such local decision-making in a manner that is publicly accountable. The PIs must be set before the beginning of each financial year by Council in line with the budget setting process. Regular in-year monitoring of the PIs takes place and any significant deviations from expectations are to be reported accordingly. The indicators include:
- Actual and estimated capital expenditure for the current and future years.
 - Ratio of financing costs to net revenue stream.
 - Capital Financing Requirement.
 - Authorised limit for External Debt.
 - Operational boundary for External Debt.
 - Council Tax implications of the incremental effect of capital decisions.
 - Treasury Management Indicators.
- 10.13 A long term view has to be taken on the extent to which the Council builds up its debt in light of an ongoing capital programme. Many assets financed through the capital programme, such as operational ICT infrastructure, only have a short life and it is not prudent to finance their acquisition over the long term. It is expected in the near future that accounting requirements will require that depreciation on all assets must be a direct charge to the Council's revenue account.
- 10.14 Current Financial Standing Orders specify that capital receipts generated by the sale

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of General Fund assets are usually allocated 50:50 between the service area and corporate receipts reserve. Financial Regulations allow for the receipt from some disposals to be ringfenced for specific reinvestment if appropriate. This policy aims to balance the need to direct resources corporately but also provides an incentive for service areas to sell assets that do not contribute to the effective delivery of services. This policy is reviewed annually. The Council's Property Disposal Policy identifies surplus assets and the agreed disposal plan for each of them.

- 10.15 An agreement with Herefordshire Housing Ltd means a share of capital receipts generated by preserved Right-to-Buy sales are due to the Council and these are directly allocated to Strategic Housing to be reinvested in social housing and regeneration projects as specified in the Housing Investment Plan.
- 10.16 A Property Strategy (**Appendix 5**) has been developed to review the Council's property holdings and guide property decision making and performance measurement in the future. It provides a backdrop by which the property portfolio can be evaluated and assessed. The strategy sets out the property objectives and a vision of the nature of its property portfolio in 5 years time.
- 10.17 The latest forecast of capital resource availability to 2007/08 is shown at 3.1. Current year capital resources are fully allocated by the start of each financial year. An element of future year capital resources will be retained to provide some flexibility to accommodate unforeseen difficulties with existing capital commitments or lower than anticipated levels of resources. The resource allocation system and Prudential Borrowing regime is robust enough to allow a rolling medium-term capital programme covering the current year plus the next two financial years to be developed.

11. CAPITAL MONITORING PROCESS

- 11.1 Each capital scheme has a nominated lead officer, supported by a service accountant, responsible to the appropriate CPMWG for reporting on progress in accordance with the capital monitoring arrangements established by the CSG. The capital outturn position for each financial year is reported to CMB and Cabinet by the middle of the following June. The outturn information is used to update the capital programme for current and future financial years.
- 11.2 Routine capital monitoring is an ongoing process with formal monitoring exercises being carried out at the end of July, September, November and January of each financial year, together with an end of year outturn report, in accordance with corporate reporting requirements. The timing of these exercises is planned to coincide with key stages in the capital planning process and will be led by the CPMWG. A Capital Monitoring System has been developed to assist with monitoring progress in financial terms. Each capital monitoring report will include an update of the Prudential Indicators.
- 11.3 The capital monitoring reports include revised forecasts of resources available, actual spend compared to expected spend, capital reserves implications, details of slippages and expected overspending and updated Prudential Indicators.
- 11.4 The provision of timely progress reports to CMB, Cabinet and the Strategic Monitoring Committee (SMC) will allow sufficient time for corrective action or for alternative investment decisions to be taken so that capital resource use is optimised. Monitoring activities will concentrate on those schemes identified as having the greatest value and the greatest potential to slip.

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12. REVIEWING CAPITAL STRATEGY AND INVESTMENT PERFORMANCE

- 12.1 The Council will review and update its Capital Strategy annually as described in the capital planning and monitoring process diagram shown in **Appendix 10**.
- 12.2 All major schemes plus a sample of the remainder are subject to a post completion review to assess whether they had the desired impact, achieved the stated measures of success and represented value for money. The review process will be managed by the CSG who will seek to ensure that the lessons learnt and examples of best practice identified are reported to CMB, Cabinet and SMC, and communicated across the Council via the CPMWGs.
- 12.3 Corporate performance measures for the Council's Capital Strategy and capital investment decisions have been developed to ensure that: -
- Key targets dates identified in the capital planning and monitoring process are achieved.
 - All capital resources with a time limit are utilised before they expire.
 - The budgets for all capital projects are profiled on Cedar and the actual to expected position is monitored.
 - Central government information requirements on capital financing and expenditure are met on time.
- 12.4 The Capital Strategy is viewed as an essential part of the Council's overall policy framework as an embedded process that sits alongside its other resource management strategies.

SECTION C – LONG TERM VISION

13. INTRODUCTION

- 13.1 This section will look at the longer term strategy and liabilities such as Edgar Street Grid, PFI and Building Schools for the Future.

14. APPROACHES TO CONSULTATION

- 14.1 The Herefordshire Partnership has developed a Communications Strategy and has made headway in establishing mechanisms for coordinating community involvement across the public and voluntary sectors through the Community Involvement Coordinator. The main corporate activity has been the establishment of a Citizens Panel ('Herefordshire Voice' – a panel of 1000 local people who act as sounding board) as a key mechanism for the Council and the wider Partnership to ensure that consultation is joined up and duplication is avoided. The Council supports a network of Community Forums that meet quarterly to consider the impact of Council policies on the locality, to propose policy and service delivery modifications and to act as a means of consultation on policy, service delivery and other proposals.
- 14.2 There are well-established mechanisms for consultation within the LTP, HIS and EAMP and on other capital projects, individually. With regard to consultation on overall investment plans, the Council currently includes information in public documents (BVPP and Council Tax leaflets).
- 14.3 The CSG provides a strong focus for capital and asset management issues within the Council, both in terms of consultation and gathering feedback. The CSG consults with the Heads of Service Group and the CPMWGs. The capital planning process diagram at **Appendix 10** shows how feedback from the various types of consultation feeds into the Capital Strategy.

15. LINKS TO OTHER RELEVANT STRATEGIES AND PLANS

- 15.1 The capital investment framework is designed to ensure that the Capital Strategy is informed by the capital investment requirements identified in the various statutory and local service plans produced by the Council, each of which sits within the overarching Herefordshire Plan. Examples include: -
- Corporate Plan
 - Local Area Agreement
 - Unitary Development Plan
 - Corporate Asset Management Plan
 - Local Transport Plan
 - Housing Investment Strategy
 - Education Asset Management Plan
 - Local service plans
 - Local Public Service Agreement
 - Community Safety Strategy
 - Implementing Electronic Government Statement

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- Local Agenda 21 Strategy
 - Procurement Strategy
- 15.2 The Council requires that its statutory and local service plans demonstrate how the services provided support strategic aims and objectives that in turn support the Partnership ambitions and national and regional policy objectives. The Capital Strategy seeks to ensure that resources are allocated to produce maximum contribution toward strategic goals and the Council will be proactive in developing and sharing best practice with its Partners.
- 15.3 A major consideration affecting the longer term capital programme is the Edgar Street Grid (ESG) development. The ESG is significant in terms of the potential significant capital costs involved and the associated affordability concerns. The impact on Council Tax will need to be minimised by passing the risks and liabilities on to the private sector. However it is recognised there will be substantial benefits through significant county wide regeneration.
- 15.4 The master plan and related policies for the regeneration of the 100 acre ESG site to the north of the city centre has been included in the UDP and have been recently been considered at public inquiry. A joint venture company has been established by Herefordshire Council and Advantage West Midlands (AWM). The company will look to procure a private sector development partner over the next year. A board has been set up which includes the Chief Executive, senior members and a representative from AWM. Other members will be recruited from the private sector. The recruitment process for the Chief Executive of the company is underway and a small team of staff will also be recruited. The Council will hold funding on behalf of the company and currently has a revenue budget of £250k. It is intended that a 'Living Land Marks' Lottery bid will be progressed for the ESG and The Courtyard.
- 15.5 In February 2005 AWM provided £1,989,000 funding for the purchase of industrial unit properties at Station Approach Road on the ESG site. Ongoing rental income from these properties will be used to provide funding for future development of ESG.

CONCLUSIONS

- 16.1 This Capital Strategy sets out how the Council intends to ensure that capital investment decisions are taken in support of strategic aims and objectives at the national, regional and local level. It highlights the difficulties that the Council faces in terms of balancing competing service pressures and the need to prioritise capital investment options effectively in order to obtain Best Value from the limited resources that are available.
- 16.2 Driving strategic change and obtaining best value from the resources used to support capital investment lies at the heart of this Capital Strategy. The Council feels, however, that greater impact and even better value for money could be achieved if bidding processes of funding agencies were streamlined to facilitate partnership working and the Local Government Finance System provided greater flexibility, at the local level, in using capital resources to deliver the Herefordshire Plan ambitions.

THE HEREFORDSHIRE PARTNERSHIP – THE HEREFORDSHIRE PLAN

The Herefordshire Plan can be found at www.herefordshirepartnership.co.uk

The original Herefordshire Plan is a blueprint which maps out the vision of the county over the next 10 years, is under review. The Plan, which was first produced in 1999 and was reviewed and updated in 2000 and 2003, is a statement of key priorities for the authority and local communities to work towards in partnership.

The Herefordshire Plan forms the basis of a great deal of activity and development work within the county. It clearly states targets and ambitions which many organisations – including Herefordshire Council, Primary Care Trust, West Mercia Constabulary, the Chamber of Commerce and Business Link Herefordshire and Worcester, the Learning and Skills Council, voluntary and community organisations – are working towards and is a key document

This Vision is based on:

- Creating fair and thriving communities which will be inclusive for all allowing equal and full access to opportunities and services
- Properly protecting the environment and enhancing it for all those who live in, work in and visit Herefordshire
- Building a strong, competitive and innovative economy with a balanced mix of businesses, jobs and homes through which the local economy can flourish

And is guided by the principles, which seek to:

- Build an equal and inclusive society
- Promote sustainability
- Realise the potential of people and communities
- Encourage participation and partnership working
- Seek continual improvement
- Recognise and make the most of what we've got

The Plan identifies 10 key areas, known as Ambitions to which the Partner organisations are all committed. Ambition Groups drive the process by which the Ambitions may be achieved and are supported in their work by the Partnership Support Team.

The Ambitions are:

- To Improve the health and well-being of Herefordshire people
- To reduce crime and disorder and make Herefordshire safer
- To reduce poverty and isolation in Herefordshire
- To encourage communities to shape the future of Herefordshire
- To develop Herefordshire as an active, vibrant and enjoyable place to be
- To protect and improve Herefordshire's distinctive environment
- To develop an integrated transport system for Herefordshire

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- To meet Herefordshire's accommodation needs
- To support business growth and create more and better paid work in Herefordshire
- To provide excellent education, training and learning opportunities in Herefordshire for all ages

Golden Threads have also been identified, which are issues or areas of work which cut across each of the Ambitions, for example:

- Geographic communities, eg. towns, villages, housing estates
- Communities of interest, eg. young people, families, farming
- Tools and mechanisms, eg. information and communications technology (ICT) , funding, other resources

However, things change over time and the Plan is being reviewed to ensure it is still current and relevant. As a result, extensive consultation with a wide variety of groups has already taken place to ensure the Plan reflects the rich and diverse mix of communities within Herefordshire. During April 2005 farmers, faith groups, Parish Council networks, young people, market town groups and people with disabilities were involved in reshaping the Plan.

In a bid to throw the process open to as many people as possible, a special consultation event - the "Herefordshire Conversation" was held in June 2005. Local people and service providers (Herefordshire Council, Primary Care Trust, West Mercia Constabulary, Chamber of Commerce and Business Link Herefordshire and Worcestershire, Learning and Skills Council, Voluntary and Community Organisations) were invited to come along and consult with organisations which provide services in the county to decide future priorities for local communities.

The day consisted of a number of workshops, covering issues such as:

- The economy (e.g. earnings, businesses, job opportunities)
- Health and well being (e.g. access to health services, health for young and older people)
- Learning and Leisure (e.g. improve vocational training, activities for young people)
- Community Safety and Drugs (e.g. antisocial behaviour, alcohol related crime)
- Environment, transport and housing (e.g. affordable housing, recycling, road congestion)
- Communities (e.g. involvement in the community, demographic and cultural mix)

LOCAL TRANSPORT PLAN

The Local Transport Plan can be found at www.herefordshire.gov.uk/transport/3207.asp

The Local Transport Plan is a statutory plan which sets out the Council's transport policies and programme of transport improvements for a five year period.

The first Local Transport Plan was introduced in July 2000 to cover the period 2001/2 to 2005/6. It replaced the old Transport Policies and Programme (TPP) and introduced a new emphasis on longer term transport planning and a shift in national policy in favour of providing sustainable transport improvements. The Council has also published Annual Progress Reports (APRs) providing a summary of transport improvements for the County. A second Local Transport Plan has been produced.

Herefordshire Local Transport Plan 2006/7 – 2010/11

Executive Summary

Herefordshire's second Local Transport Plan covers the period 2006/7 to 2010/11. It sets out the Council's strategy for developing an integrated transport system that supports the County's sustainable economic growth and provides for greater social inclusion. This Plan builds upon our successful first LTP, which covered the period 2001/2 to 2005/6, and marks an increased focus on delivery to achieve a range of outcomes that reflect local and national priorities.

The Plan is seeking to work towards the following vision:

“A sustainable and integrated transport system which recognises the distinctive characteristics of Herefordshire's rural and urban areas and provides for the transport needs of residents, visitors and the business community”

In working towards this vision it is focused on delivering important outcomes which will improve the quality of life for local people and help safeguard the local environment and support sustainable development. Priorities are summarised as follows:

Key Priorities for the Local Transport Plan

Delivering Accessibility - Better access to jobs & services, Increased use of sustainable modes of travel, Assets maintained well

Tackling Congestion - Reduced congestion, Assets maintained well, Supported and enabled economic development, Increased use of sustainable modes of travel

Safer Roads - Improved safety, Assets maintained well, Increased use of sustainable modes of travel

Better Air Quality - Safeguarded environment, Reduced congestion, Increased use of sustainable modes of travel

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Building on Success – Centre of Excellence in Local Transport Delivery

We are proud of the progress we have made through the first Local Transport Plan that has resulted in us being awarded Centre of Excellence status for Local Transport Delivery. The award acknowledges particular expertise in terms of road safety and public transport in rural/urban areas.

Key successes during the first LTP period include:

- 50 new low floor buses which have helped achieve an 11% increase in patronage through increased quality and accessibility
- Bus station refurbishments in Leominster and Hereford providing full access for disabled people and personal security improvements
- Targeted road safety improvements and a comprehensive programme of road safety education, training and publicity working with schools and local communities resulting in a 43% reduction on the most serious casualties
- New rural footways and pedestrian access improvements in Hereford and the market towns
- More cycle routes throughout the County and cycle parking in Hereford and all market towns
- A successful Rural Transport Partnership that has helped support the work of the seven community transport projects throughout the County.
- A programme of behavioural change initiatives that has supported over 30 businesses implementing their travel plans
- School travel initiatives which have supported over a third of schools with travel plans
- A replacement bridge at Bridge Sollers which has provided a vital link to help support the local agricultural economy and extend access between communities either side of the River Wye
- A4103 Roman Road improvement scheme which has included the rebuilding of over 2km of the road and the provision of a new pedestrian and cycle route improving access between the City and Credenhill.

Priorities for Investment – Delivering Outcomes

Government has indicated that we are likely to attract around £11M per year for capital investment for the County's transport network over the LTP2 period. Approximately three quarters of this amount will be allocated towards maintaining the transport network (the Maintenance Block) and the remainder will be allocated towards new transport infrastructure and sustainable transport improvements (the Integrated Transport Block). This level of funding is broadly in line with that received for the first LTP.

Our key priorities for Investment are summarised in line with the LTP's 4 investment strategies:

Hereford Transport Strategy

The Hereford Transport Strategy, which has developed from the strategy in LTP1, has been informed by the Hereford Transport Review and has been subject to rigorous option testing to ensure that measures meet environmental, social and economic objectives and fit within a longer term strategy for the City. The main priorities in Hereford have been identified in

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consultation with local stakeholders and include tackling congestion, improving access and safety. Key investment proposals to help deliver these priorities include:

- **Behavioural change** – we acknowledge that we will not be able to build our way out of all of Hereford's transport problems and a key element of our strategy is to encourage behavioural change, reducing the need to travel where possible and encouraging the use of sustainable modes. We have stepped up our programmes for supporting school and workplace travel plans and will continue to promote the sustainable transport infrastructure which we are developing as part of our overall strategy. We have reviewed our approach to Safer Routes to School and now require schools to commit to developing and implementing their own travel plans before infrastructure improvements are implemented.
- **Ongoing public transport improvements** – including continued upgrading of bus stops and shelters to improve accessibility and quality for passengers, ongoing development of proposals for a single, centrally located interchange in coordination with proposals for Edgar Street Grid. We also will seek to work in partnership with the rail industry to provide step free access at Hereford Rail Station.
- **Improving and extending the cycle network** – we will continue to develop the City's cycle network and will seek to extend the Great Western Way route to the north of the City providing safe and direct access to large employment, retailing and leisure facilities adjacent to Holmer Road.
- **Permanent Park and Ride** – development of permanent sites to the north and south of the city centre to provide first class public transport access into the central area. This will reduce traffic congestion in the central area and will improve access for residents from the rural areas travelling in to Hereford for work, retailing, health and leisure based trips.
- **City Centre Pedestrian and Townscape Improvements** – we have implemented a trial pedestrianisation scheme for Widemarsh Street and, subject to further assessment, intend to take forward this scheme and implement permanent proposals with significant townscape improvements for other parts of the central area. These proposals will bring real improvements for pedestrians and will incorporate better access for people with mobility difficulties. Enhancements to the central area will help sustain the viability and attractiveness of Hereford as an important retailing destination.
- **Hereford Intelligent Transport System (Exceptional Scheme Bid)** – development of an intelligent transport system to provide traffic control, bus priority, traffic and traveller information and car park guidance to enable more efficient use of our existing network and help reduce congestion. We intend to submit an Exceptional Scheme Bid to Government in 2007/8 to secure the funding required to develop this system.
- **Rotherwas Access Road and the A49 to A465 link (Major Scheme Proposals)** – we have re-submitted the major scheme bid for the Rotherwas Access Road and aim to complete this important scheme, which will bring both transport and regeneration benefits, by 2008. In working towards the longer term strategy for Hereford we will develop major scheme proposals for the A49 Ross Road to A465 Abergavenny Road link which would form the next stage of a possible outer relief road for the City. We aim to secure major scheme funding approval for this scheme towards the end of the LTP2 period. An important link to this for the future would be the provision of a second river crossing.

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Rural Herefordshire Transport Strategy

Our main priorities for the market towns and rural areas are to improve access, road safety and safeguard the environment. We have undertaken further work to help identify how best to address these priorities including a complete review of the Bus and Community Transport Strategy, the Rural Transport Partnership has prepared a new action plan covering the same period of LTP2 and we are using Accessibility Planning software (Accession) to provide better information about accessibility needs. In addition, the North West Herefordshire HGV Study has enabled us to prioritise investment proposals to reduce the impact of freight traffic and we have also incorporated elements of the emerging Rights of Way Improvement Plan into LTP particularly in respect of access improvements. The key investment proposals for Rural Herefordshire are:

- **Improving public and community transport** – we are committed to providing the best possible public transport service and will undertake a comprehensive review of the supported bus network, examining feasibility of replacing conventional bus services with demand responsive or Community Transport services. We will use Accessibility Planning software Accession to help carry out this review and identify areas of under-provision. We will also seek to develop a range of multi-operator tickets to make journeys easier to plan. Following the success of service frequency increases on the Hereford-Abergavenny service, we will seek to work in partnership with operators to develop high frequency routes and bid for funding through 'Kick-Start'.
- **Better access to rail** – a study is being carried out during 2005/6 to assess feasibility for step free access at Leominster and Ledbury rail stations. We will seek to work in partnership with the rail industry to establish technical and funding support for these important schemes which we aim to take forward during LTP2 period.
- **Cycle network development** – we will continue to develop cycle networks in the market towns including providing more cycle parking and, in partnership with Sustrans, will develop longer distance rural routes (Routes 44&46) which will help us promote more cycling and encourage healthier lifestyles.
- **Pedestrian access improvements and rights of way** – we have an ongoing programme to provide new rural footways to ensure that residents in rural settlements can access local facilities, safely on foot. The emerging Rights of Way Improvement Plan is being incorporated into the LTP and will enable us to identify further opportunities for pedestrian access by upgrading the rights of way network to improve links to shops, schools and other facilities in rural areas.
- **North West Herefordshire HGV Traffic Management Improvements** – our study into HGV impacts on the communities of Eardisley, Pembridge, Lyonshall and Shobdon has highlighted the need for sensitive traffic management improvements which will reduce speeds through these historic villages. We have identified a number of local freight operators and will establish a Freight Quality Partnership with local representatives to help prioritise proposals to include speed reductions, gateway treatments and traffic calming features in keeping with high quality local environments over LTP2 period. We will be seeking to increase funding for these proposals through contributions resulting from local developments.

Road Safety Strategy

We wish to maintain the excellent progress made during LTP1 in reducing the most serious road safety casualties and stabilising slight casualties and will continue to implement a wide range of road safety improvement measures, supported by a vigorous education, training

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and publicity campaign. An important element of our progress to date has been the establishment of effective partnerships with other organisations including West Mercia Constabulary, the Safety Camera Partnership and the Herefordshire Community Safety and Drugs Partnership. We will seek to work closely with the Highways Agency to ensure that road traffic accidents on the trunk road network are properly addressed and help us meet our stretched targets. We have also achieved real improvements through closer coordination of road safety and highway maintenance projects and will continue to develop this approach during the LTP2 period. Road safety measures for LTP2 include:

- **Engineering schemes** – comprising mass actions sites combining safety and maintenance improvements, route improvements where several low cost engineering projects are combined to bring a greater overall benefit and minor highway improvements which treat specific problems such as substandard junctions.
- **Speed management** – we have updated our Speed Limit Policy since publication of LTP1 and currently await the outcome of Government consultation before conducting a further review. We will continue to work through the Safety Camera Partnership to identify sites where safety cameras will help reduce collisions and casualties.
- **Education, training and publicity** – continuing our well developed campaign which targets young road users through initiatives such as on and off road cycle training, junior road safety officers and working with pre-driver age groups in the form of attitude awareness training. Working with adult road users through the National Driver Improvement Scheme, Plus Pass aimed at novice drivers and promoting safer motorcycling through the Herefordshire Advanced Rider Training Scheme.

Maintaining the Transport Network and Transport Asset Management

The transport network is one of the County's most important assets and it is vital that it is properly maintained, ensuring that people can move around the County safely and enabling the efficient movement of goods and services to help sustain the local economy. With over 3000km of public highway, 688 bridges and 13000 streetlights this presents a considerable challenge. Whilst we managed to improve the condition of the network during LTP1 we want to continue improving our performance and we are currently developing the Transport Asset Management for the County. This will be completed in time for the full LTP2 in March 2006 and will provide us with better information to improve decision making and achieve greater efficiencies.

Managing Performance and Value for Money

In seeking to deliver an ambitious programme of transport improvements which range from relatively small schemes such as installing new cycle parking to larger complex projects such as a new road it is important that we effectively manage our performance and ensure value for money.

Indicators

In focusing on delivering outcomes such as reducing congestion, improving access and safer roads we have adopted a range of indicators which will form the basis for performance management and will be reported through Annual Progress Reports (as has been the case with LTP1) so that overall progress is transparent and enables us to review our programmes if required.

A number of these indicators will follow on from LTP1 including:

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- improving road condition;
- reducing the most serious road traffic casualties;
- bus patronage and bus satisfaction;
- reducing growth in road traffic volumes; and
- increasing the level of cycling.

We have also adopted new indicators for LTP2 including:

- improving bus punctuality;
- reducing congestion; and
- improving access via the public transport network.

Delivering Value for Money

We are committed to making best use of our limited resources for transport improvements and will continue to improve efficiency in the implementation of schemes. The Herefordshire Strategic Delivery Partnership which combines the resources of Herefordshire Council, Owen Williams and Herefordshire Jarvis Services contains a suite of key performance indicators with the aim of securing continuous improvements in delivery from all partners. The contract also provides for annual efficiency reductions in works prices which should ensure continual improvements through the LTP2 programme.

In addition, we will ensure that as we develop our approach to emerging initiatives such as the Transport Asset Management Plan, Accessibility Planning and the new Network Management Duty we will take all opportunities to improve our services and where possible form effective partnerships with other service providers.

HOUSING INVESTMENT STRATEGY

Strategic Housing Information can be found at www.herefordshire.gov.uk/housing/index.asp

The Council no longer own or manage any homes - they were sold to Herefordshire Housing Ltd who became a Housing Company in November 2002.

Following the transfer of homes, Herefordshire Council continues with a strategic responsibility for other important housing functions:

- It is responsible for producing and promoting a Housing Strategy which sets out how we aim to provide decent affordable housing to meet local needs. This is done by working in partnership with the Planning department, Registered Social Landlords, the Housing Corporation, Government Office for the West Midlands, the Health Authority, Private Sector Landlords and other private and voluntary organisations. Together, we aim to maximise the supply of affordable homes and services to meet housing need in Herefordshire.
- It has a statutory duty to prevent homelessness wherever possible and to assist homeless households when homelessness cannot be prevented. It also continues with its responsibility to provide a Housing Advice Service which offers help and guidance on housing matters across all tenures. The Homelessness and Housing Advice Services are operated by Herefordshire Housing on behalf of the Council.
- It works together with the five largest Registered Social Landlords in the county to operate the statutory housing register. In Herefordshire, there is a choice-based arrangement for allocating affordable homes and this service is operated by Home Point.

Set out below is an extract from the 2005-08 Housing Strategy

RESOURCING THE STRATEGY

Addressing the housing needs of the area is a major priority for Herefordshire Council and for the agencies involved in the Herefordshire Partnership. It is recognised that the scale of the housing problems to be addressed exceeds the Council's own financial capacity - hence the strong emphasis on partnerships which generate additional resources evidenced throughout this Strategy.

Outside the Council's own resources, key funding sources to address housing issues include:

- Central Government funding for the region, with recommendations developed by the West Midlands Regional Housing Board - these have been determined for 2005/06; priorities for 2006/07 onwards will be determined in the light of the new Regional Housing Strategy to be published in 2005.
- Housing Corporation funding for housing associations and (following the Housing Act 2004) private developers producing affordable housing. The Council's Capital development programme in Section 5 includes a substantial level of funding by the Housing Corporation and the Department of Health.
- Affordable housing achieved without grant funding through planning gain agreements.

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- Financial contributions in lieu of on site provision of affordable housing - currently standing at £567,000, with a further £164,000 anticipated.
- Housing association funding invested in their housing stock to achieve the decent homes standard.
- Personal savings and loans for home improvement invested by homeowners and private landlords, including loans secured through Houseproud.
- Supporting People revenue funding for supported housing projects; linked to capital funds for these projects from the Council, Housing Corporation and Department of Health.
- Partnership funding with energy suppliers for energy efficiency and affordable warmth initiatives.

The Corporate Capital Strategy sets out the framework and mechanisms for the Councils allocation and use of capital funding. It is designed to maximise the use of resources to meet legal obligations and drive service improvements by reference to a number of strategies including the Herefordshire Plan, the Corporate Plan and the strategic plans for Education, Transport and Housing.

The Council has a Corporate Capital Strategy Group (CSG) responsible for strategic capital issues. Elected Members are involved at various stages of the capital strategy process, having input when assessing internal bids for prudential funding and reports are submitted to Cabinet, Strategic Monitoring Committee (SMC). Members will be involved as part of the process of reviewing and challenging SSP bids at both planning and monitoring stages via the CSG. The CSG reports to CMB and receives strategic guidance on an ongoing basis.

The Assistant County Treasurer chairs the CSG. The Head of ICT and the Head of Business Services (Social Care and Strategic Housing) together with the Property Services Manager are the members of the group. The group is supported by the Principal Financial Policy Manager and the Capital Accountant. The working group currently meets bi-monthly and is responsible to the CMB for: -

- Developing and maintaining the Council's medium term corporate Capital Strategy.
- Developing the Council's annual capital programme including resource allocation, project selection and monitoring arrangements.
- Developing and maintaining the Council's medium term corporate Asset Management Plan.
- Developing and maintaining the Council's corporate property acquisitions and disposals policy.
- Promoting capital strategy and asset management issues throughout the Council

The Capital Strategy Group is specifically responsible for developing strategic recommendations to both the CMB and to Cabinet on the allocation of capital resources to projects and service areas, including housing.

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A summary of recent spending is shown below:

	2003-04			2004-05			
	Original Budget	Outturn	Over/ (Under) spend	Original Budget	Outturn	Over/ (Under) spend	
	£'000	£'000	£'000	£'000	£'000	£'000	
Budgets:							
Private Sector Housing	1,284	1,544	260	1,293	1,411	118	1
Disabled Facilities Grants - Discretionary	20	5	(15)		15	15	2
Disabled Facilities Grants - Mandatory	480	375	(105)	600	482	(118)	2
Rent allowance capitalisation	370	370		400		(400)	3
Social Housing Grants	3,100	1,639	(1,461)	3,100	1,191	(1,909)	4
Learning Disability Fund	240		(240)	240		(240)	5
Total Budget to be Financed	5,494	3,933	(1,561)	5,633	3,099	(2,534)	
Financed By:	£'000	£'000	£'000	£'000	£'000	£'000	
Supported Capital Expenditure - Revenue	1,500	1,533	33	2,072	2,072		6
LPSA Grant				20		(20)	7
Capital Receipts Reserve	3,464	2,202	(1,262)	2,941	463	(2,478)	8
Learning Disability Development Fund	240		(240)	240		(240)	5
Disabled Facilities Grant	290	198	(92)	360	564	204	2
Total Financing	5,494	3,933	(1,561)	5,633	3,099	(2,534)	

Explanation of Over and Under spends within the Strategic Housing Capital Programme.

The Strategic Housing capital programme is subject to continual ongoing changes and it is in practice impossible to restrict specific budgets to specific years. Commitments have to be budgeted for but the actual payment may be made much later. There is a significant lead time for identifying where grants may be needed to making final payments which could be in a subsequent year. The original budget is prepared before the year end and is therefore very susceptible to the inevitable changes at closedown. The original budget is a best forecast at that time of what will be required to ensure a sufficient programme is provided.

Specific differences (corresponding with numbers in the final column in the table above) are:

1. An additional element was brought into the 2003-04 programme for a Special Energy Scheme which was not in the original budget. The increase over the original budget is not overspend but instead additional items being brought into the budget after the original budget is set.
2. Over the two year period the Discretionary DFGs were spent as planned. Mandatory DFGs have underspent in previous years due to anticipated demand being lower than expected and staff recruitment difficulties inhibiting full scale promotion of the scheme.
3. Following the transfer of the Housing Stock certain subsequent costs were allowed to be capitalised. One of these related to Rent Allowances. This happened in 2003-04 but in 2004-05 the funding methodology of rent allowances changed and capitalisation was no longer necessary. This was to be funded from the capital receipts reserve and therefore that funding was retained as a capital resource.
4. A significant programme for using Social Housing Grants is set out over a number of years. The grants are usually paid to registered social landlords and relate to large scale construction projects where delays may occur as project development issues progress. The nature of this budget is that it will be spent over a longer period and the funding from capital receipts reserves will be retained to meet those budgets in due course.

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5. The budget and funding for the Learning Disability Fund is carried forward and is now expected to be spent in 2005-06.
6. Supported Capital Expenditure is spent as expected. This conditional funding is used before any reserves in order to maintain resources within Strategic Housing.
7. The LPSA grant is now being used in 2005-06.
8. The capital receipts reserve is primarily used to fund the Social Housing Grant Programme. This is a longer term programme and the funding is maintained to ensure that programme can be completed as planned.

The Capital Programme for the three years covered by this strategy is shown below.

	Outturn	Outturn	Budget	Estimate	Estimate	
	2003-04	2004-05	2005-06	2006-07	2007-08	
Budgets:	£'000	£'000	£'000	£'000	£'000	
Private Sector Housing	1,544	1,411	1,305	1,160	1,160	
Disabled Facilities Grants - Discretionary	5	15	175	20	140	
Disabled Facilities Grants - Mandatory	375	482	525	525	525	
Rent allowance capitalisation	370					
Social Housing Grants	1,639	1,191	3,500	3,500	3,500	
Extra Care Housing Development			4,600	2,500		
Total Budget to be Financed	3,933	3,099	10,105	7,705	5,325	
Financed By:	£'000	£'000	£'000	£'000	£'000	
Supported Capital Expenditure - Revenue	1,533	2,072	2,080	774	581	1
Prudential Borrowing			180			2
Department of Health			4,600	2,500		3
Capital Receipts Reserve	2,202	463	2,690	4,116	4,429	4
Learning Disability Development Fund			240			
Disabled Facilities Grant	198	564	315	315	315	5
Total Financing	3,933	3,099	10,105	7,705	5,325	
Capital Receipts Reserve Position:	£'000	£'000	£'000	£'000	£'000	
B/Fwd as at 1 April	(15,779)	(11,735)	(12,241)	(11,085)	(8,155)	
Capital Receipts expected - RTB		(1,358)	(698)	(668)	(638)	6
Capital Receipts applied	2,202	463	2,690	4,116	4,429	
Internal Transfers	1,842	389	-	-	-	
C/Fwd as at 31 March	(11,735)	(12,241)	(10,249)	(6,801)	(3,010)	

In addition, £567,160 financial contributions have been received from developers in lieu of on-site affordable housing, with a further £164,000 anticipated.

Assumptions made for the funding of Strategic Housing Capital Programme (corresponding with the numbers in the final column of the table on page 45)

1. The West Midlands Regional Housing Board's *Strategy for allocating Single Regional Housing Pot* sets out the strategy for allocating housing funds in the future. Each authority will have to bid for funding and could in theory receive no allocation. A safety net is therefore provided to guarantee a minimum SCE of 40% in 2006-07 and 30% in 2007-08 of the 2005-06 HIS SCE allocation for each Authority. The minimum figure is shown in the table above. It is a significant risk to the viability of a longer term Strategic Housing capital programme should funding not be allocated to Herefordshire above these minimum levels.

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2. Strategic Housing may bid for internal funding from Herefordshire Council via the unsupported Prudential Borrowing mechanism. However Herefordshire Council's Capital Strategy is to use such funding for areas other than Housing, Transport and Education. It is therefore unlikely that Prudential Borrowing would be used to support Strategic Housing.
3. The Department of Health have committed to providing significant funding towards the development of Extra Care Housing. Only the sums committed are shown above.
4. The Strategic Housing capital programme is heavily reliant on using capital reserves. These capital reserves have resulted from historical Right to Buy receipts together with the significant receipt from the disposal of the housing stock and a share of on-going Right to Buy receipts. The Corporate Capital Strategy is to ringfence these receipts for use by Strategic Housing.
5. It is assumed that a similar level of Disabled Facilities Grant will be provided in future years. If this is not the case this will be funded from Strategic Housing capital reserves.
6. As part of the transfer of the Housing Stock to Herefordshire Housing Limited it was agreed that a share of future Right to Buy receipts would be paid to the Council each year until 2032. The receipts from this are subject to a formula based on the sale price and number of properties sold. Although property values are forecast to increase, the number of properties sold is expected to decrease and therefore the expected receipt will diminish over time.

EDUCATION ASSET MANAGEMENT PLAN - LOCAL POLICY STATEMENT - 2005-2010

Context

The Education Asset Management Plan is used to manage the 'education estate' and to determine the Education Capital Programme. It is firmly embedded within a policy and strategy framework alongside the Education Business Plan and the Corporate Asset Management Plan and Capital Strategy, all of which sit under the "umbrella" Herefordshire Plan i.e. the local community plan.

Scope

The Education Asset Management Plan covers all sites and buildings occupied or held for education purposes by all Community, VC and VA Schools, Special Schools and Pupil Referral Units. Buildings where the prime use is adult education, youth service, and outdoor education, are covered by the corporate asset management plan. The plan looks forward over a five-year period, and is reviewed annually, re-assessing needs and priorities within the remaining period and adding needs for the fifth year.

Roles in developing an AMP

The Council, as LEA, leads on the preparation of the Asset Management Plan, providing technical assistance and professional advice. The Council will also seek external and internal funding to implement major and minor works programmes within the context of the Asset Management Plan. It assists Governors to carry out their responsibilities, offering training and promoting good practice, within current and future LMS arrangements. The collective aim is to ensure that the management of and investment in school sites reflect priorities identified within the Asset Management Plan.

Schools identify needs in the context of their school improvement plans, and state how such work will improve the quality of teaching and learning in the school. Schools contribute to the development of criteria and schedule of entitlement, which allow priorities to be established. It is also expected that Governors, as stewards of the school premises, will use the AMP to guide them in decisions regarding expenditure of the delegated budget, especially relating to the devolved capital budgets. Schools are required to inform the LEA about how devolved capital has been spent, and the effect on school standards.

The two Diocesan authorities provide an overview of the Roman Catholic aided schools and Church of England aided schools and are involved in the preparation of the plan.

Consultation Process

The Schools Asset Management Plan Consultation Group (SAMG) meets termly to focus discussion. The group includes representatives of large and small high schools, large (urban) and small (rural) primary schools, special schools, Community and Aided schools, the Hereford Diocese and the Herefordshire Governors Association. Individuals on the SAMG are also members of the Herefordshire Association of Secondary Headteachers and the Primary Headteachers Group, and share the asset management issues in these broader forums. Local policy statements have been subject to consultation with all there have been no objections or adverse comments from any consultees. This revised local policy statement and the statement of priorities will be made available to all schools.

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Criteria for Prioritising Need

Expenditure priorities will be given to three broad areas including meeting statutory responsibilities; improving curriculum areas; and exploiting opportunities for external funding. The framework for decision making within these three areas is detailed below within the statement of priorities. The Schools Asset Management Plan consultation group meets termly and discusses proposals for the Education Capital Programme, prior to submission to the Cabinet Member. Schools are consulted on the local policy statement and statement of priorities. In addition, schools are consulted on specific issues such as provision of sports facilities prior to the LEA submitting an application for NOF PE and Sports monies. Furthermore, all High schools have had a specific inspection on science facilities and a full copy of the report together with recommendations has been made available to the Headteacher of all High schools.

Seeking Premises Commitments From Schools

The LEA will monitor schools' expenditure on premises and will advise the school Governors if it is felt that the expenditure is insufficient or inappropriate. Otherwise, the LEA will liaise with primary and special schools annually, and high schools termly, to co-ordinate improvement work. Jointly funded projects are encouraged. The LEA will consider favourably contributing to schemes advanced by schools where a significant financial contribution is being made by the school.

A formal post-project review procedure is being developed to compliment the technical review carried out by property officers. This will consider, in addition to technical aspects, timeliness and cost effectiveness but also 'softer' aspects such as client relationship, fit with service delivery needs and project management. In addition the department will be measuring over a longer time period other performance measures such as the reduction in percentage of emergency Maintenance Work, High Priority Health and Safety instances, those teaching areas that prevent or significantly inhibit the delivery of the curriculum, and in water and energy usage. As in previous years, governor training will be offered, in addition to written manuals and guidance on premises issues to all schools.

How Information on all Schools will be set out

The Corporate Property Officer will establish a framework of users and contributors to the Evolut1on property management database. The system will allow intranet access by each school. Individuals from both inside and external to the Council who will be responsible for the collection, validation, monitoring and periodic updating of data. The data currently stored on the Evolut1on database is held in photographic, plan and scheduled format on the Genes1s system. The Corporate Property Officer will be responsible for reviewing all data held on the system with the review timetable. This list will be developed as the data held becomes more comprehensive. Information pertinent to each school will be sent to that school. An Asset Register of all education property interests held by Herefordshire Council has been completed. Condition surveys are available on all school properties, and Asbestos Registers have been completed for schools. The Corporate Property Officer will issue to all schools a statement of accommodation costs on an annual basis and schools will be advised where expenditure varies significantly from the norm.

HEREFORDSHIRE CAPITAL STRATEGY 2005

The Basis For Assessing Premises

Provision has been assessed on detailed Condition, Sufficiency and Suitability criteria. Schools were consulted fully during Autumn 2002, and currently more detailed work is being undertaken to improve the assessments under Suitability. The condition of all premises has been assessed by detailed inspection once every five years and reviewed annually. Surveys have been undertaken by surveyors and engineers using a system of checklists and standard input sheets to ensure consistency of data. Sufficiency is considered at various levels. The LEA assesses the sufficiency of provision on an area-by-area basis through the School Organisation Plan over a five-year period and this will inform the development of the three-year capital programme. At a school level, the overall capacity of the school will be compared to current and anticipated numbers on roll. An assessment of suitability of each space for teaching and learning purposes has been made following the published DfES guidance notes although schools have identified shortcomings.

The basis for Monitoring and Reviewing the AMP

Emphasis is being placed on the asset management plan as a process, and each year within this process there will be a review of changing pupil numbers, changes in the physical condition of buildings, new statutory requirements, schools building regulations and updated guidance, re-assessment of condition and suitability arising from the five-yearly cycle of re-inspection for condition and the two-yearly cycle of re-assessment for suitability and progress in achieving objectives.

This review work will link into the capital strategy for the authority as a whole. The diagram below identifies the timetable in 2005. By the end of May, education capital needs arising from condition, suitability or sufficiency factors or from plans such as the Early Years Development and Childcare Plan and the School Organisation Plan, will be identified to inform the Corporate Capital Prioritisation process. The representative group of headteachers will play a major part in this review prior to the conclusions feeding the corporate capital strategy process, and meetings are scheduled to allow the input to the corporate capital strategy group by May each year.

Implementing Government Policy Initiatives/Use of External Funding

Funding

The Council recognises that there are great benefits to be achieved for schools from external funding and has been pro-active in identifying and bidding for funds to augment DfES resources. The criteria for setting priorities take this into account. Many existing schemes involve non-council or non-education funding. A pro-active role will be maintained in identifying and bidding for external funding. Schools are also encouraged to use initiatives to identify such funding on the understanding that this does not commit central LEA resources without prior agreement. An information pack on external revenue and capital funding opportunities has been prepared and is available to all schools. The LEA has been allocated PFI credit to replace one high school, and work has commenced in the construction of the new school. There is another high school that requires replacement but there will need to be an assessment whether or not other PFI schemes can be afforded. The LEA has submitted a bid to the DfES under the Building Schools for the Future initiative. As part of this scheme, with the exception of Whitecross High School, which is being replaced as part of a PFI scheme, all high schools will be replaced or refurbished to provide 21st Century facilities.

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Best Value

All schemes are subject to option appraisal. The level of sophistication of these analyses is dependent on the cost and complexity of the project. Life-cycle costing is undertaken for the larger schemes, and options are measured in terms of present day values in line with the Treasury 'Green Book'. The Capital Programme Strategy Group of Council is considering the recommendations of the report 'Modernising Construction'. Discussions continue with Constructionline concerning tendering arrangements. A report is currently in preparation on the local application of partnering arrangements, with a remit to examine probity issues, and the application of a system which may depend on national rather than local contractors. Design and build solutions have been used in the past, and will be considered in appropriate circumstances in the future. The Capital Strategy Group has considered procurement issues, particularly the advice on good practice set out in 'Rethinking Construction'.

Community Use

The Authority will maintain its policy of designing school buildings to encourage use by external bodies (zoning of security, heating systems etc), and undertake joint-use projects where funding is currently available, and, where practical, allow flexibility for joint-use funding in the future. A recent best value review of the provision of school plans recommends that falling pupil numbers in primary schools are seen as an opportunity to expand pre-school provision. The extended School Initiative is being used to encourage the use of surplus space in small rural primary schools. Elsewhere, the opportunity has been taken to develop adult education (UK on-line) and community meeting rooms.

Environmental Issues

The service improvements within Herefordshire Council will be based upon Herefordshire Council's environmental sustainability philosophy. The Council has achieved EMAS award. The present works being undertaken in schools include: rainwater harvesting, woodchip heating, prohibition of CFC materials, hardwoods from sustainable sources. the prohibition of the Dirty Dozen Chemicals as recommended by Friends of the Earth. The consumption of energy expressed as a cost per m² is being collected as part of the asset management plan, and schools are informed of how their consumption compares to others.

IT provision

The design of new schools and new buildings within schools has incorporated the requirement for IT. These vary considerably, ranging from standard and wireless networks to providing dedicated IT areas in primary as well as secondary sectors, and to creating facilities for high school pupils to undertake homework in primary schools by use of the internet. Electronic whiteboards are being used increasingly. All schools have been connected to broadband. The long-term implications for more radical design solutions are being assessed.

Equal Opportunities

The authority is committed to ensuring that there is no discrimination against children with disabilities. In particular, the Council has committed itself to action in which it does not without justification treat children with disabilities less favourably on the grounds of their disability than a child without disabilities, in the provision made for their education; it will change any policies, practices or procedures which place children with disabilities at a substantial disadvantage compared to other children; and it will take appropriate steps to provide education using a reasonable alternative method where a physical feature places

HEREFORDSHIRE CAPITAL STRATEGY 2005

children with disabilities at a substantial disadvantage. The allocation of Schools Access Initiative has been guided by these principles.

Inclusion

The Education Service within its business plan has a clear statement about the inclusion of pupils with special education needs. Three principles underlie the services offered.

1. Children with SEN are entitled to equality of opportunity in education, with the greatest possible access to an appropriate, broad and balanced curriculum, which includes the National Curriculum.

2. Children with SEN should, where reasonably practical and taking into account parental wishes, be educated with their age group in primary and secondary schools.

3. Where it is necessary to provide for children with statements of SEN within the County's special schools, opportunities should be provided for some experience in primary and secondary schools in accordance with their assessed needs. It is expected that these principles will be adopted in all plans, not least the Education Asset Management Plan.

Pre-school provision

The role that schools can play in the Early Years Development and Childcare Strategy is being considered carefully to ensure LEA provision does not undermine existing voluntary and private settings. There are proposals to expand LEA nursery provision within an Early Excellence Centre and at least one Neighbourhood Nursery will be established within a school. The LEA will be guided by the EYDCP in expanding the LEA sector to meet Government targets for universal provision for three-year-olds.

Herefordshire Council's Property Strategy March 2005

Justify Council property holding, rationalise, release capital, reduce revenue costs, maximise revenue from investment holdings and achieve critical service factors

What are the Council's Top Service Priorities?

- Maximise the health, safety economic well being, achievements and contribution of every child.
- Improve the achievement of pupils.
- Enable vulnerable adults to live independently and more older people to live in their own homes.
- Recycle waste and reduce carbon emissions.
- Improve the safety of roads.
- More efficient, effective and customer focussed services for communities.
- Promote diversity and community harmony and strive for equal opportunities.
- Develop its community leadership role.

What are the Council's Organisational Priorities?

- Secure significant efficiency savings.
- Ensure that its essential assets are in the right condition for the long-term cost effective delivery of services.
- Understand the needs and preferences of service users and Council Tax payers.
- Recruit, retain and motivate high quality staff.
- Embed corporate planning, performance management and project management systems.

Which influences the way we manage the portfolio.

Office Accommodation

- Consolidate offices in Hereford in a non city centre location.
- Increase utilisation by improved use of space and new workstyle.
- Satellite offices in market towns.

Direct Service Property:

- Review public car park provision.
- Build new crematorium.
- Review Library provision and assess scope for rationalisation and improvement.
- Investigate refurbishment of the museum and bring the heritage centres up to full DDA compliance.
- Continue to implement the public conveniences Best Value Review recommendations.
- Ongoing review of schools to assess scope for rationalisation in the light of falling school rolls.
- Investigate DDA issues in leased TICs and act accordingly.

Maintenance

- Seek to eradicate the maintenance backlog.
- Investigate condition and funding to test how the maintenance backlog can be eradicated over a ten year period and act accordingly.

Co-Location

- Bring forward co-location proposals (on a similar model to the Bromyard Centre), on a phased basis, in Kington, Ross-on-Wye, Ledbury and Leominster
- Investigate any other co-location opportunities for offices and other uses, and with partners uses, whenever appropriate.

Investment portfolio:

- Rationalise the agricultural estate
- Consider future policy for industrial Portfolio
- Continue to implement the livestock market relocation and development in Hereford.
- Consider the capacity for and the desirability of redevelopment of the Buttermarket.
- Consider the financial implications to the Council of retaining or disposing of the Council's retail interests in Maylord Orchard and Widemarsh Street and act accordingly.
- Review Council owned sites used for private car parking to assess whether it is in the Council's financial interest to retain or dispose of them.



This drives the Council's Property Objectives.

- To provide cost-effective and up to date property meeting service needs.
- To minimise property ownership to that necessary for the Council's needs.
- To justify fully, continued ownership of all property no matter what its use.
- To release capital, to reduce total revenue costs and to achieve value for money.
- To maximise revenue income from investment properties.
- To use property in a sustainable and environmentally friendly manner.
- To improve access to Council property.



Which must have a process for implementation.

- Service Property Reviews by September 2005.
- Area Property Reviews by November 2005.
- Capital and Revenue Plan for Property by December 2005.
- Inclusion in Council Programmes 2006/7 onwards.
- Implementation.



Which shapes the Council's Property Vision.

- A cost-effective and up to date portfolio
- A reduced investment portfolio.
- Shared use of assets (i.e. co-location).
- A single HQ office, with higher occupancy.
- Satellite offices in market towns, located with other uses.
- Higher quality libraries, by rationalisation.
- Rationalisation of primary and high schools, where possible, to reflect falling school rolls.
- Proper provision for maintenance.
- Redevelopment and regeneration of key areas .
- New service initiatives with recycled capital .



Which means that we must measure how well we are getting there.

- Develop property performance management systems and indicators

ASSET MANAGEMENT PLAN 2005

The 2005 AMP will be published on the Intranet in the near future.

EXECUTIVE SUMMARY - REVIEW OF LAST 12 MONTHS

The last year has been something of a milestone in Property terms for Herefordshire Council. A number of major projects have been completed and important decisions have been made on others. Significant events during 2004/05 can be summarised as follows:

1. Administration Accommodation

The rationalisation of the Council's administration accommodation has continued. The disposal of Trinity House has taken place, two leased properties i.e. 42 West Street, Leominster and Kemble House, Hereford, have been surrendered back to the respective landlords and Grange House, Leominster, has been vacated and awaits disposal. Additional accommodation has been negotiated at Plough Lane, Hereford, and discussions for further accommodation are on going.

2. Homes for Older People

The transfer of management of six Homes to a Partnership arrangement with Shaw Health has now been completed. Since 1st August 2004 full property maintenance responsibility has passed to this organisation.

3. Schools

Two new village Primary Schools have been built, one at Lea and one at Cradley. As to the old sites, one site reverted to the Diocese, the other has a split ownership between the Diocese, the Glebe Land interests and the Council. Disposal of this site is now proceeding. The Private Finance Initiative scheme to build a new Whitecross High has commenced and is scheduled for completion by June 2006. The Council's smallest Primary School at Hope-under-Dinmore, has closed and the building has been handed back to the Trustees. Negotiations for new School sites at Staunton-on-Wye and Sutton St Nicholas are now nearing completion.

Whilst the Council was unsuccessful in securing early funding under the 'Building Schools for the Future' initiative it has secured the promise of funding for one more high School by 2011. Based upon this fact feasibility works are on-going for a replacement Minster College, on the Leominster campus. Another school site with major maintenance requirements is Hunderton Infants/Junior Schools. A feasibility study has been undertaken and a bid submitted for a replacement School. Cabinet approval has just been obtained for this project.

4. Leisure Facilities

The replacement of the Sydonia Swimming Pool at Leominster with a new North Herefordshire Pool is in progress. The new pool is scheduled to open in January 2006. Major works have been undertaken at Hereford Leisure Pool to improve compliance to the Disability Discrimination Act and minor works at the other Leisure Centres. In Property terms the Council is working closely with Halo the Trust that runs the leisure facilities, to reduce the maintenance backlog and improve standards within the accommodation.

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5. Carbon Management

A project to compile and submit a Carbon Management Action Plan has been successfully completed in the last twelve months. The Council is one of twenty-four Councils to successfully complete this project and has been awarded a Certificate in recognition of its efforts. The next stage is to implement the Action Plan through energy conservation works and CO₂ reduction.

6. Property Strategy

The Council's review of its Property Portfolio has continued. The internal review by Scrutiny Committee reported in November 2004 and additional works were identified. These were undertaken between November and reported to Cabinet on 19th May 2005. The roles of the Cabinet Member for Resources and the Member for Rural Regeneration, Smallholdings and Commons will continue but there will now be two Groups and two Boards, one with a wide property reference and three smaller Boards. The Boards consisting of both officers and Members will take on the role of a Wider Reference Board. The Groups will be an Investment Group and a Direct Services Group. The terms of reference for these Boards and groups have now been finalised.

7. Partnership Working

The partnership with Herefordshire Jarvis for works and Owen Williams for professional services has continued to develop. On-cost percentages for the Herefordshire Jarvis partnership have been determined, and fee analysis of the Owen Williams contract is in progress.

8. Good Environmental Management (GEM)

Property Services has made a major contribution towards the Council obtaining and keeping accreditation schemes under ISO 14001. Staff have been involved in the audit procedures and to date no major breaches have been identified. The recent approval of the Carbon Management Plan will contribute to this aspect of the Council's work.

9. Edgar Street Grid

A twenty-year plan for the redevelopment of a prime area of Hereford has been published. The Council, in negotiation with Advantage West Midlands, has formulated a Strategy to redevelop this area. The project will be run on Prince 2 principles with a Board consisting of representatives from Advantage West Midlands, Herefordshire Council and External Businesses. The company will be known as Edgar Street Grid (Hereford) Ltd. As a major land owner within the grid the council will play a prominent role in this development.

10. Capital Programme

Similar as in previous years Property Services has been involved in the submission of various capital bids. These have been successful in securing £200,000 for Disability Discrimination Act works and £150,000 for drainage. The energy works are to be considered as an 'Invest-to-Save' bid from the Government's new funding regime. In addition to these property bids approval has also been obtained for a new Crematorium at approximately £3.15million.

11. Staffing Issues

During the last twelve months the number of staff leaving Property Services has increased. This is particularly significant in the Asset Management Section where the Land and Property Information Officer and all the Research Assistants (3 in total) have left. Considerable effort has been invested in reviewing posts, offering incentives such as market supplements and restructuring job descriptions and person specifications to make the posts more attractive, use has also been made of support from other Councils such as Gloucestershire, who now offer support on the management of the Smallholdings Estate.

CARBON MANAGEMENT ACTION PLAN

The Carbon Management Action Plan can be found on the Intranet as follows:

<http://intranet/commondocs/DocRoot/GEM/Reducing Carbon Initiative/CMAP - Adopted/Herefordshire CMAP - Adopted.pdf>

HEREFORDSHIRE COUNCIL CARBON MANAGEMENT ACTION PLAN 2005/06 – 2011/12

Executive Summary

The purpose of the Carbon Management Action Plan (CMAP) is to define the steps that Herefordshire Council will take to secure its contribution to the carbon dioxide reduction targets as part of the Herefordshire Partnership Climate Change Strategy. The CMAP forms part of the valuable process of Herefordshire Council leading by example in the community it serves.

The CMAP has been developed with the assistance of the Carbon Trust and consultants from Energy for Sustainable Development (EST) and covers the period from April 2005 to March 2012.

The CMAP is separated into two three-year phases. Phase 1 runs from 2005 to 2008 and Phase 2 from 2009 to 2012. Phase 1 aligns with current government emissions objectives, including the first round of the European Emissions Trading Directive, while Phase 2 concludes at the end of the first 'Kyoto' commitment period.

The CMAP sets a target for Herefordshire Council to achieve a 12.5% reduction in the 2002 carbon dioxide equivalent emissions from the activities directly controlled by the Council or upon which it has an influence, by 2012, and to deliver a commitment to securing a 20% reduction by 2020.

The emissions reduction target is equivalent to an annual absolute reduction of 1.25% per year. This reduction needs to be secured in the presence of an estimated underlying increase in emissions of 2.5% per year. Even so, the CMAP demonstrates that, by selective action, the target is likely to be exceeded in Phase 1. The emissions reduction target is, however, expected to become progressively more difficult to achieve during Phase 2 unless decisive action is taken to counteract the underlying increase in the growth of electricity consumption.

A detailed baseline emissions inventory was determined for 2002. The baseline included emissions associated with fossil fuel combustion and electricity use in corporate building, schools, street lighting, employee transport and commuting as well as emissions of methane from closed and operational landfill sites.

The total baseline emissions were assessed at 72,428 tonnes of carbon dioxide equivalent per year. The target for 2012 implies a reduction of 9,053 tonnes of carbon dioxide equivalent.

The CMAP provides for a revision of the targets in 2008. This is necessary to take account of changes in the regulatory background and new opportunities that are expected to emerge in an ever tighter regulatory environment.

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The key actions for reducing carbon emissions have been determined within the context of the adoption of a Carbon Management Hierarchy, similar in concept to the waste hierarchy. This is based on *avoidance*, *efficiency* and the use of *renewables*. The key actions are:

- **Property rationalisation** - This change process has so far resulted in estimated emissions reductions that have exceeded the targets rate set by the government for the public sector. The savings from continuing the process in 2005/06 are in the CMAP. Property rationalisation is estimated to have reduced energy costs by £354,000 per annum, relative to 2002.

- **Development of Landfill Gas Power Generation** - The Stretton Sugwas closed landfill has been identified as a suitable site for the generation of 'renewable' electricity from methane. The site is considered capable of generating electricity with a minimum revenue of £206,000 per annum over 10 to 15 years, while eliminating around 21,000 tonnes of carbon dioxide equivalent emissions per year.

- **Energy Efficiency Measure** – Energy efficiency measures are the main way in which energy costs and emissions can be kept under control. Low cost, short payback period measures were assessed for over 200 buildings including all schools. The predicted value of the annual energy savings is £502,000 for 2005/06.

- **Energy Services** – The CMAP recommends the establishment of an energy services company preferably operated through West Mercia Supplies (WMS). This is the principal means by which incremental energy saving expenditure can be managed for all corporate buildings, and schools. It is designed to fit with the government's aims of the Sustainable Procurement Task Force that will develop a national action plan for Sustainable Procurement across the public sector by April 2006.

- During Phase 1, it is recommended that the energy services be organised in the form of an Invest-to-Save fund.
- At the start of Phase 2, the incorporation of an 'Energy Services Company' limited by Guarantee will be reviewed. This will be timed to coincide with the implementation of the Energy Efficiency and Energy Services Directive currently under negotiation. This directive is expected to impose stretched energy efficiency targets on the public sector as well as new financing options.
- During Phase 1, Herefordshire Council should develop an Invest-to-save fund for energy related projects initially limited to a maximum annual expenditure of £1million (2005/06).
- At the end of Phase 1, the maximum annual expenditure should be progressively reduced to £0.5million per annum. This will release £0.5million per annum in support other front-line expenditure, and will contribute to the Gershon Review efficiency savings.
- Progressively throughout Phase 1, the CMAP envisages that total real expenditure will grow to £1.4million per annum, of which £0.9million will be derived from the invest-to-save fund.
- The maximum annual expenditure through the Invest-to-save fund will be maintained at £0.5 million throughout Phase 2.

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- Progressively throughout Phase 2, the CMAP envisages that the total real expenditure will grow to £2million per annum, of which £1.5million will be derived from investments from the fund.
 - The overall value of the Invest-to-save fund is expected to stabilise at just under £1million by the end of Phase 2.
- **Fuel Poverty** – The CMAP includes the objective to develop a Fuel Poverty Strategy for the Private Housing Sector during the early part of Phase 1. This will be developed jointly between the HECA service of Herefordshire Council and the National Energy Action (NEA) organisation so that fuel poverty can be positively included in the Private Sector Housing Renewal Strategy.
- **The Nottingham Declaration** – The wider communication of the aims of Herefordshire Council in relation to carbon management include the signing of the Nottingham Declaration on Climate Change. This will formerly announce that Herefordshire Council will:
- *Work with central government in delivering the UK climate change programme*
 - *Encourage the reduction of greenhouse gas emissions in the local community*
 - *Provide opportunities for appropriate renewable energy generation within the local area*

CORPORATE ENVIRONMENT STRATEGY

The Corporate Environment Strategy can be found on the Council's intranet at:

[http://intranet/commondocs/DocRoot/GEM/z_GEM_backup/Draft_Environmental_Strategy_Summary - 09-06.doc](http://intranet/commondocs/DocRoot/GEM/z_GEM_backup/Draft_Environmental_Strategy_Summary_-_09-06.doc)

The foreword and a summary of this strategy is set out below.

CORPORATE ENVIRONMENT STRATEGY 2005 TO 2011

The Environment Strategy seeks to place environmental issues on an equal footing with economic and social concerns within the context of sustainable development, to which the Council is committed through the Herefordshire Plan.

It is a tough challenge, as it requires everyone to become more aware of the environmental issues that are faced and the consequences of actions. Everything the Council does has environmental consequences and the consequences of the choices made for the shared environment are becoming more obvious. The Environmental Strategy supports people - both members of the public, Council staff and partner organisations - in changing their behaviour to make better choices to help protect our local environment. We are motivated to move towards a clean, green and sustainable future, not just for today's generations but also for many more to come.

The Council is already applying decisive strategies, policies and actions across a wide range of areas that directly contribute to this challenge; some are derived from legislation and central government initiatives, while others are motivated by our own commitment. Taken together, these will help safeguard our environment. People will recognise that their waste is being managed effectively and that streets and public spaces are cleaner and more attractive. We aim to provide transport options that are also healthy options, becoming more accessible through an evolving network of cycleways and paths, and to cut pollution from transport through a steadily developing integrated transport network that is clean, safe, well maintained and well lit. And these changes also make a clear contribution to a continuous reduction in the number of people injured through transport related accidents.

These are high profile, defining elements of the Council's Environment Strategy, but over the next few years the Council also has to lead through example in addressing how global challenges like climate change and biodiversity impact locally, and how we can respond to protect our natural resources and enhance our environment. The adoption of the Unitary Development Plan is an essential component in ensuring that Herefordshire's land-use development is sustainable, which in turn will help to ensure that the diversity of Herefordshire's natural assets are safeguarded for the future.

The Environment Strategy reinforces the Council's commitment to the Environment and contributes substantially to the principles of sustainable development. It also recognises the role that the Authority must play - not only as a leader of the community, but also in moving forward itself and setting an example for others to follow.

ENVIRONMENT POLICY

Herefordshire Council provides and purchases a wide range of services for the county as the unitary local authority. The Council shares a vision for a better Herefordshire with a wide

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range of partner organisations in the private, public and voluntary sectors. This is set out in *The Herefordshire Plan*, within which sustainable development is a guiding principle.

As part of its commitment to sustainable development, Herefordshire Council recognises the need to protect the environment in which we live and work and use natural resources prudently to safeguard them for future generations. The Council is therefore committed to demonstrable and continuous improvement of its environmental performance and full compliance with all relevant legal and other requirements.

To meet this commitment Herefordshire Council will:

- Maintain certification of its environmental management system to ISO 14001, the recognised international standard, and extend this to cover all activities and services across all directorates
- Lead by example and use its influence to actively encourage responsible environmental practice and raise awareness and understanding of environmental issues among its staff, suppliers, contractors, partners and the public
- Set formal objectives across all directorates and provide the necessary resources, training and performance review to ensure continuous improvement of overall environmental performance across the Council
- Make efficient use of natural resources including water, heat and electricity and promote the use and development of appropriate sources of renewable energy
- Take action to prevent pollution and minimise environmental risks
- Promote sustainable and integrated transport solutions that meet the needs of the county
- Implement a waste strategy to reduce the amount of waste entering the waste stream and increase recycling, while ensuring that all waste generated is dealt with in a way that reduces its impact on the environment
- Respond to the challenges posed by climate change by significantly reducing carbon emissions from its own activities and acting, where possible, to address and mitigate wider potential impacts
- Protect natural habitats and species to maintain and improve the wealth of biodiversity in the county
- Promote the benefits of a healthy and attractive environment to community well being
- Provide a planning system that ensures that development is sustainable
- Make this policy available to all staff, suppliers, contractors, partners, and the public, for example by training, notice boards, libraries, info-shops and websites.

The aim of this summary is to provide partners and managers across the Council with an overview of major environmental commitments that have already been made by the authority. Some are mandatory while others are led by the need to control costs. All are linked through the agreed ambitions of the Herefordshire Plan and the Corporate Plan (2005/08), which states that that one of the Council's top eight priorities for the period of the Plan is "to protect the environment, including recycling much more waste and significantly reducing carbon emissions."

The strategy summarises the policy aims, objectives and action plans that the Council has adopted. Internally the Council is committed to tackling its own environmental impacts, such as waste, energy and transport, right across Council services through its certification to ISO 14001 the international environmental management standard. Externally the authority makes

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a major contribution to Herefordshire's environment through working in partnership with other organisations and the wider community.

The strategy is backed by an integrated action plan that aligns the aims and objectives described in the strategy with the timed targets adopted for each action.

The information provided in the Strategy specifically covers the following headings:

- Waste
- Transport
- Climate Change and Energy
- Water and Flooding
- Natural and Built Environment
- Planning and Development
- Environmental Risks and Pollution
- Community Involvement and Partnership

ACCOMMODATION STRATEGY

Introduction

From the early life of the Herefordshire Council it has been accepted that office accommodation has not been suitable.

The majority of Directorates operate from different sites, the exceptions being the Education Service and Policy and Community. Split sites can create management problems. Communications become more difficult and costs, both direct and indirect, become harder to manage. There are examples of inefficient uses of space, excessive staff travel and the high costs associated with operating from older and less efficient buildings. Care-taking and custodian services are also replicated therefore costs increase.

Present working practices are traditional and the Council wishes to move towards a more flexible approach to service delivery – the present accommodation cannot be readily adapted to this new environment. Existing space is difficult and expensive to alter, budgets are restricted and the buildings themselves are not always suitable for adaptation.

Flexible working has been difficult to implement because of the poor ICT infrastructure in the County. Working from home also has its own set of problems depending upon the demands of the job. Flexible workspace in the market towns linked to the Info centres has not been created because the schemes have had size and budget constraints.

Vision

To provide more efficient, effective and customer focussed services by using information technology and electronic document management to facilitate new ways of working.

Increase utilisation of available space by operating all the Council's main services from one central site and provide satellite Info Centres in the market towns and Hereford along with a Contact Centre.

Strategy

The strategy to be adopted in order to achieve this vision is:-

- To have all core and support services co-located on one site along with facilities for a Council Chamber, meeting rooms, Member rooms and offices for the elected Leader and Chairman of the Council.
- To have flexible work space in the main administrative centre that supports flexible working
- To have an Info shop in all of the market towns preferably linked to library and/or other Council services
- To keep the leased accommodation at Thorn Business Park and develop the office as a hub for the ICT network
- To encourage the use of co-working with HJS by locating client teams with the contractor
- To have flexible work space in all the market towns and Hereford City preferably linked to the info service

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- To have a contact centre that moves the Council closer towards delivering e-gov targets and to help drive service improvements
- To have a culture of flexible working which addresses both service delivery and work-life balance issues
- To have an electronic document management system that supports new and flexible ways of working
- To minimise the Council's environmental impact through the better use of natural resources
- To minimise the costs of accommodation by having fewer and more cost effective buildings
- To maximise the savings by terminating leased office space at the most opportune moment (subject to maintaining effective service delivery)
- To realise the maximum value from surplus assets by the phased disposal of freehold property
- To help maintain a viable commercial market for office space in the County by a planned exit from leased accommodation
- To plan office relocations in such a way that staff are not moved twice
- To plan moves that take account of the ICT issues and costs
- To plan maintenance expenditure on the existing estate to ensure the money is spent only where appropriate
- To have access to modern telephony to enable remote working
- To facilitate the project all capital receipts and revenue savings should be "ringfenced" for re-investment in the accommodation project.

Background information

In the past there have been a number of options considered on how to provide suitable accommodation to meet these strategic aims.

At one time a single building erected on the livestock market site was thought to be a solution.

Late in 2002 an opportunity arose to create a master plan for the Edgar Street Grid. The master plan will guide development in the city for the next 20 years. Due process was followed and consultants were appointed. The study is now at the stage where it is incorporated into the second draft of the UDP.

During the course of the study two important observations were made. Firstly the market site was seen as adding greater value to the regeneration of the city if it was to be developed for purposes other than Council offices. Secondly a single large building was ruled out because it would not be flexible enough to adapt to the changing needs of local government.

In 2003 the opportunity arose to lease space within the former headquarters building of HP Bulmer in Plough Lane, Hereford.

With regard to the HP Bulmer option the whole office block will be leased. Adjacent land and space for car parking will also be made available.

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There now is an operational requirement to acquire a single site that meets the needs of the Council. It could also enable the phased disposal of leased office accommodation back on to a depressed local market, and allow the Council to sell surplus assets in a measured way so as not to swamp the market and hence depress prices.

All options to negotiate for future development on any suitable site will also be considered from a strategic and financial aspect.

To fulfil the needs of the strategy different sites in or adjacent to Hereford City were examined. Options to develop centralised offices were considered. The sites were:

1. The existing livestock market site
2. The “civic quarter” as defined in the Edgar Street Grid study (Blueschool Street)
3. Land at Rotherwas Industrial Estate
4. Land at Moreton-on-Lugg

These four sites were rejected because of high capital costs

The strategy addressed the three issues raised in “Hot Property”:

Can we make do with less?	The strategy assumes that we can make do with less by introducing flexible working.
Could we relocate somewhere cheaper?	The strategy assumes that it is impossible to radically alter the existing estate to provide open plan flexible workspace. The majority of the Council’s buildings are old and their structural design prevents radical internal rearrangement of space. Council offices are also in diverse locations and as such presents management and environmental challenges which are hard to address given the geography of the estate. It is possible to relocate to somewhere cheaper by taking advantage of existing and new office space at less cost than in the city centre.
Can we share with other agencies?	Herefordshire Council has a history of partnership working and there are examples of where the Council does co-exist very constructively with other agencies. West Mercia Police, at one time, expressed an interest in sharing accommodation with the Council on a centrally located site but pressures from within the organisation demanded early attention to their accommodation problems. As a consequence they have taken a lease on premises in Barton Road.

CAPITAL PLANNING PROCESS DIAGRAM

APRIL - MAY	<p>REVIEW:</p> <ul style="list-style-type: none"> • Herefordshire Plan • Corporate Asset Management Plan • Local Transport Plan • Housing Investment Strategy • Education Asset Management Plan • Other services capital investment plans • Implementing Electronic Government Strategy • Local service plans • Best Value & Business Excellence (EFQM) Reviews • Consultation feedback 	<p>REVIEW:</p> <ul style="list-style-type: none"> • Capital resource availability • Capital outturn for previous financial year • Changes in central government priorities • Changes in capital control system
JUNE - JULY	<p><i>Identify issues with capital investment implications</i></p> <p><i>Conclusions on level of capital resources informs</i></p> <p>REVIEW AND UPDATE CAPITAL STRATEGY & ASSET MANAGEMENT PLAN</p> <p><i>Provides the financial context</i></p> <ul style="list-style-type: none"> • Review and confirm details of SSP process • Post completion review of all major and sample of minor projects • Review asset base – long-term acquisition/disposal plans (incorporating best value and Business Excellence (EFQM) reviews) • First in-year capital monitoring exercise 	
AUGUST – NOVEMBER	<ul style="list-style-type: none"> • Capital investment bids for each programme area prepared, assessed by CSG and approved by Members • Consider and implement consultation on overall investment plan • Second and Third in-year capital monitoring exercise 	
DECEMBER	<ul style="list-style-type: none"> • Single Capital Pot announced • Post completion review of all major and sample of minor projects 	
JANUARY – FEBRUARY	<ul style="list-style-type: none"> • Fourth in-year capital monitoring exercise • Final Single Capital Pot announcements made • Draft capital programme – current year update plus three financial years • Members approve capital programme 	
MARCH	<ul style="list-style-type: none"> • New schemes prepared for early start in new financial year 	

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APPENDIX 11

PRUDENTIAL BORROWING ALLOCATIONS 2004/05 & 2005/06

2004/05 Allocations (Cabinet 15/7/04)	2004/05	2005/06	2006/07	2007/08	Total
	£'000	£'000	£'000	£'000	£'000
North Herefordshire Swimming Pool	1,800	395	63		2,258
Friar St Museum Resource & Learning Centre	140				140
Aylestone Park	100				100
Ross Creative Learning Centre	117				117
Ross Library	10				10
Hereford City of Living Crafts	60	60			120
Hereford City Shop Front Scheme	50	50	50		150
Hereford City Eign Gate	100	400			500
Hereford City High Town & High St	145				145
Hereford City Victoria Foot Bridge	100	100	100		300
Ledbury Info	4				4
Disabled Access	200				200
Energy Conservation	100				100
Crematorium Hereford	100				100
Leominster Landfill Infrastructure	45				45
Public Toilets Improvements	150				150
Hereford Cemetery	100				100
ICT - Network Enhancement	770	950	500	950	3,170
ICT - Continuity / Disaster Recovery	250	500	100	100	950
Community Equipment	200				200
Disabled Facilities Grants	200				200
Total 2004/05 Allocations	4,741	2,455	813	1,050	9,059
2005/06 Allocations (Cabinet 24/2/05)		2005/06	2006/07	2007/08	Total
		£'000	£'000	£'000	£'000
Disabled Access		200			200
Leominster Broad Street Car Park		100			100
Powell Croft Sewage Plant		50			50
Restore Leominster Landfill Site		210	500		710
Crematorium		450	800	1,800	3,050
Aylestone Park - Canal Safety		166			166
Public Toilets Improvements		215			215
Relocation Ledbury Library		53			53
Kington Library Refurbishment		535			535
Contact Centre		750	750		1,500
Refurbishment of High Town		2,000			2,000
4 x Minibuses (Soc Care)		97			97
Holistic Resource at St. Owens		9			9
Queenswood Car Park		137			137
2 x Mobile Libraries		180			180
Total 2005/06 Allocations		5,152	2,050	1,800	9,002
Total Prudential Borrowing Allocations	4,741	7,607	2,863	2,850	18,061

REVENUE BUDGET 2005/06**Extract from Cabinet Report 24 February 2005****Aligning the Medium Term Financial Plan to the Corporate Plan**

3. The Council has recognised the importance of forward planning and has adopted key principles, to be reflected in budget considerations, within a Medium Term Financial Framework. Building on this approach, further work has been undertaken to develop a Medium Term Financial Plan for the period 2005/06 to 2007/08.
4. Cabinet recently agreed the Council's Draft Corporate Plan ("the Plan") for the period 2005-08. The Plan clearly sets out the Council's priorities and its direction of travel over the next three years. The Medium Term Financial Plan (MTFP) performs a vital role in resourcing the Corporate Plan and, in particular identifies unavoidable spending pressures and the potential impact on council tax.
5. The savings figure in future years within the MTFP is based upon limiting council tax rises to broadly Government guidelines and provides a guide to the level of resources the Council has available to deliver its priorities within the Plan. There are a number of important factors to be highlighted. There is highly unlikely to be any significant headroom in the budget over the period of the MTFP given:
 - the restrictions in raising revenue locally through capping, particularly in 2005/06.
 - the requirement to identify cash efficiency savings following the Gershon Review.
 - the ongoing pressures in the funding of care for older people and waste disposal and, the continued support for Education in line with Government targets.
6. It is imperative, therefore, for the corporate savings initiative to continue through the Service Improvement Programme (SIP); corporate procurement and reducing base budgets in line with the priorities set out in the Corporate Plan. Appendix 1 details the budget reductions agreed by Cabinet at its meeting on 27th January, 2005.
7. The constraints within the MTFP demonstrate the need for flexibility in how the priorities within the Plan are funded. Three specific ways of doing this are;
 - the LPSA Performance Reward Grant will be received over the next two years and this is shown as funding improvement in Herefordshire Partnership priority areas.
 - the use of capital investment through both prudential and supported borrowing and this needs to be reflected in the capital strategy.
 - the prudent use of reserves and the flexibility accorded by the one-off changes in the current year's settlement to manage base revenue budget fluctuations over the medium term.
8. A number of priorities emerged from last year's budget considerations with a number of principles being established in setting the current year's revenue budget and the MTFP. These are as follows:

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- (a) The underlying principle of the medium-term financial strategy is that the Council would intend to maintain the real purchasing power of current revenue budgets throughout the life of the plan period.
- (b) An acceptance that the Education budget will largely be driven by a national agenda which has seen investment in Education above the level of inflation throughout the life of this Council. The emphasis within that investment is on passporting cash to schools. The Council wish to support that approach whilst recognising that that does create difficulties for funding central support for schools, particularly in a Council with Herefordshire's characteristics.
- (c) There will be a need to continue to strengthen the Social Care budget through the medium-term financial plan period if the Council is to maintain improvement in this key area of its performance. This is particularly true in the area of care for older people where the Council spends significantly below its FSS.
- (d) The Council has been postponing investment in Information and Communications Technology (ICT), partly because of its poor and inconsistent inheritance but also because of the difficulty of making judicious investment in those areas based on the occupation of existing accommodation. Investment cannot however be further postponed without the Council risking failure in the way it works and delivers services to the public.
- (e) The Council needs to address its performance in relation to highways, transport, planning and waste. This will require prudent investment and the generation of that investment may require the Council to support significant changes in the pattern of provision.
- (f) There is a need to continue to resource activity, which is of direct benefit to the community. Past inspections have led to criticism of levels of investment in adult learning and libraries. The Council needs to maintain resources for these services if it is to continue to offer them. If it is unable to maintain those minimum levels of service then it needs to consider in some cases whether to continue to maintain the services at all in some areas.
- (g) The Council needs to continue to strive for efficiency. It would be foolish to pretend with an organisation of the size of the Council, delivering the range and breadth of services that it does, always maintains 100% efficiency. There is however a recognition that the amount which can be driven out by traditional approaches to improving efficiency are unlikely to be sufficiently significant to support the Council's medium-term financial plan. Cabinet has therefore agreed to look at two specific projects as an alternative to traditional approaches to economies and efficiencies. These approaches are now embodied in the work through the Service Improvement Programme and Procurement initiatives. That is not to say, however, that the traditional approaches would not continue.

The Service Improvement Programme (SIP) - this programme is intended to take a fundamental look at the way in which the Council operates. It will seek to address the prospects for savings by entirely changing operational process. It is believed that there are significant opportunities for efficiency savings. Cabinet has agreed in principle to pursuing this approach, ensuring that savings generated are freed to support the Council's MTFP rather than individual Directorate and Departmental activity.

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- (h) Accommodation - the Council's current occupation of accommodation is inefficient both in terms of the actual occupation of space but also in terms of maintenance and loss of staff time. Again Cabinet has approved in principle a process for managing the accommodation requirements of the Council in a way that will be at least cost neutral and hopefully over the planned period will make a modest revenue return for reinvestment.
 - (i) In addition, Cabinet considered the extent it wishes to resource any additional borrowing required as a consequence of the Prudential Guidelines. The MTFP reflects a provisional spend of £5,000,000 per annum. The position will be reviewed annually.
9. The 2004/05 Revenue Budget substantially reflected these principles despite capping. In the light of the funding constraints now faced, however, the above principles have been revisited in Budget Panels over the last two months with a realisation that levels of revenue investment anticipated (i.e. £7,000,000 in total less £1,800,000 invested in 2004/05) may not be able to be maintained in all areas. The following paragraphs highlight the key issues for Cabinet's consideration.

Aligning the Medium Term Financial Process to Budget Policy

10. In determining its budget policy, the Council will need to take into account immediate factors outside the MTFP. These include:
- (a) the need to protect the Council's financial reputation, managing and highlighting potential risks to the medium-term financial strategy both in terms of the forthcoming annual budget but also into future years.
 - (b) continuing to learn from the monitoring of the current year's financial performance translating that practical experience into amendments to the budget for the forthcoming year. This requires an examination of both overspends and underspends although clearly overspends represent a greater risk.
 - (c) assessing the Government's financial settlement for the forthcoming year but also seeking to anticipate trends over the medium-term financial plan period.
 - (d) the level of the Council's general reserves and balances.

AMP	The Council's corporate Asset Management Plan
AWM	Advantage West Midlands
CMB	Corporate Management Board
CPMWG	Capital Programme Monitoring Working Group
CSG	Capital Strategy Group
DBFO	Design, Build, Finance and Operate
DFC	Devolved Formula Capital
EAMP	Education Asset Management Plan
EDBSS	Economic Development and Business Support Strategy
EFQM	European Framework for Quality Management
ESG	Edgar Street Grid
HIS	Housing Investment Strategy
HIT	Herefordshire In Touch
IEG	Implementing Electronic Government
LPSA	Local Public Service Agreement
LSVT	Large Scale Voluntary Transfer
LTP	Local Transport Plan
MTFP	Medium Term Financial Plan
PB	Prudential Borrowing
PCT	Primary Care Trust
PFI	Private Finance Initiative
PIs	Prudential Indicators
SCE	Supported Capital Expenditure
SCP	Single Capital Pot
SMC	Strategic Monitoring Committee
SRB	Single Regeneration Budget
SSP	Scheme Selection and Prioritisation process
UDP	Unitary Development Plan