

REPORT OF THE MEETING OF CABINET

HELD ON 23RD FEBRUARY, 2006

Cabinet Members: R.J. Phillips (Leader of the Council),
D.W. Rule, MBE (Deputy Leader),
Mrs. L.O. Barnett, P.J. Edwards, Mrs. J.P. French, J.C. Mayson,
R.V. Stockton, D.B. Wilcox, R.M. Wilson.

This is the fourth report submitted to Council for the current year. This meeting of Council is set primarily to approve the Council's Corporate Plan 2006/07, the Council's revenue budget strategy for 2006/07 and any decisions on its medium term strategy, together with the Council Tax for 2006/07.

1. DECISIONS RESERVED TO COUNCIL UNDER PART 4 OF THE CONSTITUTION

- 1.1 **Corporate Plan 2006/09** - The Corporate Plan sets out the Council's intentions for its contribution to The Herefordshire Plan and its own organisational improvement. It includes performance measures and targets for three years, actions to achieve them, associated risks and their mitigation and the resources to be allocated. It is the top level plan in the corporate planning process that provides the framework for the Annual Operating Plan and directorate and service plans. At its meeting on 26th January, 2006 Cabinet endorsed a draft Corporate Plan and noted that it is important for the Council's Performance Indicators and those contained in the Herefordshire Plan to be rationalised. The Corporate Plan 2006/09 has been reformatted to reduce it in size without losing any important data. A copy of the Plan is attached as a separate Appendix for Members of the Council and is available on request.

Cabinet recommends to Council that the Corporate Plan 2006/09 be approved, subject to any changes being made to reflect the new Herefordshire Plan, (depending on its timing) the Local Area Agreement with Government and budget decisions.

- 1.2 **Revenue Budget 2006/07** - Cabinet has received the Corporate Management Board's(CMB) proposals for the Revenue Budget for 2006/07. The approach taken in formulating the Council's budget is in accordance with the budget strategy approved by Cabinet on 26th January, 2006. The views of the Budget Panel and the Strategic Monitoring Committee were also taken into account. A seminar on the proposals was held for all Members on 16th February, 2006.

A full set of papers considered by Cabinet and copies of the slides from the seminar are attached at Appendix 1.

Cabinet recommends to Council that:

- (a) **the budget strategy as outlined in the report (paragraphs 1 - 3 refer) be confirmed;**
- (b) **the Council's responsibilities under Sections 25 - 29 of the Local Government and Finance Act 2003 as outlined in the report (paragraphs 4 - 9 refer) be noted;**

- (c) the position on financial standing and risk as outlined in the report (paragraphs 10 - 13 refer) be endorsed;
- (d) the financial context to the preparation of the budget strategy and detailed budget plans for 2006/07 (paragraphs 14 - 33 of the report refer) be noted;
- (e) the assumptions for funding the revenue budget outlined in the report (paragraphs 34 - 36 refer) be noted;
- (f) the revenue budget proposals for 2006/07 be approved for Council Tax setting purposes, (paragraphs 37 - 40 of the report refer);
- (g) the efficiency plans outlined in the report (paragraphs 41 - 43 refer) be approved;
- (h) the need to develop a robust Service Improvement Programme and deliver the benefits as part of the medium-term financial strategy of using reserves flexibly to deliver a soft landing in planned spending (paragraphs 44 - 46 of the report refer) be endorsed.

1.3 **Proposals for 2006/07 Capital Programme** - At its meeting on 26th January, 2006 Cabinet received a report on the key issues for consideration regarding the capital funding strategy and the allocation of supported and unsupported borrowing for capital expenditure for 2006/07. Its recommendations were reported to the Council meeting held on 10th February. The Strategic Monitoring Committee had no further comments to make. The papers that accompanied the previous report to Council are attached at Appendix 2 for ease of reference.

Cabinet recommends to Council that:

- (a) the Supported Capital Expenditure (Revenue) awarded for Children's Services, Transport and Housing provisionally be ringfenced to those areas;
- (b) a minimum level of Prudential Borrowing of £5,843,000 for 2006/07 be approved as set out below:

PRUDENTIAL BORROWING REQUIREMENTS				
	Total	2006/07	2007/08	2008/09
	£'000	£'000	£'000	£'000
2006/07 Bids Recommended by CSG	6,063	3,105	2,258	700
Allocations agreed in 2004/05 to be funded	1,863	813	1,050	
Allocations agreed in 2005/06 to be funded	3,850	2,050	1,800	
Non-earmarked SCE(R) able to fund SSP bids	(250)	(125)	(125)	
Net Prudential Borrowing Required	11,526	5,843	4,983	700
Indicated level of Prudential Borrowing Available	(15,000)	(5,000)	(5,000)	(5,000)
Additional Requirement / (Capacity)	(3,374)	843	(17)	(4,300)

- (c) **£5,000,000 Prudential Borrowing be approved for each year 2007/08 and 2008/09 to enable commitments from previous years Prudential Borrowing allocations to be funded and to enable future bids to be considered; and**
- (d) **the capital strategy permits the ability to reprofile schemes should slippage occur in projects funded by Prudential Borrowing. This flexibility is retained to ensure projects can be brought forward should any Prudential Borrowing become available through slippage.**

1.4 **Prudential Indicators and Treasury Management Strategy** - The key objectives of the Prudential Code are to ensure that capital investment plans and treasury management decisions are made in a manner that supports prudence, affordability and sustainability. The Code requires the Council to set a range of Prudential Indicators for 2006/07 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 Treasury Management Policy Statement outlines how the Council's strategic policy objectives for treasury management will be achieved and is supported by schedules that describe the specific procedures to be used by the Council's staff involved in treasury management activities.

Cabinet recommends to Council that:

- (a) **the Prudential Indicators detailed in Appendix 3, which include the projected Capital Programme, be endorsed;**
- (b) **the Treasury Management Strategy in Appendix 4 be endorsed;**
- (c) **the borrowing limits outlined in Appendix 4 be approved; and**
- (d) **the Treasury Management Policy Statement at Appendix 5 be approved.**

1.5 **Herefordshire Local Transport Plan 2006/07 to 2010/11** - The second Local Transport Plan (LTP2) constitutes the Council's transportation policies and strategy for the period to year 2010/11. It includes a costed programme of transport improvement schemes for the period which have been developed with the aim of delivering key outcomes including improved accessibility, safer roads, reduced congestion and better air quality. The Herefordshire Provisional LTP2 was assessed as "promising" and Government felt that it was a good overall standard. Despite this, funding levels are likely to be reduced over the period of the Plan. Cabinet has recommended that representation be made to Government to urge them to reconsider the basis for the funding and allocate further funding to better meet the needs of Herefordshire. The Local Transport Plan is enclosed as a separate appendix for Members of the Council and is available on request.

Cabinet recommends to Council that:

- (a) **the Local Transport Plan 2006/07 to 2010/11 be approved for submission to Government with any subsequent editorial changes being delegated to officers, subject to the approval of the Director of Environment following consultation with the Cabinet Member (Highways and Transportation); and**

- (b) **further representations be made to Government regarding the adverse impact on the Council's future level of funding for integrated transport improvements resulting from the adoption of the new formulaic allocation of Integrated Transport block funding.**

2. KEY DECISIONS BY INDIVIDUAL EXECUTIVE MEMBERS WHICH WERE NOT INCLUDED IN THE FORWARD PLAN

- 2.1 **School Meals Policy** - In order to comply with a commitment by central Government that there will be universal hot lunch provision for all children by September 2008, Councillor D.W. Rule, MBE Cabinet Member (Children and Young People) has approved a new School Meals Policy. Herefordshire's school meal service will be based on each High School, or other appropriate kitchen supplying its feeder primaries with lunches. This will enable existing facilities to be used and keep transport costs to a minimum. Contractual and monitoring arrangements for caterers will be improved to ensure consistency, quality and the health promoting nature of school meals. School catering staff will be trained in healthy cooking techniques; and the amount of fresh, unprocessed and locally produced food used in school meals be increased.

A School Meals Advisory Forum will be convened to oversee implementation and ongoing success of the service.

3. CORPORATE STRATEGY AND FINANCE (Chairman of Cabinet – Councillor R.J. Phillips)

3.1 Report on Decisions Taken

- (i) **The Annual Operating Plan** - The Corporate Plan sets out over a three year period the Council's intentions for its contribution to The Herefordshire Plan and its own organisational improvement, including performance measures and targets, actions to achieve them, associated risks and their mitigation and the resources to be allocated. The Annual Operating Plan sets out how the priorities from the Corporate Plan are achieved year by year and is the basis for the reporting and management of corporate performance. Cabinet has approved the Annual Operating Plan, subject to Council's approval of the Corporate Plan 2006/09 and to changes in due course to reflect the new Herefordshire Community Strategy, the associated Local Area Agreement and the actions agreed following the current review of the Council's corporate strategy.
- (ii) **Public Service Trust for Herefordshire** - The West Midlands South Strategic Health Authority (SHA) is currently consulting on a reconfiguration of Primary Care Trusts (PCTs) in the region, as a result of the Department of Health's "Commissioning a Patient-led NHS" proposals. These seek to establish larger PCTs with strengthened commissioning capacity, and to create a clear separation between provider and commissioning roles. The consultation includes a preferred option of retaining a Herefordshire PCT, but the SHA wishes to see how a relatively small stand-alone PCT can deliver the new requirements. Against this background, Council Officers and PCT Directors have considered the concept of a Public Service Trust (PST) for

Herefordshire, aligning certain Council and PCT functions to create a larger Herefordshire entity with combined commissioning capacity. The SHA is interested to see further work on the PST.

Cabinet felt it important to include provision for mental health services in any new arrangements.

Cabinet has endorsed proposals for a Public Service Trust for Herefordshire as a basis for further discussion with the Primary Care Trust, if a Herefordshire Primary Care Trust continues as currently proposed in the consultation document. It has also agreed that a joint project steering group be established to develop detailed proposals for further consideration by Cabinet in the event that the proposal for a Herefordshire Primary Care Trust is supported by the Secretary of State for Health. A further report will be submitted to Cabinet on 16th March, 2006, following a joint meeting of the SHA, Council and PCT Officers. Cabinet will meet jointly with the Health Scrutiny Committee so that a joint response to the consultation can be submitted by the 22nd March, 2006 deadline.

3.2 Report on Items of Interest

- (i) **Integrated Performance Report** - Cabinet has received a report setting out the performance to the end of January 2006 against the Annual Operating Plan 2005/06, together with performance against budget and corporate risks and remedial action to address areas of under-performance. Performance has been monitored using the following system:

- ✓ Everything is OK
- ? Something's not right
- ✘ Things aren't going to plan

There are considerably more indicators that have been marked ✘, i.e. as areas where performance is expected to fall short of the targets or deadlines for action identified at the beginning of the year in the Annual Operating Plan. In total, there are 41 such indicators to January, compared to 18 to November and 9 to September. This does not, in all cases, reflect a fall in performance, but is the result of a clearer picture of progress as the end of the operating year approaches, leading to a realisation that the achievement of targets is unlikely, and a more consistent application of the agreed criteria. Cabinet has noted that 24 out of 26 indicators linked to the LPSA2G have been marked ✘, many because there is still an absence of targets and actions and consequently nothing to report in-year performance against. These mainly relate to the ambitions to "improve the health and wellbeing of Herefordshire people", "reduce crime and disorder and make Herefordshire safer" and "provide excellent education, training and learning opportunities in Herefordshire for all ages". There are no indicators marked ✘ under the ambitions to "develop Herefordshire as an active, vibrant and enjoyable place to be", "protect and enhance Herefordshire's distinctive environment", and "develop an integrated transport system for Herefordshire."

- (ii) **Review of the Herefordshire Plan (Community Strategy)** - The Herefordshire Plan was first developed in 1999 and has been updated in 2001 and 2003. A significant review of the Herefordshire Plan was undertaken in 2005, leading to a number of recommended changes to the document itself and to the way in which the Herefordshire Partnership will function to deliver the Plan. The document is now in the final stages of development. Its name has been changed to the Herefordshire Community Strategy. It contains more information and background/explanatory text than the current document. A short, non-jargon executive summary is also being produced. Cabinet has endorsed the draft document, but has requested that more work be done, particularly on the choice of photographs, before it is recommended to Council for approval.

4. CHILDREN'S SERVICES (Cabinet Member: Councillor D.W. Rule, MBE)

4.1 Items of Interest

- (i) **Joint Area Review - Improvement Plan** - Cabinet has noted that the draft Improvement Action Plan was submitted to the Chief Inspector of the Commission for Social Care Inspection on 9th February, 2006. That Plan is now subject to report to the relevant Minister. A response is expected at the beginning of March. It is anticipated that a report will be submitted to the Cabinet meeting scheduled for 16th March, 2006.

**COUNCILLOR R.J. PHILLIPS
LEADER OF THE COUNCIL**