

Annual Review and Summary of Accounts 2008/09



Annual review

Herefordshire is unique in the way it has pioneered enhanced partnership working between the council and the primary care trust. This is well established with a single chief executive, a joint management team for both organisations and single headquarter offices.

The shared vision for Herefordshire Council and NHS Herefordshire is to work together and achieve efficient, excellent and value for money services and improved outcomes for people in Herefordshire – which means that services can be planned, purchased, designed and delivered in an integrated way around the individual needs of patients and customers.

The story for 2008/09 is all about improvement. According to the Audit Commission, the council is 'improving well' and its overall rating in 2008/09 was maintained at 2 stars. But in terms of how the council manages public money, its star rating moved up from 2 to 3 stars.

The council has also improved from 3 to 4 stars for its housing benefits and council tax benefits services. Services to help the homeless have jumped from a 1 star rating to 3 stars.

Studies show residents are very satisfied with the county as a place to live and certainly, life is getting better in terms of health and wellbeing, education, access to nature and reducing crime and antisocial behaviour.

Children and Young People

Herefordshire schools improved performance in the 2008 GCSE results for the fourth year running and also performed impressively overall in their A-levels - and year on year improvements were achieved in Key Stage 2 results. This positive trend continued in 2009.

The council is creating three fully integrated teams of professionals in three locations to serve children and families, providing family support, education welfare and

youth services in each location. To safeguard children and vulnerable adults, the council is spending an additional £230,000 to ensure checks and support systems are in place.

New schools - Riverside Primary School and Sutton St Nicholas – were built and plans progressed for a new Hereford Academy and a new Minster School in Leominster.



To encourage fostering, the council has launched an improved fee structure, training and support to help place more Herefordshire children with Herefordshire carers, so that they can stay in their existing school and retain as much normality in their lives as possible.

Healthier communities and older people

Herefordshire people generally enjoy better health than the average for the rest of the country - and can expect to live longer than average too.

The council has achieved significant improvement in its social services for older people and vulnerable adults. Although the overall service was deemed 'adequate' the service moved from 'uncertain' to 'promising' prospects for improvement.

Herefordshire Council has helped several hundreds of people with physical and learning disabilities, and mental health requirements, to live at home independently. We have developed specialised day opportunities for adults with learning difficulties and a new mental health domiciliary care service was put in place.



Many thousands of people have received support from the council and pension services welfare benefits team, enabling them to access additional income of several £millions and through the signposting service.

Integration in health and social care means the time between people being assessed for aids to help them live independently in their home, to their receiving them, has been cut. Village wardens, funded by the council and the primary care trust, give practical support to older people, helping them to feel safe, healthy and in touch.

Economic development and enterprise

Herefordshire was named Enterprise Capital of the West Midlands in June 2008 and UK runner up later in the year, due in large part to the council's close working with local businesses.

The council committed another £1.5 million to improve the £20-million Rotherwas business park in Hereford, as well as completing a new access road to safeguard jobs and the 149 businesses there. The council is working on the revitalisation of the Buttermarket to showcase local produce and culture and relocated the city's traditional open retail market into High Town, a move that has proved popular with residents.

The regeneration of the Edgar Street Grid area is the city's biggest development since the building of the cathedral and is crucial to our future prosperity. It will create over one thousand new jobs and bring in a larger amount of spend, but not just into the grid area. It is important that we link to existing businesses in the established heart of the city.

Leominster Enterprise Park is becoming a major employment location and is of strategic importance within the county. And in Ross the council has awarded outline planning permission to the Model Farm site for commercial use, with emphasis on high technology.

Our plans for a livestock market, are crucial to our support for farming. In addition, the council put £1.5 million into its smallholdings over the next three years.

Herefordshire Council has encouraged more local businesses to bid for public sector contracts, and is paying its suppliers more quickly to help them manage their cash flow during the credit crunch.

Stronger and safer communities

Hereford's new £5.5-million flood defences safeguards nearly 200 homes and, together with the new Belmont roundabout, was made possible after Herefordshire Council injected £2 million from a Section 106 planning gain negotiated in the construction of the new Asda supermarket.



Herefordshire Council launched a mortgage rescue scheme to help families with money difficulties to stay in their own home and further money to help people gain a foothold on the housing ladder and bring empty properties back into use.

Planning for and managing major incidents now works seamlessly across the council and the primary care trust, meaning we can work more effectively in a joined up way to respond to the challenges of extreme weather (we were able to keep primary routes open when many

local authorities ran out of rock salt), as well as flooding or health threats, such as pandemic flu.

To make communities safer, the council works with agencies to identify areas of criminal or anti-social activity, as well how we can safeguard vulnerable individuals.

Environment

Herefordshire Council recycles or composts 33.2 per cent of domestic waste. After consultation, a new waste management strategy will see new wheelie bins delivered to households in November to provide kerbside recycling for 90 per cent of homes in the county. And it is investing to ensure it can maintain its popular weekly rubbish collections at a time when many other authorities are introducing fortnightly services.

The council is on track to achieve £1 million in annual savings by renegotiating its contract with Amey for highways and maintenance work.

Organisational improvement and greater efficiency

The council uses its budget planning to support service priorities for vulnerable people. Despite the recent



cataclysmic changes to the economic environment, Herefordshire Council finished the financial year within its budgets. The council's approach to prudential borrowing means it carries debt well below the average for unitary local authorities and in 2008 it also avoided exposure to the collapse of Icelandic Banks by maintaining a prudent investment policy. While many local authorities are having to cut services, the council is maintaining its vital services.

The council is recognised for making its financial information more transparent and accessible for residents, with two out of three saying they are kept well or fairly well informed on how their council tax is spent.

As Herefordshire Council and NHS Herefordshire has developed its unique partnership, several corporate functions have been integrated, including human resources, communications, emergency planning and front line health and social care services. Public health and the local authority also work closely on reducing inequalities and promoting health and wellbeing.

Herefordshire is undertaking a major review of how local health and social care services are provided and managed to ensure they are fit for the future. It embraces all NHS Herefordshire community health services, care centres,

mental health services and the Hereford Hospitals NHS Trust, as well as Herefordshire Council's social care services.

Our Herefordshire Connects suite of transformation programmes is implementing new shared social care case management systems, and many other shared systems to make working more integrated and efficient. A new performance management system also aims to achieve improved and integrated performance across the council and the primary care trust.



We will be bringing around 1600 council and primary care trust staff together in administrative or 'back office' functions together in one building to create a single working environment and enable more integration and service improvement. It makes sound business sense to purchase and develop, a single administrative centre, whilst selling off older high maintenance buildings for development.

Several front office services have been transferred to our Info Centres in all our market towns - improving customer care and speeding up responses on a wide

range of public services, with most queries now answered at first contact.

The council, the primary care trust and the county hospital are together looking at opportunities to share even more services between them. The aim is to make services more understandable and easy to use, as well as cut duplication and increase efficiency. By sharing more services and working in true partnership, public services are able to make stronger progress on issues that residents feel are most important, such as quality of life, health and wellbeing, affordable housing, clean streets, activities for young people, traffic congestion, public transport and reduced crime.

Summary of accounts

This summary of the council's accounts shows where the council spent its money and gives a brief overview of the financial position at 31 March 2009. The accounts were prepared in accordance with the Accounting Code of Practice.

The 2008/09 accounts have been subject to external audit by the Audit Commission and were given a clean bill of health.

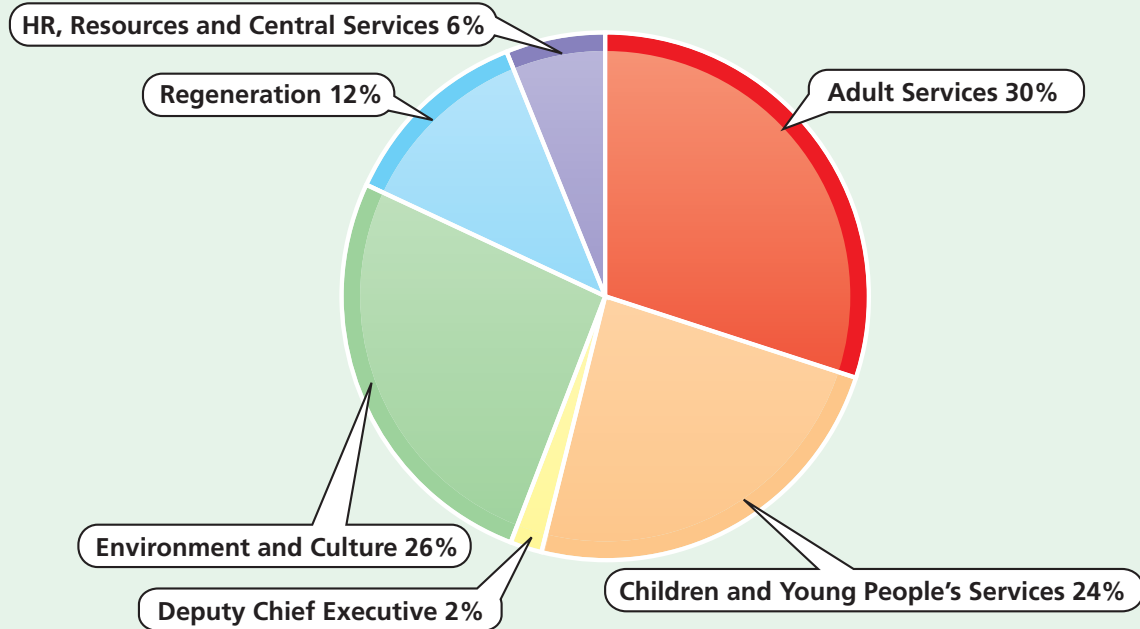
What the money was spent on

The revenue account shows the running costs of the council between 1 April 2008 and 31 March 2009. The figures show what has been spent by the council's Directorates and the net amount to be financed by council tax and central government funding.

The net cost of services shown is after support services have been recharged to Directorates.

Directorate	Net Expenditure
	£000
Adult Services	47,054
Children and Young People's Services	37,356
Environment and Culture	39,435
Regeneration	19,157
Deputy Chief Executive	2,946
Central Services	4,214
Human Resources	2
Resources	4,417
Net Cost of Services	154,581
Other operating costs	11,028
Net Operating Expenditure	165,609
Provision for loan repayments	6,814
Capital items funded by revenue	290
Less: Internal recharges to services	(28,184)
Use of reserves	(508)
Amount to be financed by council tax and central government funding	144,021

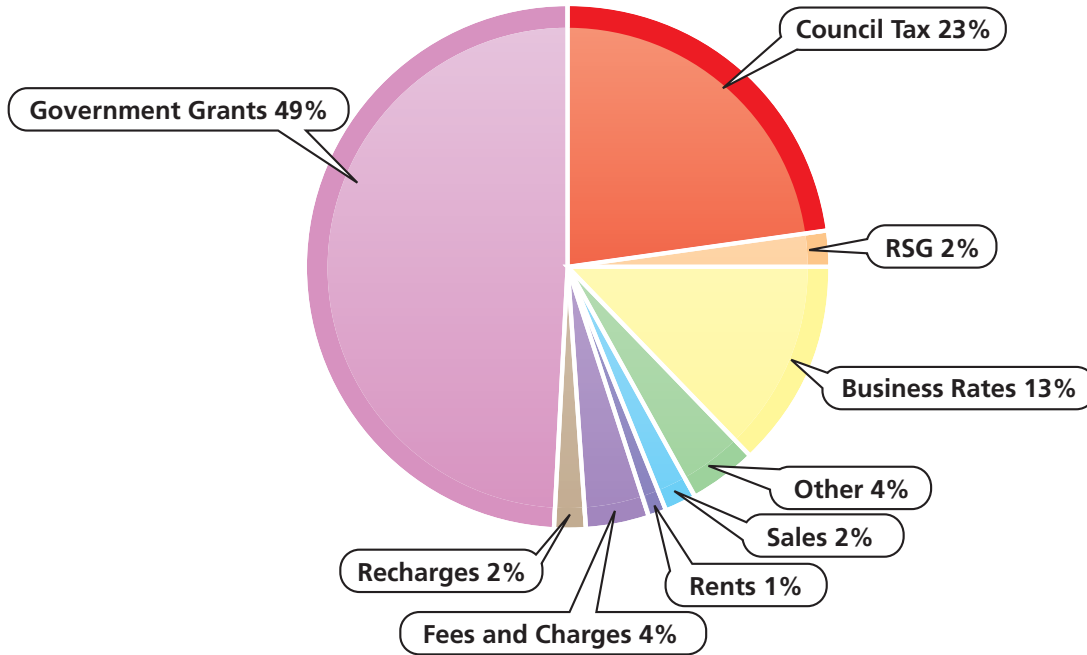
Analysis of Net Expenditure by Directorates



Where the money comes from

After the income generated by services, such as fees and charges and specific grants, £144 million was received through Government Grant, Business rates and local taxes.

Total Revenue Income



Cash Flow

During the year around £460 million of cash flowed in and out of the council's bank accounts:

	£000
Cash overdrawn at 1st April 2008	3,072
Cash in	(460,084)
Cash out	458,175
Cash overdrawn at 31st March 2009	1,163

As with all our financial statements, the cash flow position is a snapshot in time, with the position changing daily. The cash balance at 31st March includes payments of £4.5 million sent out by the council but not yet cleared at the bank. The council has an excellent track record for managing cash effectively.

Capital spend

In addition to spending on the running costs of services the council also spent money investing in its assets, such as buildings and roads. During 2008/09 the council spent £48.58 million on capital projects, which was funded by borrowing, grants, capital income and revenue contributions.

The following are examples of some of the schemes the council invested in during 2008/09:

- Flood Alleviation Project, Ross-on-Wye
- Extra Care Housing Development, Hereford
- New Crematorium, Hereford
- Broadband installation in schools
- Minster School replacement

Capital Spend	2008/09 £000
Land and buildings	10,984
Roads and infrastructure	16,952
Vehicles, plant and equipment	4,445
Investment and non-operational assets	5,964
Capital grants	7,357
Other	2,879
	<u>48,581</u>
Financed by	
Borrowing	20,920
Grants and Contributions	21,153
Capital Receipts	6,217
Revenue contribution	291
	<u>48,581</u>

The balance sheet

The Balance sheet shows how much the council is worth at the end of each financial year. It sets out the value of its assets and how much the council owes, plus the amount of cash held in reserves:

Notes

- 1 *Fixed assets include land, infrastructure, buildings and other property*
- 2 *The pensions liability represents the council's commitment to pay future pensions for current and former employees. The pensions reserve is set up to offset the liability against future years, rather than being a cost to the council in the year.*
- 3 *Revenue reserves include £16 million earmarked for specific items of spend.*

	31st March 2009
	£000
Assets	
Fixed Assets (1)	402,929
Cash and Investments	30,037
Amounts owed to the council	33,056
Other	106
	<u>466,128</u>
Liabilities	
Borrowing (including cash overdrawn)	125,471
Amounts owed by the council	38,706
Pensions liability (2)	130,114
Capital grants deferred	70,160
Other	2,033
	<u>366,484</u>
Assets less Liabilities	<u>99,644</u>
Capital reserves	17,558
Revenue reserves (3)	22,203
Pensions reserve	(130,114)
Non-cash reserves	189,997
Net worth	<u>99,644</u>

Cabinet member's comments

The statement of accounts for 2008/09 is an important financial report that presents the council's overall financial position for the year.

The 2008/09 financial year was challenging but the overall summary position is positive. There was a small net under spend on the revenue account. This means that Directorates used their allocations to deliver the required services within budget.

The Directorate position is only one aspect of the final overall position. This is because the final position includes corporate items such as cash management and other activities undertaken centrally.

The overall position when adding these additional activities is that the council under spent by £249,000 on its net budget of £132m. By any measure this is a sound position and shows strong financial management exists within the council.

I think it appropriate that we support the creation of new reserves at a time when future funding of local government will come under pressure and also at a time when the economic recession is affecting the local economy. It is for the latter reason that an economic development reserve of £346,000 is created to provide support for Herefordshire's economy at this difficult time.

We are also taking the opportunity to add a further £500,000 to our waste disposal reserve. In addition, the overall £249,000 under spend on the revenue account will be added to our existing social care reserve bringing it to a level of £926,000.

I would also like to add that the council was not affected by the collapse of the Icelandic Banks. During the year we have also taken the opportunity to take advantage of all available options to reduce expenditure including rescheduling borrowing.

As in previous years we continue to develop the way we present our financial information. It is important that we are transparent about our finances so that our customers have understandable information. This is particularly important to the council as our expenditure of £132m shows how significant our impact is on the Herefordshire community.

Cllr Harry Bramer
Cabinet Member for Resources

Have your say

Let us know what you think about the Annual Review and Summary Accounts and how you feel they could be improved.

Please send your comments to:
Mr David Powell, Director of Resources,
Brockington, 35 Hafod Rd, Hereford, HR1 1SH
Or email: hfooster@herefordshire.gov.uk

*A full version of the Statement of Accounts can be found on the council's website
www.herefordshire.gov.uk*

If you need help to understand this document, or would like it in another format or language, please call 01432 260284 or send an e-mail to:
hfooster@herefordshire.gov.uk