

Minutes of the meeting of Scrutiny Management Board held at Conference Room 1 - Herefordshire Council, Plough Lane Offices, Hereford, HR4 0LE on Monday 28 October 2024 at 2.00 pm

Present: Councillor Ben Proctor (chairperson)
Councillor Louis Stark (vice-chairperson)

Councillors: Bruce Baker, Jenny Bartlett, Frank Cornthwaite, Pauline Crockett, Clare Davies, Toni Fagan, Ed O'Driscoll and Richard Thomas

In attendance: Councillor Peter Stoddart

Officers: Roger Allonby (Service Director Economy and Growth), (Simon Cann (Committee Clerk), Joni Hughes (Head of Chief Executive's Office), Alfie Rees-Glinos (Democratic Services Support), Rachael Sanders (Director of Finance), Scott Tompkins (Delivery Director Infrastructure), Paul Walker (CEO Herefordshire Council), Danial Webb (Statutory Scrutiny Officer,

85. APOLOGIES FOR ABSENCE

Apologies for absence had been received from Councillor Simeon Cole and Ross Cook (Corporate Director Economy and Environment).

86. NAMED SUBSTITUTES

There had been no named substitutes.

87. DECLARATIONS OF INTEREST

There were no declarations of interest.

88. MINUTES

The minutes of the previous meeting were received.

Resolved:

That the minutes of the meeting held on 10 September 2024 be confirmed as a correct record and be signed by the Chairperson.

89. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions had been received from members of the public.

90. QUESTIONS FROM COUNCILLORS

No questions had been received from councillors.

91. THE DELIVERY AND MANAGEMENT OF HEREFORDSHIRE COUNCIL'S CAPITAL PROJECTS

The Service Director Economy and Growth introduced and gave an overview of the report.

The Chair invited comments and discussion from the committee in relation to the report and advised that questions be kept to one of four areas:

- Governance and prioritisation
- Resourcing
- Efficiency and effectiveness
- Impact and social value

The key points of the discussion are detailed below:

Governance and prioritisation

1. The committee enquired as to who would be responsible for the project management and centre of excellence function within the council, and which individual would be responsible for standards and ensuring that project managers and client project managers had the right training, skills and expertise to deliver the projects.
 - The Head of the Chief Executive's Office explained that they carried out this function within the Project Management Office and that below this was a matrix management framework, which ensured standardisation and consistency was in place and correct for: training, skills and expertise. Within the framework it was vital that staff worked with the senior responsible officer (SRO) and directors to deliver projects.
2. The committee enquired about if and how the budget was split when project managers were allocated to directorates through the matrix management framework. It was asked if there was an exchange of income between the Project Management Office and the directorates to establish some type of accountability route by which the flow of money could be seen.
 - The Head of the Chief Executive's Office explained that every capital project had a budget that was set through the governance process and was included in the business case setting, this accounted for technical resources need for project delivery and was set through the governance structures
 - The Service Director Economy and Growth pointed out that whenever a member made a decision to agree the spend on a capital project, this would include a line for how much of the spend would be used against the Project Management Office (PMO) resource. Each member of the PMO would fill in a time sheet that would state where their time went against each of the projects that they were working on so that there was a clear flow through of information available.
3. The committee asked who would be accountable for the project in the event that there was a problem with the delivery of it.
 - The Head of the Chief Executive's Office explained that projects were continuously reviewed and the amount of money required was part of

the review process. Costs involved in projects would change in relation to the expertise and skills required along the way and were not static.

4. The committee enquired whether the Project Management Office reported into the executive delivery board. It was also asked who was on the board and what function did the board serve.
 - The Head of the Chief Executive's Office explained that the Executive Delivery Board had closed and the growth, infrastructure and commissioning boards within the Economy and Environment directorate now escalated directly into the senior leadership team.
5. The committee asked if there was a safety mechanism in place to ensure that if a project manager could not continue working on a project that a deputy or colleague would be available to continue the work.
 - The Head of the Chief Executive's Office explained they would look for capacity within a project management team to fill any gaps that had emerged. There was a project management knowledge system in place, which stored all the knowledge and documentation relevant to a project so that if needs be another project manager could come along and pick things up straight away.
 - The Service Director Economy and Growth detailed the structure of project manager boards, which were comprised of people from across the council working on the project and usually met on a monthly basis, to review progress and make recommendations on key decisions around the project. The outcomes of board meetings would then be fed into a project highlight report, which provided a detailed month-by-month record of what was happening on the project. This ensured corporate knowledge was not lost if a particular individual had to step away from a project.
 - The Delivery Director Infrastructure noted that Herefordshire Council's project management systems and structure were similar to those of other local authorities. The director praised the 'Verto' project management system, which enabled swift and quick understanding of multiple projects through the highlighting reporting system.
6. The committee asked where the Project Management Office sat within the council's structure.
 - The Head of the Chief Executive's Office stated that in terms of reporting lines the office currently sat within the Economy and Environment directorate, but the office also carried out work for other directorates and services and there were staff across the whole of the council involved with and delivering projects - each directorate had access to project managers as and when required.
7. The committee enquired if and how it could ascertain that overspends were related to the Project Management Office
 - The Director of Finance explained that within the budget monitoring report all variances of above £250,000 were explicit and explained.

8. The committee asked if it might be possible to obtain a flow chart or explanation of where finances around the Project Management Office flowed throughout the council structure.
 - The Service Director Economy and Growth explained that the Project Management Office sat corporately, but its staff were allocated to projects and those projects tended to be led by within each of the directorates - the time was charged into those projects at the point of when the staff were working on them.
9. The committee raised concerns about an apparent lack of prioritisation of capital budgets outside of the Economy and Environment directorate.
 - The Cabinet Member Finance and Corporate Services stated that the majority of capital budget projects sat within the Economy and Environment directorate and that this essentially counterbalanced the savings expectations and revenue hit that had been focused at the directorate over the last few years.
10. The committee asked how it could be established that the governance of projects was being done well.
 - The Head of the Chief Executive's Office explained that capital projects were regularly tested and monitored in line with the governance set out in the constitution. Constant tests ensured that the right governance decisions were being made and that everything was legally compliant and following a standardised process. Regular evaluation of performance against the delivery of the projects was being conducted to ensure that projects were delivered on time and on budget, and that industry best practice was applied to all council projects.
11. The committee requested more detail around the escalation process and structure by which an accountable board would decide which projects were given priority of available resources.
 - The Service Director Economy and Growth explained that the project board would meet with the senior responsible officers, if there was an issue or issues on the agenda that needed to be escalated they would be flagged and rated as a risk in the highlight report and then that project would automatically go to the next delivery board meeting where a more senior set of officers would review the project and try to determine how the issue could be remedied. If an issue couldn't be resolved at that stage, then it would go to the Corporate Leadership Team directly.
 - The Executive Delivery Board had included most of the Corporate Leadership Team, but sat outside the team, which meant there were two almost identical operational meeting taking place. The new system had direct Corporate Leadership Team ownership and oversight with a structure underneath it.
12. The committee voiced concerns around the costs regularly being incurred in the earlier stages of the project delivery process.
 - The Cabinet Member Finance and Corporate Services pointed out that it was an accepted industry standard that the design of the build

of a project could often account for anywhere between 15-25% of the overall costs of a project. Factors such as legal advice and surveying work could also prove expensive in the initial stages depending on the complexity of a project.

Resourcing

13. The committee questioned whether there were sufficient human resources within the council to deliver all of the projects. Was there a gap, if so what was being done to fill it and were new project management training schemes and apprenticeships in place to help meet any shortfall.
 - The Head of Chief Executive's Office provided details around 'lunch and learning' sessions and the buddying systems that were in place for 'softer' project management roles, covering internal council processes and stakeholder management.
 - The Head of the Chief Executive's Office pointed out that a technical skills gap had been identified within the project management workforce and that the office was working with delivery directors to be able to scope out what that looked like.
 - Technical teams consisting of specialist workers were regularly required and employed for certain projects, but were not generally employed as full-time and permanent members of staff. The Project Management Office was currently going through an exercise to identify where there were skills gaps, with the objective of speeding up delivery.

14. The committee enquired if constantly having to rely on expensive external consultants posed a threat to successfully delivering and completing certain projects on time and on budget.
 - The Head of the Chief Executive's Office explained that it was a difficult labour market. Specialists such as building or quantity surveyors were often essential for capital projects, but were almost exclusively based in the private sector - where salaries could not be matched by the council. Recruiting in these technical areas was difficult so the council used models of how it could get specialist teams together per project to come in and complete fixed-term pieces of work.
 - It was crucial to achieve a balance on how and when the council accessed those specialist services and to determine whether it was more cost efficient to have full-time technical staff in-house on a permanent basis or to use agency and fixed-term technical staff as and when required.
 - It was pointed out that often bringing in technical and specialist consultants near the beginning of a project often ended up paying for itself in terms of avoiding potential costs incurred from having to pay for compensation events later down the line.

15. The committee asked if the council was being intelligent and clever in prioritising certain projects that required specialist technical staff in such a way that they got

maximum value for money from these individuals when they were contracted, by using them on a number of concurrent projects.

- The Head of the Chief Executive's Office gave an assurance that there was an ongoing reshaping of how projects were prioritised within the council, with a view to obtaining a clear steer within the stages regarding which resources would be needed and when.
16. The committee highlighted the potential risks involved in going out to the market to bring in specialist skillsets without having a strong in-house client side skillset in place, and asked how the council managed that risk.
- The Service Director Economy and Growth explained that in many instances when recruiting a design team the council would also recruit a capital project manager to essentially act as a specialist client for the manager. They would also go on to manage the critical implementation stages of projects. However, the council was currently looking at gaps in its workforce where in-house individuals or teams might be needed on longer term or permanent basis.
17. The committee asked if project managers holding, on average, between four and seven cases at one time was typical of other local authorities.
- The Delivery Director Infrastructure, stated that case load allocation depended on the complexity of the projects in question, but was confident that the project managers in the council all appeared to have a full and manageable workload.
18. The committee enquired if the council was confident that it was trying to deliver the right number of capital projects.
- The Cabinet Member Finance and Corporate Services stated that the council was spending more to deliver more, and suggested there was little point in having projects sitting with funding approved by the council and then not delivering them.
19. The committee asked if there had been any instances where funding had had to be returned because projects could not be delivered.
- The Cabinet Member Finance and Corporate Services stated that they were not aware of any instances where funding or grants had needed to be returned.

Efficiency and effectiveness

20. The committee noted that the council already used Hoople for certain specialist services and asked if this could be expanded in terms of other specialisms required under the capital programme.
- The Head of the Chief Executive's Office explained that a workshop with Hoople had been scheduled for the following week and would involve discussions about the potential for expanding Hoople's supply of specialist services to the council.

21. The committee asked where the point of no return was in a project, whereby the council would say it had gone so far it couldn't stop spending now and couldn't not deliver.
- The Service Director Economy and Growth explained that the costed risk log identified certain risks that might come to fruition based on designs and investigations and will set aside an amount of money as a contingency fund. This contingency amount related to the level of risk associated with a project and could be drawn down against any contingency as it was needed.
 - If a project did ever get to a point where the funds had run out, then full council would have to make a decision about how best to fund and deliver the outcome of the project, possibly by phasing back some of the intended works or utilising funds from elsewhere.
22. The committee enquired if there was a retrospective on how things had gone at the end of each project and how this was captured and recorded.
- The Head of the Chief Executive's Office explained that there was a 'lessons learned' exercise at the end of each project and the output of these exercises were recorded and intelligence shared. Notably survey work was now being widely shared to avoid the council procuring the same piece of work time after time for different sites in the same location.
23. The committee asked what metrics were being used for evaluation of projects as part of the lessons learned exercises.
- The Head of the Chief Executive's Office stated that different templates were used depending on the project and the metrics used would vary on a case-by-case basis.

Impact and social value

24. The Committee was concerned that having too ambitious a Capital Programme might impact on business-as-usual and the resources left available to deliver front line services. This might impact on the social value that might be derived from the Programme itself. It was suggested that there wasn't a clear link between capital project and revenue in terms of managing the resources that might have to come from both.
- The Cabinet Member Finance and Corporate Services explained that whilst going through recent capital projects that had been brought forward, the projects were looked at not only based on return from investment, but also through the lens of social values, such as the number of jobs created, housing implications and other non-financial measures.
 - The Head of the Chief Executive's Office provided the committee with details of the social value engine and how the project management team was working to define how social values could be measured and used as part of the decision making stage of future projects and procurements.

25. The committee asked if there were plans to use the social value engine as more than just a marketing tool. When the Project Management Office was looking at projects would it be possible for the social value engine to be weighted, or provide a percentage, in some way that could be considered when prioritising projects and determining budgets.
- The Head of the Chief Executive's Office explained that the social value engine was in a pilot stage at the moment, but that the plan was that the engine would be used to generate a social value for each project being developed, which would be included in the forecasting in the business case during procurement stages. It was confirmed that it should be possible to convert the social value generated by the engine into a financial figure.
26. The committee suggested that the council needed to be explicit, beyond just adding paragraph or two in reports, about the fact that it thought the environment mattered.
27. The committee welcomed the work being done around the social value engine, but noted that it was heavily slanted towards the gathering and production of quantitative material, and that the council should be gathering qualitative data through ethnographic research - or something similar - that would capture the experience of residents and local people.

At the conclusion of the debate the committee agreed to trial a new approach to making recommendations.

Resolved:

The committee agreed that, following the meeting, it would compose and send a letter to the executive that would highlight: areas the committee thought represented good practice, areas where improvement might be needed and include any specific recommendations.

92. DEVOLUTION - OPTIONS FOR HEREFORDSHIRE

The Chief Executive Officer Herefordshire Council introduced the report and explained that it set out what was currently known about devolution and that an update on the devolution process was anticipated in the government's October 2024 budget statement.

The key points were:

- All local authorities that didn't have a devolution deal in place had been written to by the Deputy Prime Minister during July 2024 inviting them to work in partnership with the government to agree some form of devolution deal.
- Herefordshire authority had submitted an expression of interest on 30 September 2024, stating its preference towards the single-county and non-mayoral approaches.
- Herefordshire authority had explained it would be happy to explore what it might mean to work with its neighbours, subject to a new framework being put in place and a white paper on devolution being circulated.

- The expression of interest had made clear that any further progress around a devolution deal for Herefordshire Council would be subject to the necessary discussions and approval at Cabinet and Full Council as part of the democratic process.
- Further detail on devolution including was anticipated in the 30 October 2024 budget statement from the government, with a white paper expected by mid/late November 2024.
- All-member briefings on the subject would continue and that it might be possible to form some kind cross-party task group approach to devolution, which would draw on the best resources across the council to obtain the best outcome for Herefordshire.

The debate was opened up to the committee, the principal points of the discussion included:

1. The committee was given clarification that there was an existing framework for devolution that had been put in place by the previous government, but that the authority was waiting for the new framework from the current Labour government.
2. The committee requested a reminder of what devolution would look like.
 - The Chief Executive Officer Herefordshire Council explained that devolution involved a single or group of councils reaching a devolution agreement with government, this gave the authorities involved greater powers and funding around: transport, adult education, skills and work to drive the local economy.
 - It was explained that devolution allowed two or more local authorities to come together and collaborate across the councils. The councils continued to exist as individual identities, but would take together key strategic decisions around areas such as adult education, transport, housing and investment in the economy,
 - Devolution was not focused on councils coming together and merging, but rather them coming together to work on key strategic issues that affected them in the sub region.
3. The committee raised concerns about whether devolution would have an adverse impact on and be incompatible with the objectives of the Marches Forward Partnership.
 - The Chief Executive Officer Herefordshire Council stated that discussions around the Marches Forward Partnership had taken place with a senior civil servant. It had been explained that the Marches Partnership wouldn't fit well with the devolution framework because of the English-Welsh nature of the arrangement.
 - The Chief Executive believed the Marches Partnership remained a piece of work that was worth investing in and pointed out that if two English and two Welsh authorities could work together effectively on the partnership, then that would show that the English and Welsh governments what could be achieved. If necessary, the relevant authorities could use their general powers of competence to strengthen the approach.

- The Chief Executive stated that while Herefordshire Council waited for details on the new devolution framework it would continue to work with Shropshire, Powys and Monmouthshire because they were immediate neighbours and that was the right thing to do.
4. The committee also asked how much pressure Herefordshire Council might be put under to go into a devolution agreement with larger neighbouring authorities and what level of autonomy would Herefordshire have in choosing who it wanted to partner with.
- The Chief Executive Officer Herefordshire Council gave an assurance that there was no sense of the authority being forced or coerced into joining into an agreement, but did not want the authority to be left behind and was confident that once the framework was released conversations would flow freely around potential partnerships.
 - The Cabinet Member Finance and Corporate Services pointed out that surrounding English authorities such as Worcestershire and Shropshire were not in as strong and as comfortable a position as Herefordshire. There was a possible risk therefore that Herefordshire could be disadvantaged from accessing certain central government funding coming through a devolution agreement.
5. The committee voiced concerns that central government might not be in touch with the challenges of rural communities and questioned whether creating a new level of government at a time when the public purse was depleted represented good value for money.
- The Chief Executive Officer Herefordshire Council discussed funding in relation to the recent history of devolution deals, but stressed that until the new devolution framework was released conversations around investment and funding would remain hypothetical.
6. The committee raised concerns that Herefordshire Council risked being left behind and marginalised if it didn't have a seat at the table on the Council of Nations and Regions.
7. The committee asked if it would be possible to produce and circulate clear communications for the residents of the county so that they were informed and prepared in relation to what devolution might involve.
- The Chief Executive Officer explained that the council had already made public its expression of interest and would share more information with residents once further details had been released by the government.
8. The committee asked if there was a risk involved in waiting for more clarity from the government before releasing further communications to the residents and stakeholders, as rumours and misinformation might begin to spread in the meantime.
- The Cabinet Member Finance and Corporate Services explained that they had taken recent updates on devolution and passed them to their parish councils.

- The Chief Executive Officer assured the committee that if devolution went ahead the council structure would remain unchanged. Ultimately the decision in terms of what to do in relation to devolution would be taken by democratically elected members at full council.
9. The committee enquired if there was a timescale for the list of things which the council needed to do next, such as briefings with local MPs about the potential impact of devolution on the council.
- The Chief Executive Officer stated that they would be meeting local MPs in mid November (2024) to discuss devolution and other significant issues across the council.
10. The committee enquired if the council was focusing on what it could get and what might be the key benefits of a devolution deal. It was asked if the Council Plan might be bolstered by a future deal around devolution.
- The Chief Executive Officer suggested there were two key conversations taking place around devolution One concerned devolution opportunities, which involved devolving powers for: investment infrastructure, adult education and the economy. The second was to ensure that local government was fully funded. The strategy going forward, would be ensuring that cores services were fully funded, whilst also looking at opportunities that might be available through devolving functions.
11. The committee noted that the impact of any devolution deal would not be solely confined to the council and that the potential impact on partners in health, the police and fire authorities would need to be considered. The council needed to be mindful that maintaining joined-up and clear communications with partners would be an important part of the process.
- The Chief Executive Officer gave an assurance that regular and meaningful conversations around devolution between the council and its partners were taking place on a regular basis.
14. The committee noted that funding services in a rural county was challenging and that clarity and assurance was provided that the council would continue to receive adequate amounts of money and fund its existing services.

Resolved:

The committee noted report.

93. WORK PROGRAMME

The Chairperson advised committee members to ignore the provisional committee meeting scheduled for 12 November 2024.

The Chairperson advised that the scheduled committee meeting of 24 January 2025 had been cancelled.

A committee member stressed that it was important that the work programme was treated as a living document and that its content should always be relevant and current.

The Chairperson explained that plans to form a working group to look at the Delivery Plan had been pushed back to synchronise with the executive's timescales for the plan. Discussion around the working group would take place in a future meeting.

Resolved:

That the work programme, as amended and subject to periodical reviews, be agreed as the basis of the primary focus for the committee for the remainder of the municipal year 2024/25.

94. DATE OF THE NEXT MEETING

Tuesday 19 November 2024, 2pm

The meeting ended at 16:35

Chairperson