Herefordshire Council

Minutes of the meeting of Scrutiny Management Board held at Conference Room 1 - Herefordshire Council, Plough Lane Offices, Hereford, HR4 0LE on Monday 16 December 2024 at 1.00 pm

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

Councillors: Jenny Bartlett, Simeon Cole, Frank Cornthwaite (virtual), Pauline Crockett, David Davies (substitute) Toni Fagan, Liz Harvey, Ed O'Driscoll and Richard Thomas

In attendance: **Councillors: Barry, Durkin (Cabinet Member Roads and Regulatory Services), Carole Gandy (Cabinet Member Adults, Health and Wellbeing), Jonathon Lester (Cabinet Member Corporate Strategy and Budget), Nick Mason (Substitute Cabinet Member Finance and Corporate Services), Ivan Powell (Cabinet Member Children and Young People), Phillip Price (Cabinet Member Transport and Infrastructure), Elissa Swinglehurst (Cabinet Member Environment).**

Officers: **Roger Allonby (Service Director Economy and Growth), (Simon Cann (Committee Clerk), Hilary Hall (Corporate Director Community Wellbeing), Tina Russell (Corporate Director Children and Young People – virtual attendee), Rachael Sanders (Director of Finance), Donna Thornton (Democratic Services Support) Scott Tompkins (Delivery Director Infrastructure – virtual attendee), Danial Webb (Statutory Scrutiny Officer).**

95. APOLOGIES FOR ABSENCE

Apologies had been received from Councillor Bruce Baker and Councillor Harry Bramer.

96. NAMED SUBSTITUTES

Councillor David Davies had been named as the substitute for Councillor Bruce Baker.

97. DECLARATIONS OF INTEREST

No declarations of interest were made.

98. MINUTES

The minutes of the previous meeting were received.

Resolved: That the minutes of the meeting held on 28 October 2024 be confirmed as a correct record and be signed by the Chairperson.

99. QUESTIONS FROM MEMBERS OF THE PUBLIC

Two supplementary questions had been received by the committee and are published, along with responses, at Appendix 1 of the minutes.

100. QUESTIONS FROM COUNCILLORS

No questions had been received from members of the council.

101. FINANCIAL MONITORING

The Director of Finance introduced and provided an overview of the report, the key points made included:

The report presented results up to 30 September 2024 and included six months of actual transactions and six months of estimated transactions to give a forecast outturn position for the year of, which was an overspend of £10.2 million.

The report identified management recovery action, which was currently due to reduce the overspend by £8.2 million to £2 million.

The report identified that of the £19.5 million savings target for 2024/25 £8.9 million worth of savings had been delivered to date, with a further £5.6 million being forecast as 'in progress' or 'on target'.

There were £5 million pounds of savings currently assessed as 'at risk', with mitigating actions identified and work being underway to deliver those savings as a priority.

The Chair provided an outline of how the committee intended to address the report by considering the relationship between: revenue outturn, capital outturn, delivery and performance across the directorates and then looking at the overall picture.

Children and Young People

1. The committee asked what plan the council had in place to address rising cost pressures in relation to SEN transport.

    - The Director of Finance explained that in terms of cost pressure there had been an increase in student passengers between September 2023 and September 2024 from 465 to 511 and an overall 23% increase in costs.

    - The council was carrying out work to address costs pressures including: reviewing options to lease minibuses, reviewing personal transport budgets, accelerating the travel training scheme to encourage students to become more independent and looking at policies to increase the efficiency of local transport options.

    - The area of SEN transport was recognised as a significant cost pressure in 2024/25 and would potentially continue to be a problem in 2025/26 unless action was taken.

2. The committee asked if the mileage scheme for parents had been considered as an option.

    - The Director of Finance confirmed the mileage scheme was one of the options being considered as part of the council's review of that area of cost pressure.

3. The committee asked if there was a specific plan in place to address the SEN transport costs issue and whether it would be possible to see it.

- The Director of Finance explained that the transformation team was working through the available options and would be able to bring details back to the committee once something more formal had been developed.

4. The committee asked for more detail in relation to areas of underspend within the directorate and enquired as to whether funds were being reallocated and what impact the underspends were having on service delivery.

    - The Director of Finance explained that in relation to the £0.7 million underspend on 'Looked After Children – Agency and in-house Foster Care', this related to reduced headcount in staffing budgets, although it was offset by increased costs in the agency budget.

    - The Corporate Director Children and Young People explained that the direction of movement from agency towards more permanent staff had enabled the directorate to better manage its budget, however there were still a number of staff vacancies within the service. These vacancies did represent a saving, but also had an impact on service delivery and required careful management to ensure that pressure was distributed as evenly as possible within the service areas.

    - It was pointed out that vacancies were not being left unfilled as a means of budget management, but that they would only be offered to candidates of a suitable quality via an ongoing recruitment drive.

    - Between June and July 2024 around five members of staff had left the service, for different reasons and this had impacted social work investments in time scales. Reallocating cases to the remaining staff in those areas had been necessary but steps had been taken to mitigate the pressure being placed on remaining staff.

    - The continued positive impact restorative practice was having on the service was proving to be beneficial in helping to manage the children's services budget, but the demand-led nature of the service did mean it was vital that financial management plans were in place to budget for complex and high-cost cases when they came up.

5. The committee enquired about the impact of the delay in providing support for the 200 young people in the county classed as not in education, employment or training (NEET) and what was being done to mitigate the situation.

    - The Corporate Director Children and Young People stated that there was a need to provide opportunities, choices and support for young people to access education, employment and training locally within Herefordshire.

6. The committee asked if the council was working with partners, businesses and other groups within the county to help support young people in accessing education, employment and training.

    - The Corporate Director Children and Young People explained that the council was working closely with its partners in the Corporate Parenting Board and Youth Hub, but that greater strengthening with local businesses would be required to help increase the number of opportunities and choices available locally.

- The Service Director Economy and Growth pointed out that in relation to business engagement and college provision for NEET support, there was a skills board, which had been in place for about 12 months, which included all the individual training providers in the county. The council had a member on the board and it worked closely with the Herefordshire Growth Hub, which had created a strong link between educational provision, engagement with young people and what the employment opportunity requirements in the county were.

- Through the UK Shared Prosperity Fund the council had spent almost £1.5 million during the financial year supporting training within workplaces and the arrangement of NEET-related packages to support young people into work.

7. The committee asked what was driving the growing costs around the unaccompanied asylum seeking children coming to the county and what was being done to address the costs.

    - The Director of Finance explained that the cost pressure around looking after those children was driven by the insufficient amount of money being received to cover the costs involved. The number of children coming into the county had increased, which had also created more pressure.

    - It was noted that when an unaccompanied child who was looked after became a care leaver their funding reduced significantly, but their placement needs and costs did not reduce proportionally.

8. The committee enquired about delays within the capital programme relating to school improvements and requested an explanation about what the impact of the delays had been on schools.

    - The Director of Finance explained that some of the capital projects had been reprofiled due to maintenance work that was required to be carried out during the school holidays.

    - The Corporate Director Children and Young People explained that delays were often out of the council's control. In certain instances the delays ensured that schools would be better able to accommodate children and provide more places, which reduced the demand for the council to place more children out of the county.

    - Business cases were being put forward for further additional capital investment for approved schools, which would help maintain and support children to remain in mainstream schools and reduce the need for them to be sent outside of the county to non-mainstream settings.

9. The committee highlighted that the budget for children's services for the year had been increased by 20% and enquired whether cabinet was happy with progress that had been made in relation to key performance indicators within children's services and whether there was any mitigation in place to address any areas of concern.

    - The Cabinet Member Children and Young People pointed out that the Ofsted inspector was the official arbiter and the series of Ofsted monitoring visits essentially provided the official findings. The most recent Ofsted visit had recognised a number of areas of improvement, particularly in the quality of assessments being made.

- The Cabinet Member Children and Young People noted that significant progress had been made since the appointment of the new Corporate Director for Children and Young People. The Improvement Plan and associated journey had been revisited by the director - to ensure that the directorate robustly and consistently explored and listened to the experience of children and their families who had engaged with the service.

- It was acknowledged that capturing and listening to the voice of children and families had historically been a weakness of the services, but recent feedback from a series of set questions directed at service users appeared to be providing solid assurance that current social work interventions had been appropriate, supportive, and had achieved desired outcomes.

- A series of six weekly briefing were being held for all members and there was a good sense of where progress was being made and where there were still areas of concern. The activity that sat behind areas of concern was understood.

- There was a new interim director in post, and a permanent senior leadership and management team in place. Staff were reporting that they were enjoying working in Herefordshire Council, caseloads were manageable, and quality leadership was enabling them to conduct the restorative work that needed to be delivered.

- The Cabinet Member Children and Young People felt that the service was moving in the right direction, but acknowledged that there were still challenges ahead to be faced as part of the improvement journey.

10. The committee enquired about what options were available to the council in terms of reducing overspend in relation to special education needs (SEN) transport.

    - The Cabinet Member Children and Young People noted that there were ongoing discussions between the Director of Children and Young People and Director of Economy and Environment around where the special education needs budget would sit in relation to the broader school transport area. An independent piece of work had been commissioned to look into the details of potential options available within this area.

11. The committee asked if capital schemes such as building new schools would have a notable impact on reducing SEN transport costs.

    - The Cabinet Member Children and Young People pointed out that there had been investment in additional provision for SEN needs within mainstream schools, which had increased capacity to meets needs within a number of schools within the county.

    - Herefordshire Council had been successful in a bid to central government to deliver a special school, which the Department for Education was advising would be delivered in 2027.

    - There was an emerging business case for alternative provision, which would enable children to be maintained within mainstream school by meeting their needs in a more flexible way.

- The capital schemes would have a positive impact in reducing SEN transport costs, but would also mean that children and families could have their needs met in county.

- The Cabinet Member Corporate Strategy and Budget noted that more investment had gone into the service, but there was a greater understanding of where that money was going, which was helpful on the improvement journey.

Community Wellbeing

12. The committee noted the £0.8 million underspend - net forecast for reduced headcount of staff and agency interims, and enquired whether this was due to restructuring of the directorate and whether would have any effect on the performance of the team.

    - The Corporate Director Community and Wellbeing explained that the restructuring had created a directorate that was fit-for-purpose and that no issues were anticipated regarding delivering services based on the new structure. It was pointed out that some of the savings had been made as result of converting agency staff to permanent employees.

13. The committee requested additional detail around items listed in the 'Community Wellbeing Transformation Board' section of the reprofiled budget details table within the report.

    - The Corporate Director Community and Wellbeing explained that the reprofiling in these instances had occurred so that funds from relevant grants related to the activities could be utilised more effectively, an assurance was provided that the money would still be spent as intended.

    - The Service Director Economy and Growth explained that the reprofiling of the Hereford Museum project had been linked to delays around securing and finalising a suitable contractor for the project, which meant less had been spent in the current financial year than had been anticipated. The spend had been pushed back, but would still be within the timeframes of the various different funders, so there were no risks involved in the reprofiling.

14. The committee asked what the £0.6 million from the Social Care Resilience Reserve had been used for and whether it was likely to be called on further in the current year and in future years.

    - The Director of Finance explained that the Social Care Resilience Reserve had been established in 2024/25 at £1.8 million and that it was anticipated this amount would be used in full during 2024/25 as a result of increased demand and complexity of care.

    - The budget setting process for 2025/26 would consider anticipated levels of demand and costs of care and this information would be incorporated as part of the forthcoming budget.

15. The committee enquired as to what was planned for current and future budgets to reduce the number of households becoming homeless. What was the impact

of housing supply on the situation and had the council accounted for the likely increase in revenue cost in the medium term.

- The Corporate Director Community and Wellbeing explained the approach being taken focused on prevention and working with households in temporary accommodation to prevent them from becoming homeless. It was acknowledged that the situation around rough sleeping was slightly different.

- A Talk Community officer was in place to concentrate on the early identification of potential homelessness and intervening before people felt they were at risk. Housing solutions officers were actively working with households and offering advice and mediation within the family – it was pointed out that family and matrimonial breakdown was one of the top four causes of homelessness.

- In some instances rent arrears would be paid by the council and signposting was in place to ensure people collected the right housing benefits.

- The Corporate Director Community and Wellbeing explained that demand for housing was currently outstripping supply and that there were currently around 158 household in temporary accommodation.

- The Corporate Director Community and Wellbeing stated that: the cost of living crisis, no fault eviction, domestic abuse and family breakdown were the top four factors driving demand for housing. Increasing supply within the system was not a quick process, but the council was working with registered providers to bring more houses on stream as swiftly as possible.

- The council had purchased one building that would provide four one-bedroom properties and was looking at another that would provide 28 one-bedroom properties, which would significantly assist in terms of addressing immediate demand for temporary accommodation, but this was a not a permanent solution. It was pointed out that if the council could reduce its reliance on bed and breakfast accommodation for temporary accommodation that would be a big step forward.

16. The committee asked if every role in cabinet was doing everything to try and address the issue of homelessness.

    - The Cabinet Member Adults, Health and Wellbeing explained they worked closely with the Cabinet Member Economy and Growth, and that a number of properties had been purchased in recent years to help house care leavers and people who were homeless, but that these were mainly supported accommodation for moving forward.

    - Work was also being done with 'Shared Lives' so that people with relatively mild learning disabilities could live with somebody who wanted to share their home.

    - The challenge of increased demand from the baby boomer generation, who were migrating from urban to rural locations - such as Herefordshire - in their retirement years, was adding pressure to the system.

17. The committee enquired how the council could ensure that temporary accommodation did not become permanent accommodation.

    - The Corporate Director Community and Wellbeing explained that anyone in temporary accommodation was issued with a licence rather than a short hold tenancy agreement, so that they didn't acquire the rights for it to become permanent. Each household had a personal housing plan and an officer in housing solutions worked actively with each household to move them into permanent accommodation.

18. The committee asked what happened to people when their licence ran out and for more details about helping people to stay in the accommodation they were already in rather than having to pay for them to live in bed and breakfast sites.

19. The committee asked if there were concerns from cabinet regarding the situation at quarter 2 and whether the forecast pressures on the adult's service might culminate in the need for an unavoidable overspend similar to the one experienced by the children's service in the previous year.

    - The Cabinet Member Corporate Strategy and Budget explained that there was a forecast overspend that was being carefully managed to avoid a repeat of what occurred in the children's service in the previous year. The council was in a good position of knowing what its exact financial situation was. It was fully sighted on the gap and how to manage it so that the budget would be balanced at the end of the year.

Economy and Environment

20. The committee asked for additional information regarding the delay in delivering the solar photovoltaic panels due in 2024 and could an assurance be given that they would be delivered next year.

    - The Cabinet Member Environment explained that work in this area was evolving and that projects involving the Plough Lane car park and additional school roof provision within Herefordshire were progressing well. The Cabinet Member offered to update the committee on activity in this area.

21. The committee applauded the work the council did in relation to natural flood management, but raised concerns about the planned allocation of funding for this area being split over the next two years, and whether the funding was adequate given the amount of flooding that had impacted the county over the last year.

    - The Cabinet Member Corporate Strategy and Budget I acknowledged there was a need to direct resources at addressing flooding through smaller projects and in responding to emergencies, but stressed it was crucial that resources were being used to fund a more strategic approach to identify the underlying problems and come up with long-term solutions to address the issues that had been impacting the county historically.

    - The Cabinet Member Environment pointed out that there was a tendency to think that natural flood risk management activity was the sole responsibility of the council. It was explained that the responsibility sat not just with the council, but with other external organisations and partnerships, who were engaged in a number of projects around the issue.

- It was noted that the Environment Agency and the River Lugg Internal Drainage Board were involved in carrying out hydrological mapping of the entire catchment, which would enable the council to direct funds strategically and pinpoint where measure needed to be taken. Although costs weren't necessarily being aligned with the current budget, there was a significant amount of work being carried out in this area.

- The Cabinet Member Finance and Corporate Services highlighted how traditionally council funds for natural flood risk management had predominantly been allocated to respond to emergencies as they happened. The council was currently building a programme of work which would put it ahead of issues and events, so rather than being purely responsive and reactive, the council would be in greater control of flood management activity.

22. The committee enquired if more could be done in relation to flood mitigation and prevention through the Marches Forward Partnership.

    - The Cabinet Member Corporate Strategy and Budget felt that the Marches Forward Partnership was a good forum to raise flood related issues - as rivers and water courses did not respect borders. They also emphasised the general importance of the council working strategically with external bodies, partners and stakeholders to make sure everyone was doing as much as possible in concert with one another.

    - The Statutory Scrutiny Officer suggested flood risk management might be a potential topic for consideration as part of the committee's work programme.

23. The committee questioned whether there were issues within the council around capacity to allocate grants at the right place and time to enable necessary work to go ahead and asked if there was a correlation between this and the loss of the staff through the mutual early resignation scheme (MERS).

    - The Director of Finance, stated that the delegated grant team had lost staff as a result of MERS, but there had been a review of work carried out by the team, which had resulted in a more focused managerial approach that would change the way the team delivered services. The purchase of new software was also expected to reduce some of the workload involved in administering grant schemes. MERS had had an impact on the team, but suitable action had been taken to transform the way that grant schemes were delivered.

24. The committee enquired as to what factors had contributed to the economy and environment directorate forecast £1.3 million overspend relating to development planning control income within the forecast revenue outturn at quarter 2.

    - The Director of Finance explained that the driver for the overspend related to the under delivery of planning income, which had been occurring within the service for a number of years. In recent months the internal auditors, alongside the transformation team, had been asked to undertake a detailed review and benchmarking exercise to analyse and understand the reasons for the under delivery of income in this area.

    - The review had found that the under delivery of income was linked to an underachievement of activity related to less planning applications coming through. The benchmarking against similar authorities confirmed that Herefordshire was largely aligned to other authorities in terms of activity and charging, which suggested that the income budget might need to be revisited in future years.

- The Director of Finance stated that it was recognised this was not a one-off and the service had historically struggled to meet income targets in this area. The issue would be taken into consideration as part of the 2025/26 revenue budget setting.

- A review of staffing was undertaken in September 2024 to consider whether capacity was sufficient to ensure acceptable turnaround and processing times for applications.

25. The committee enquired about the economy and environment savings within the budget that were at risk and how they were going to be offset.

    - The Service Director Economy and Growth explained that the directorate management reviewed the budget with the CEO of Herefordshire Council and the Director of Finance on a quarterly basis and that some of the savings showing as risks were due to timings. The directorate was slightly behind in relation to income from some of the services it provided, such as the crematorium, cemetery and licensing, and these were reactive to when people took up and paid for the services, but they were managed in a controlled way.

26. The committee noted the capital programme had been revised down significantly due to reprofiling, with £82.8 million moved into future years, and a forecast £7.6 million underspend in the overall capital programme. The question was asked as to what the direct impact of the reprofiling would be on the economy and environment share of that £82.8 million, and on the timing and delivery of strategic objectives, specifically those that might impact areas such as employment landed incubation space for market towns.

    - The Service Director Economy and Growth explained individual projects had different reasons for delay. In the case of the employment land, the project was funded by the council, the delay in the profiling wouldn't impact it, as there would be no loss of grant funding and all the related schemes were on track to be delivered. It was explained that progressing a project was a matter of timing and working through the process to get to a stage where a contractor could be brought in.

27. The committee raised concerns in relation to how the £3 million Section 106 funding planned for the current year had now been split across 2025/26 and 2026/27, and asked why this had occurred. Concerns were also raised as to whether staff changes would have an adverse impact on delivery of Section 106 projects and if the momentum that had been built up in this area over the last 12 months might be lost.

    - The Service Director Economy and Growth explained that most of the reprofiling was around larger highway-related schemes – these were designed and ready to go out to tender, but slight delays had meant that they would now be delivered in 2025.

    - Regarding staff changes, extra capacity had been put in place to bring the Section 106 projects forward and this had worked particularly well in bringing them up to a point where they could be delivered in a timely fashion. However, the extra capacity had always been intended as a short-term solution, as it incurred a high-cost day rate. The council was now looking at how it could continue to maintain additional capacity over the long term in a cost-effective manner through the introduction of a core team employed permanently, rather than on costly day rates.

- The current additional staff had contracts in place until March 2025 and the council was working closely with them to go through work that was outstanding and ensure that a transition plan was in place, with consideration being given to the possibility of extending the time frames for the contracts if necessary

28. The committee stressed the importance of ensuring the transition was well-managed in order to maintain the momentum of the last 12 months and suggested that a risk assessment could be undertaken to ensure the work didn’t stop if or when the additional staff departed.

29. The committee asked why the winter resilience funding had been brought into the current year.

    - The Delivery Director Infrastructure explained this related to the delivery of new gritters, with another set of gritters due to be delivered in the following year as part of the programme.

30. The committee asked if - where underspends had occurred - money would have to be returned and how much grant money that had been pulled down was unspent and at risk of having to go back to the funders. It was also asked why the council was going after funding if it didn’t have the capacity to organise and deliver schemes that the funding could be spent on.

    - The Service Director Economy and Growth explained that the council always aimed to secure as much funding as possible for the benefit of local people and strived to deliver schemes as well as it could, but outcomes were dependent on the nature of the grant and how it was delivered. However, in recent there had been very few instances where significant amounts of funding had needed to be returned.

Corporate and Central

31. The committee enquired about the red amber green (RAG) rating relating to ‘Transformation: Thrive Programme Savings’ and asked why the predicted savings were at risk and how this would be turned around within six months. The question was asked of how much had been spent on Thrive to save £59,000.

    - The Director of Finance explained that transformation savings were invariably some of the most challenging for councils to deliver in-year.

    - The projects and initiatives relating to Thrive remained underway, but delivery had been slower than expected. A new Director of Transformation had been brought in and this would increase the strategic capacity to improve the pace of delivery of the projects. The forecast at quarter 2 was that the projects remained at risk, but mitigations were being identified and there was a continued commitment to deliver those savings, but there could be some timing issues around them.

32. The committee sought specific detail on what the outstanding saving issues were that would reduce the red RAG rating against the Thrive programme.

    - The Director of Finance explained that the delivery plan was around setting a foundation for the transformational activity and that now the foundations were in place this would ensure that the activity continued at pace in the future - this might still necessitate mitigation in 2024/25, but it was anticipated that the speed of delivery would increase in 2025/26.

33. The committee noted that ambitious savings targets had been set for the year, but had been missed, and asked the question as to what had been learned from this experience to ensure that it didn't happen again next year.

    - The Director of Finance stated that as part of the budget setting process, which typically begins in June/July of every financial year, the council identified high level gaps and how it could mitigate against them. This involved transforming the ways services were delivered, and effective challenges being made through monthly budget boards. When a gap couldn't be resolved at that stage there would be additional challenge around savings through the directorate budget boards, corporate leadership team (CLT), scrutiny, cabinet and eventually by the external auditor. A detailed delivery plan would be in place at the point the savings targets for the next financial year were set. However, throughout the financial year circumstances changed and through budget monitoring it could be identified how at-risk savings could be mitigated.

34. The committee requested detail explaining the difference between corporate and central budgets.

    - The Director of Finance explained that corporate services represented: governance and legal, HR and organisational development, development strategic assets and strategic finance, as well as performance and communication teams., These were the enabling services across the council that made up the corporate services directorate and supported the other three directorates.

    - The central budget represented areas such as treasury management budgets, interest payable budgets and minimum provision budgets, which fell within the non-directorate spend areas.

35. The committee asked if, in terms of the corporate and central budgets, there was a structural issue in the way the council was organised that required a transformation.

    - The Cabinet Member Corporate Strategy and Budget suggested that there wasn't a structural issue, but there was an issue with the way the council operated requiring transformed, The council was currently in the middle of a transformation process that would change the way it delivered services across the board. It wasn't a case that the old models weren't working well together, but the whole council needed was currently on a journey of transformation that would lead to efficiencies and better service delivery in a way that had not been imagined in the past.

36. The committee asked if the cabinet was satisfied that the actions it had in place for the next six months would address the pressures of around £6.9 million identified at quarter 2.

- The Director of Finance shared information around the way the cabinet was approaching the pressures and looking at the delivery of savings through a number of different lenses and considering potential conflicts between transformations in central areas with some of those in the directorates. Knowing where potential savings conflicts lay and which were dependencies enabled the cabinet to take forward its action plan with greater focus because it had a clearer understanding of where those pressures might lie.

37. The committee referred back to recommendations made in its meeting in January 2024, which had raised serious concerns about the deliverability of the transformation programme being discussed and the credibility of claims made by the advising consultants (PwC) who had predicted savings of tens of millions if its suggestions were implemented. The committee suggested it might be useful to revisit these earlier recommendations in preparation for the scrutiny of the budget in the early 2025,

38. The committee noted predicted improvements of over £8 million from management recovery action in the forecast outturn in the second half of the year. The committee requested that if management recovery action was going to be mentioned in quarterly budget delivery reports, that there was more substance and detail provided as to what that action involved.

    - The Director of Finance explained that the council was continuing to work with the recommendations made by PwC with a realistic eye as to what could be achieved. It was acknowledged that a number of the targets had been somewhat aspirational, but the Director of Finance was working with the corporate leadership team and directors to understand which of these targets and opportunities were the best ones to proceed with in terms of likely success rates.

    - The Director of Finance stated that additional information around management recovery action would be included in the quarter 3 report.

39. The committee asked why the additional interest expected to be obtained in the last half of the year was not being included in the treasure management element of the report.

    - The Director of Finance acknowledged that in the quarter 2 monitoring the income received had been recognised, but there was no forecast of any additional interest earnings over the remainder of the financial year and this was purely to be prudent from a management perspective. Historically it had been accounting practice to recognise interest as it was earned, because that was assured. There had never been a forecast for the remainder of the financial year, in respect of potential interest that could be earned - in order to ensure that matters were being reported responsibly.

40. The committee queried why it was considered responsible to report on forecast deficits, but not to report on the anticipated upside, which was essentially money in the back pocket. It was asked if it would not be equally responsible to make prudent assumptions about what the interest might be between quarter 2 and the end of the financial year.

    - The Director of Finance stated they would take the point away for consideration.

41. The committee debated whether forecast interest should be viewed and accounted for as a windfall.

42. The committee asked for detail around the rationale for the transfer of £11 million from the business rates risk reserve to the contingency reserve.

    - The Cabinet Member Corporate Strategy and Budget gave an assurance that all the anticipated pressures were included in the quarter 2 report and that this was part of a long-term strategy to address any potential demands, but with a proviso that the demands were being managed throughout the year.

    - The Director of Finance explained that the annual review of earmarked reserves would be coming to cabinet in January 2025.

43. The committee suggested that it was important, when borrowing for projects to grow the economy, that the council recognised the total value that investments delivered - not just in terms of capital uplift from structures being built, but also from: the uplifting of skills, additional jobs, future business rates and council tax paid by residents. The committee warned against being too narrow in how investment assessments were made and potentially kicking the can down the road for future administrations.

    - The Service Director Economy and Growth noted that all the activity being brought forward in terms of projects should and did fit underneath the Council Plan, which drew together all the different strands needed to transform the economy.

At the conclusion of the debate, the committee discussed potential recommendations and the following resolutions were agreed.

Resolved:

That Herefordshire Council

1. **Takes forward with the Marches Forward Partnership joint working on flood prevention and provides a report to SMB on progress.**

2. **Undertakes a risk assessment to ensure that the changes to the S106 team have taken into account the lack of technical expertise within the council and the positive impact the developments that the project team have delivered for our communities.**

3. **Ensures that the economy and environment directorate is adequately resourced within the current financial year given that external contracts are due to end by March 2025 to ensure a seamless transition.**

4. **Forecasts interest receipts from treasury management alongside other savings and income forecasts.**

5. **Includes detail of management action intended to be taken to close the overspend gap by the end of the financial year in future budget monitoring reports.**

102. HEREFORDSHIRE COUNCIL PLAN - DELIVERY PLAN WORKING GROUP

The Committee received the terms of reference for the Herefordshire Council Plan delivery plan working group.

Resolved

That:

The committee approve the terms of reference for the Herefordshire Council Plan delivery plan working group.

103. THE DELIVERY AND MANAGEMENT OF HEREFORDSHIRE COUNCIL'S CAPITAL PROJECTS - RESPONSE FROM SCRUTINY MANAGEMENT BOARD

The committee received the response from Scrutiny Management Board around Herefordshire Council’s capital projects.

The committee noted the administrative issues that had delayed the publication of the response and it was decided that the traditional process of formulating and sending out recommendations would be used for future committee meetings.

The committee agreed that even though the response had been published at short notice, it would not be beneficial to defer the item until the next meeting.

Resolved

That:

The committee approve the response and for it to be directed to the CEO of Herefordshire Council.

104. WORK PROGRAMME

The committee received the Scrutiny Management Board work programme 2024-2025. The Statutory Scrutiny Officer pointed out that there was a Scrutiny Management Board work programme planning session scheduled for January.

Resolved

That:

a) The committee agree the draft work programme attached at appendix 1

b) The committee note the work programme for the other scrutiny committees, and identify any opportunities for collaboration or alignment of work.

105. DATE OF THE NEXT MEETING

Tuesday 14 January 2025, 2pm

106. APPENDIX 1 - SUPPLEMENTARY QUESTIONS FROM MEMBERS OF THE PUBLIC AND RESPONSES.

Supplementary questions from members of the public – Scrutiny Management Board, 16 December 2024

<table>
<tr><th>Question Number</th><th>Questioner</th><th>Supplementary Question (received via email)</th><th>Question to</th></tr>
<tr><td>PQ 1</td><td>Ms Reid
Hereford</td><td>Per LAIT as at 31 March 2024, the rate of children in care per 10,000 children was:

• Herefordshire: 114
• Statistical Neighbours’ average: 66.78
• The Statistical Neighbours’ rates are:
• Wiltshire: 46
• Somerset: 53
• Devon: 59
• Cornwall: 59
• Suffolk: 62
• Gloucestershire: 65
• Dorset: 68
• Norfolk: 68
• Shropshire: 121
• England: 70
• West Midlands region: 90

Per LAIT, the number of children in care in Herefordshire on 31 March 2024 was 387.
Per the Placement Sufficiency Strategy, there should be 350 at 31 March 2024, 300 at 31 March 2025 and 280 at 31 March 2026.

“average annual cost for each child that returns back into care is £61,614 compared with an average annual cost of supporting a child to return home of £5,627 [www.leeds.gov.uk].”

Should extra resources (e.g. staff) be invested in reunification to reduce the cost and number of children in care?</td><td>Scrutiny Management Board</td></tr>
<tr><td colspan="4">Response:

We are currently meeting the demand for care prevention and rehabilitation in the services provided. We need to ensure staffing is proportionate across the whole of children social care services within the budget allocation provided. We keep an overview on demand pressure in each part of the service areas and we have responded to move funding and staffing to respond to changing demand and we will continue to do this as part of our strategic and budget management.</td></tr>
</table>

<table>
<tr><th>Question Number</th><th>Questioner</th><th>Supplementary Question (delivered verbally by Mr Milln during the meeting)</th><th>Question to</th></tr>
<tr><td>PQ 2</td><td>Mr Jeremy Milln
Hereford</td><td>Simply excusing failure to keep minuted records of its regular meetings with Active Travel England over the considerable funding the Council receives for ATMs, as we heard in response to the questions from Mssrs Protherough and Martin on 6th December, is unhelpful.

I therefore ask plainly for a full account of how the various external moneys for active travel (DfT</td><td>Scrutiny Management Board</td></tr>
</table>

		Access & Capability, LUF, ATF4, HCCI, STF, Supercycle, HCCTP, S.106 etc) are proposed to be applied to the various projects (Aylestone Hill, Barton Road, GWW, Cathedral Quarter, Quiet Routes, Safer to School, LCWIP, Commercial Road, Blueschool Street, Three Elms area etc) with an assurance that scheme development and design is transparent and openly consulted to ensure they are fit for purpose and value for money before decisions are made?	

Response:

Dear Mr Milln

Thank you for your supplementary question regarding the governance around the delivery of Active Travel Fund schemes. Hopefully the following bullet points will assist you in understanding the processes we have in place for approvals of ATF spend.

- *We are delivering a number of schemes which have active travel measures in them. These are being delivered mostly with Levelling Up Fund monies but also include elements of ATF in the funding mix.*
- *All of our highways capital schemes are carefully developed in line with current walking and cycling guidance such as LTN120 and the standards that govern highway design.*
- *As schemes are developed they are reviewed with the Cabinet Member for Transport. Furthermore, Cabinet have reviewed and agreed the full programme of works.*
- *Each scheme has a project board and a project manager, as well as officers and consultants that are involved in the design and planning the delivery of the works. Notes are recorded for every project board meeting and decisions are recorded.*
- *We also have an overall programme board which reviews progress on each scheme. Notes are also recorded.*
- *We also hold regular informal meetings with both DfT and with Active Travel England to give them assurance that the schemes we are delivering are meeting the ATF and LUF objectives that were set out in the original bid and agreement with DfT.*
- *With regards to public consultation. The original development of the schemes started from the Hereford Transport Strategy which was publicly consulted on. The results of that consultation are what developed the outline of the works. Further public consultation also happens during the delivery stages of the schemes if the works require Traffic Regulation Orders or changes that need input from residents. We may also choose to consult on specific elements of schemes during the design process, as we did with the school streets schemes where we engaged directly with the schools, parents and residents in the area.*
- *Many of the scheme are about to move into delivery phases including:*
    - *Holme Lacy Road and Quiet Lanes*
    - *Great Western Way Improvements*
    - *School Streets*
    - *Transport Hub*
- *Additionally, we are progressing design work on Aylestone Hill and Commercial Road schemes and these will soon be ready to move to a delivery stage. Our intention is to be in contract on all of the schemes that make up the LUF and ATF programme of works before the end of 2025/26.*
- *We are happy to share the high-level objectives and measures being delivered in all of these schemes.*

The meeting ended at 17:04 pm

Chairperson