

Minutes of the meeting of Scrutiny Management Board held at Conference Room 1 - Herefordshire Council, Plough Lane Offices, Hereford, HR4 0LE on Wednesday 26 March 2025 at 10.00 am

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

Councillors: Jenny Bartlett, Simeon Cole, Frank Cornthwaite,
Pauline Crockett, Toni Fagan, Liz Harvey, Ed O'Driscoll and Richard Thomas

In attendance: Councillors Barry Durkin (Cabinet Member Roads and Regulatory Services, remote attendee), Carole Gandy (Cabinet Member Adults Health and Wellbeing), Jonathon Lester (Leader of Herefordshire Council), Peter Stoddart (Cabinet Member Finance and Corporate Services), Elissa Swinglehurst (Cabinet Member Environment).

Officers: Simon Basran (Head of ICT and Digital, remote attendee) Simon Cann (Committee Clerk), Ross Cook (Corporate Director Economy and Environment), Hilary Hall (Corporate Director Community Wellbeing), Jessica Karia (Head of Corporate Performance and Intelligence), Rachael Sanders (Director of Finance), Rosie Thomas-Easton (Director of Strategy and Corporate Services), Alfie Rees-Glinos (Democratic Services Support), Danial Webb (Statutory Scrutiny Officer).

118. APOLOGIES FOR ABSENCE

Apologies had been received from Cllr David Davies.

119. NAMED SUBSTITUTES

There were no named substitutes.

120. DECLARATIONS OF INTEREST

For transparency Cllr Proctor make the committee aware that he sat on the Stronger Towns Board representing the City Council and pointed out that certain capital projects were linked to Stronger Towns..

121. MINUTES

The minutes of the previous meeting were received.

Resolved: That the minutes of the meeting held on 14 January 2025 be confirmed as a correct record and be signed by the Chairperson.

122. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions had been received from members of the public.

123. QUESTIONS FROM COUNCILLORS

No questions had been received from councillors.

124. DIGITAL, DATA AND TECHNOLOGY

The Chair introduced the item, which was focused on providing an overview of the Digital Data and Technology (DDaT) Strategy that had been implemented in March 2024.

The purpose of the item was for the committee to:

- Review the work packages delivered since the strategy's launch.
- Evaluate the impact on organisational performance and intelligence.
- Consider the strategic contributions and future deliverables.

The Cabinet Member Finance and Corporate Services pointed out that a key consideration during the development of the strategy was the inclusion of Artificial Intelligence (AI), which had experienced significant growth over the last 18 months. The strategy included AI as a placeholder, with plans to evolve its role as the capabilities and understanding of the technology evolved.

It was explained that technology was one of five enablers in the broader transformation strategy for the council. The DDaT work being carried out was not standalone and was integral to other transformation streams.

The Director of Strategy and Corporate Services emphasised the enabling nature of the DDaT Strategy, which supported the council's 'One Council' way of working. The strategy was now entering a review phase, having completed its first year of implementation. The review phase was characterised by: significant experimentation with technologies like AI, testing how digital tools could enhance customer service and resident interaction, and learning from practical application to inform future improvements.

The Director of Strategy and Corporate Services highlighted the rapid pace of technological change, which was continuously introducing new tools and opportunities. It was explained that councils across the UK were at different stages of technology adoption, some were ahead, whilst others lagged behind. Herefordshire Council had taken a collaborative approach, building relationships with other local authorities to learn from their experiences.

The Cabinet Member Finance and Corporate Services reinforced the council's position as a second-wave adopter of technologies such as generative AI. They aimed to learn from early adopters such as Derby City Council, avoid replicating mistakes made by others and integrate proven technologies into council workflows with greater insight and caution.

The Transformation Strategy was scheduled for publication at the end of the month. This would bring new models of working, which would be supported by further digital and technological implementation. The review of the DDaT strategy would align with these upcoming changes to ensure the council remained adaptable and strategically positioned.

The discussion was opened up to the committee, with the key points of debate being listed below:

1. The committee requested details regarding the council's vision of digital, data, and technology (DDaT).
 - The Director of Strategy and Corporate Services explained that the DDaT strategy supported the broader transformation strategy, which was aiming for a target operating model centred around communities, customer services, digital, commissioning, and organisation. The end goal would be to enhance organisational performance through better use of technology.
2. The Committee asked if the Customer Service Strategy would influence the DDaT Strategy.
 - The Director of Strategy and Corporate Services confirmed that both strategies were being refreshed and aligned together. Rapidly evolving technology and community feedback would inform an ongoing review, with the aim being to ensure that DDaT enabled customer engagement was inclusive and effective.
3. The committee enquired about how the council was supporting residents who were not digitally connected.
 - The Director of Strategy and Corporate Services acknowledged that not all residents were digitally literate or wanted to engage digitally, so opt-out options were available. New telephone systems offered both AI and the option to speak to a real person.
 - It was explained that the approach being taken was digital by design and not digital by default. Co-production with communities would ensure that inclusive pathways were being developed, such as the 'tea and tech' initiatives being run through libraries.
4. The question was asked as to whether more should be being done to support digital inclusion.
 - The Cabinet Member Finance and Corporate Services stressed the importance of digital inclusion and explained that the Transformation Strategy would include digital inclusion objectives such as improving understanding of what digital meant for users.
5. The committee asked how the council would measure success in the DDaT implementation.
 - The Director of Strategy and Corporate Services stated that key performance indicators (KPIs) would track staff productivity, service efficiency and resident satisfaction.
 - AI pilot programs such as Copilot and Magic Notes, would each have specific KPIs and feedback loops and these would be integrated into quarterly performance reports.
 - The Transformation Strategy would include outcome-based targets and ongoing monitoring. Specific, Measurable, Achievable, Relevant, Time-bound (SMART) targets were already in place and the council was building more sophisticated performance frameworks for improved tracking over time.

6. The committee asked for information regarding the way AI tools like Copilot and Magic Notes were being monitored.
 - The Director of Strategy and Corporate Services stated that each tool had KPIs defined with staff input. Initial feedback sessions were being conducted, with privacy, efficiency, productivity and collaboration being key focus areas. An evaluation of results would be published when the pilots had concluded.
7. The committee asked who oversaw AI governance.
 - The Cabinet Member Finance and Corporate Services stated that the AI Ethics and Governance Board monitored safety, ethics and risks. There were currently no councillors sitting on the board, but membership and terms of reference could be shared.
 - It was pointed out that general data protection regulation (GDPR) compliance was critical, and staff were required to sign agreements when accessing systems via personal devices.
8. The committee requested more information about the improvements being made to 'My Account'.
 - The Director of Strategy and Corporate Services explained that the improvements would form part of a major development program and that current user feedback was being used to help shape improvements.
 - It was acknowledged that currently some My Account issues were not being updated, as they relied on manual updates from Balfour Beatty, but plans were in place for automation with future contracts.
 - It was pointed out that enhancements were being developed so that councillors would be able to see reports and planning applications within their wards.
9. The committee enquired what bring your own device (BYOD) was and why it was being used.
 - The Director of Strategy and Corporate Services stated that BYOD allowed staff to access council services via personal devices. It was about flexibility and not cost saving. Strict security measures and agreements were in place to protect data.
10. The committee asked what was happening with the Mosaic social care system.
 - The Director of Strategy and Corporate Services explained that the system was being upgraded to the latest version to ensure better integration with other systems, It would continue to support social worker case management and productivity.
11. A committee member enquired about the status of broadband in the county and the 1,5% not covered by Fastershire.
 - The Cabinet Member Finance and Corporate Services stated that Fastershire delivered 30Mbps to 98.5% of homes in the county and that 75% now had fibre running to their premises.

- The remaining areas were part of 'Project Gigabit' managed by Building Digital UK. Starlink had been offered as a temporary solution in remote areas.
 - It was explained that future connectivity rollouts were more complex due to being based on telephone exchanges, not administrative boundaries.
12. The committee asked how data was being used for better services and partnerships.
- The Cabinet Member Finance and Corporate Services detailed how the council aimed to integrate data across services and partners, particularly in areas like early help in children's services. Integrated data across services and partners would be explicitly included as a goal in future strategies, although general data protection regulation (GDPR) and consent-based data sharing were key considerations.
13. The committee enquired if the council was seeking consent to use data more effectively.
- The Cabinet Member Finance and Corporate Services confirmed this was the case and work was ongoing to ensure data was used efficiently while respecting privacy laws. Consent processes were being reviewed as part of broader transformation.
14. The committee asked whether the DDaT Strategy would change over the next few years.
- The Director of Strategy and Corporate Services confirmed that the strategy would evolve as new technology emerged and feedback was incorporated. A learning, listening and growing approach would be central to the council's philosophy and the Transformation Strategy would continue to shape and direct the council's digital efforts.

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

That Herefordshire Council:

- 1. Agrees an action plan to address digital exclusion in the county encompassing digital literacy, cost, infrastructure and other factors.**
- 2. Requests an update on work to enhance broadband provision across the county.**
- 3. Provides assurance that the refreshed Customer Services Strategy will drive a review of the digital, data and technology underpinning customer services, to ensure it is enabling residents to get the service they require.**

125. QUARTER 3 FINANCIAL MONITORING

The Director of Finance presented the financial performance report for Quarter 3 of the 2024/25 financial year. The report outlined the forecast outturn position as of 31 December 2024, reflecting three quarters of financial activity.

The Director of Finance reported a projected net overspend of £7 million, with management and recovery actions forecast to reduce this to £1.1 million by the year-end

(31 March 2025). It was highlighted that this outcome contrasted positively with the national trend, where 30 local authorities had applied for exceptional financial support during the same period.

It was emphasised that Herefordshire's relatively stable position was not attributable to chance, but rather to robust and consistent financial management, both in-year and over several previous financial years. It was noted that continued vigilance and work remained necessary. Quarter 4 efforts would focus on: ongoing expenditure control measures, managing and reducing discretionary spend, focusing on the realistic delivery of savings and conducting activity data reconciliation as part of year-end close-down procedures.

The Director of Finance acknowledged that it had been a challenging year nationally for local authorities, due to rising demand, cost pressures, and increased complexity of care. In this context, Herefordshire's delivery of ambitious savings targets further underscored the strength of financial oversight. In addition, the report highlighted significant future financial risk associated with the Dedicated Schools Grant (DSG), especially regarding councils' responsibilities for Special Educational Needs (SEN) provision.

The capital forecast outturn as of Quarter 3 stood at £80 million, with further delivery and financial commitments continuing into 2025/26, particularly for major projects.

The Cabinet Member Finance and Corporate Services supported the report and thanked the Director of Finance and her team for the improved quality and clarity of financial reporting, which had earned national recognition with an award for financial reporting in November 2024.

The Cabinet Member Finance and Corporate Services commended Cabinet colleagues for their active engagement with monthly budget reports and for ensuring accountability within their directorates. Continued enforcement of stringent financial controls was noted, including: mandatory director sign-off for any expenditure over £500, the continuation of savings boards and oversight mechanisms introduced in the previous financial year and now extended into 2025/26.

The Cabinet Member Finance and Corporate Services concluded by attributing Herefordshire's strong financial position to the combined effect of tight procedural controls, engaged leadership, and the dedicated efforts of the finance team.

Questions were invited following the presentation, with the key points of debate being listed below:

1. The Committee enquired why the targeted amount of £2.66 million savings relating to the Thrive programme had not been delivered.
 - The Director of Finance explained that there had been difficulties in reducing third-party spend due to contractual constraints and supplier resistance.
 - The Director of Strategy and Corporate Services pointed out that delays in automation and digital transformation had hindered income generation.
2. The committee enquired as to whether the £2.4 million at-risk savings from mutual early resignation (MER) were being absorbed in other areas.

- The Director of Finance confirmed that some were being absorbed into directorate budgets, but frontline posts, like social workers, were excluded from MER.
 - The Corporate Director Community Wellbeing pointed out that plans for 2025–26 would focus on vacant post deletions rather than redundancies.
3. The committee requested details regarding how demographic pressures from an aging population would likely affect savings delivery.
 - The Cabinet Member Adults Health and Wellbeing stated that care needs were rising sharply. Residential care numbers had increased by 23% and costs by 19%, this had resulted in £2.1million in additional cost pressures.
 4. The committee asked about the rising costs in community wellbeing and its implications.
 - The Cabinet Member Adults Health and Wellbeing responded that increased care needs and homelessness were driving costs. Modelling was underway to forecast future pressures and plan investment in council-run facilities.
 5. The Committee questioned whether £1.9 million interest income should be used to cover overspends.
 - The Director of Finance explained that this was not treated as a saving and it was a treasury gain used to reduce reliance on reserves
 6. A committee member asked if it was likely that failing savings would trigger staff redundancies in the future.
 - The Cabinet Member Finance and Corporate Services stated that there were no plans for redundancies and that savings would be achieved by not filling existing vacancies.
 7. The committee focused on special education needs and disability (SEND) and home-to-school transport and enquired as to why £200,000 savings in SEND transport had not been delivered.
 - The Director of Finance explained that the situation was still under review. Delays had occurred, but options involving a council-owned fleet were still being explored, and findings from PwC's earlier transformation review would be feeding into future plans.
 8. The committee asked why the Corporate Risk Register hadn't been published since March 2023.
 - The Cabinet Member Finance and Corporate Services stated that a new strategy had been approved by Audit & Governance and the register would be published quarterly from June 2025. The Scrutiny Management Board was to be included in oversight and member training on risk responsibilities was being planned.
 9. The committee raised concerns regarding the Dedicated Schools Grant (DSG) and whether the DSG deficit might return to council accounts.

- The Cabinet Member Finance and Corporate Services explained that the council had reserves to absorb the £17.1 million DSG deficit without triggering a Section 114 notice.

10. The committee questioned why capital delivery was consistently under target.

- The Director of Finance and Cabinet Member Finance and Corporate Services acknowledged the need for better forecasting and provided a commitment to improve reporting and challenge project timelines. Delivery was increasing and the project management office (PMO) restructure aimed to strengthen this further.

11. The committee questioned whether the capital program was realistically forecast and noted that many savings/commitments didn't appear to match with spend data.

- The Director of Finance and Cabinet Member Finance and Corporate Services agreed that capital reporting could be improved and would benefit from clearer commentary and a focus on spend commitments vs forecast.

12. The committee queried why the government's local authority data explorer indicators were not being used in performance reports.

- The Cabinet Member Finance and Corporate Services and Head of Corporate Performance and Intelligence explained that the council had developed 10 bespoke indicators for more relevant local performance tracking. Government metrics were still considered, but were less reflective of local conditions.

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

That Herefordshire Council:

- 1. Undertakes a risk assessment regarding the major cumulative risks facing the council including the Dedicated Schools Grant and SEND transport, and the steps being taken to mitigate these risks.**
- 2. Engages all members regarding the major cumulative risks including the Dedicated Schools Grant and SEND transport, and the steps being taken to mitigate these risks.**
- 3. Ensures that the council's risk register is shared with scrutiny committees as part of their work programme planning.**

126. QUARTER 3 PERFORMANCE REPORT

The committee had agreed to include and refer to the Quarter 3 performance report as part of the preceding item on Quarter 3 financial monitoring.

127. HEREFORDSHIRE COUNCIL PLAN - DELIVERY PLAN WORKING GROUP

The committee was informed that the papers for this item were not available yet and the item would have to be deferred.

Resolved:

That: the item be deferred until the papers were available.

128. RECOMMENDATIONS UPDATE

The Statutory Scrutiny Officer introduced and provided an overview of the report. It was explained that a review of scrutiny recommendations was carried out in October 2024. The report contained responses received, so far, to recommendations made by the Scrutiny Management Board since 2023. It was pointed out that all of the recommendations made had been shared with officers on at least two occasions.

The Statutory Scrutiny Officer pointed out that the other scrutiny committees who had received the report had requested more time to consider the content and decide what to do next with the provided responses, whether that be: responding to them, seeking more information or closing them down.

The committee stated that the Executive not responding to recommendations from scrutiny committees was unacceptable. The committee noted that scrutiny was a statutory requirement when operating a cabinet-based system of governance. Regardless of the quality of recommendations or whether or not it agreed with them, the Executive should always respond to recommendations put to it.

It was proposed that an explanation be sought as to why the Executive had failed to respond to so many recommendations and that urgent action be taken to rectify the situation.

The Cabinet Member for Finance and Corporate Services agreed with the committee and said it was unacceptable that recommendations were not being responded to, as scrutiny provided the reinforcement of the democratic process. An assurance was given that the situation would be resolved.

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

That Herefordshire Council:

- 1. Ensures that the Statutory Scrutiny Officer drafts a cross-scrutiny committee protocol, to ensure timely responses with faster escalation as required to outstanding recommendations.**
- 2. Asks the Executive to explain the failure to respond to outstanding recommendations.**
- 3. Provides training on producing recommendations to all members of scrutiny committees.**

129. WORK PROGRAMME

It was explained that the work programme was still being finalised.

It was noted that a number of potential items for the work programme had been suggested during the course of the meeting and that these would be discussed, along with other potential subjects, in a work programming session ahead of the committee's next scheduled meeting in May.

The committee agreed to consider the content of the Corporate Risk Register as a potential topic for scrutiny once the committee had been provided with a copy of it.

130. DATE OF THE NEXT MEETING

Tuesday 20 May 2025, 2pm

The meeting ended at: 13:08pm

Chairperson