

## **Minutes of the meeting of Scrutiny Management Board held at Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE on Monday 9 January 2023 at 10.00 am**

**Present and voting:** Cllr Christy Bolderson, Chairperson  
Cllr Yolande Watson, Vice-chairperson  
Cllr Louis Stark  
Cllr Elissa Swinglehurst  
Cllr Philip Howells  
Cllr Graham Jones  
Cllr Felicity Norman  
Cllr Toni Fagan  
Cllr David Summers

**Councillors attending remotely:** Councillor William Wilding.

*Members attending the meeting remotely may not vote on any decisions taken.*

**In attendance:** Councillor Liz Harvey - Cabinet Member - Finance, Corporate Services

**Officers:** Andrew Lovegrove - Director of Resources and Assurance; Rachael Hart – Head of Strategic Finance and John Coleman - Democratic Services Manager and acting Statutory Scrutiny Officer.

### **30. APOLOGIES FOR ABSENCE**

Cllr Jonathan Lester

### **31. NAMED SUBSTITUTES**

None

### **32. DECLARATIONS OF INTEREST**

No declarations of interest were received.

### **33. MINUTES**

The committee considered the minutes of the meeting of the Scrutiny Management Board held on 28th November 2022.

The Chair noted that the resolutions set out against the Workforce Strategy Item were incorrect and needed to be aligned with the recommendations set out in the draft Workforce strategy report (set out in agenda item 48 of this agenda)

The minutes were deferred for agreement until the 17 January SMB committee

### **34. QUESTIONS FROM MEMBERS OF THE PUBLIC**

No questions from members of the public had been received.

### **35. QUESTIONS FROM MEMBERS OF THE COUNCIL**

No questions from members of the Council had been received.

### **36. BUDGET SCRUTINY**

The committee were invited to consider the budget scrutiny report which set out the approach, rationale and timetable for scrutinising the council's budget for 2023/24. The report highlighted the principal remit of the committee which is to seek assurances, assess any budgetary assumptions and to identify pressures/risks.

In reviewing the aims and objectives set out within the report (para 4) the aims and objectives were agreed subject to two amendments. Specifically, that the:

- a) aims include identifying budget assumptions and
- b) objective (iii) removes the need to agree a scrutiny report

**RESOLVED: Subject to the amendment, the committee accept the aims and objectives set out within the report.**

### **37. TREASURY MANAGEMENT STRATEGY 2023/24-2026/27 AND MINIMUM REVENUE PROVISION REVIEW**

The Director of Resources and Assurance introduced the report on the Treasury Management Strategy for 2023/24 to 2026/27 and Minimum Revenue Provision (MRP) Policy Review. These reports had been prepared by the Council's external Treasury Management advisors, the Link Group.

The Scrutiny management board debated the report raising principal points relating to:

- the investment strategy of the council and whether the low risk investment approaches ensures a strong enough return on the investments made;
- the options set out in the Link report at Table 1 which the committee were invited to comment upon.

**Resolved: The committee supports the recommendation being made by LINK and the administration to agree taking forward option 1b, 2b + 2c to provide the highest potential return on the investments made by the council through its minimum revenue provisions review.**

The committee turned its attention to the Treasury Management Strategy. A number of points of clarification were sought during the debate, principally surrounding how the council:

- defines risk in its investment strategy and determines where it places its investment;
- whether there was scope to increase the risk of investments to increase the return on that investment,
- whether the current returns on the existing investments were sufficient to cover the budget deficits currently being covered by the councils reserves, and
- seeking further information to fully interrogate the reports presented at this meeting.

**Resolved: The investment strategy is brought back to SMB to consider higher yield investment strategies, for security, liquidity and yield for 2023/24**

**Resolved: That the committee notes the Treasury Management Strategy and Minimum Revenue Provision review.**

**38. 2022-23 QUARTER 2 BUDGET AND PERFORMANCE REPORT**

The committee noted that under this item quarter 2 of 2022/23 of the budget and performance report provides assurances over the delivery of the agreed revenue budget and service delivery targets. It also presents explanation around any major variances in outturn. The following principal points were raised by the committee:

- Explanation was sought on what the impacts are across other council services as a result of addressing this overall budget pressure impact – with major deficit of spend within children’s services driven by increasing numbers of child placements
- Where will additional financial resource be drawn from to plug the gap required to cover this additional spend.

**Resolved:** Cabinet to provide SMB with the full details of the council’s recovery plan and the actions that the administration will take to address the overspend.

- What assurances can be given around other mitigating measures to reduce the increasing costs and financial risk to the council.
- What scope and opportunity is presented by the council entering in to the care provision market place (notably in adult social care) to provide new income streams.

**Resolved:** Cabinet to provide a briefing on what learning has been established with particular focus on whether the £6m (in Q1) was predicted or unexpected.

- Assurances be drawn around budget performance by the committee where key data and performance reporting is missing within the Q2 report.
- The degree that the wider national economic context (notably high inflation and energy price increases) have been factored in to future management of risk.

**Resolved:** The S151 Officers/Cabinet Member be invited to provide a briefing around the capital budgeting to discuss how the data is presented to ensure clearer explanations can be extrapolated from the performance reporting.

**The committee also recommended that:** All future quarterly reporting include progress updates against actions; report specifically on measures put in place, and improvement targets report in more detail against their green, orange or grey boxes.

**39. SCRUTINY REPORT: REVIEW OF HUMAN RESOURCES AND WORKFORCE STRATEGY**

**Resolved:** this report be deferred for consideration until 17 January

**40. SCRUTINY DEVELOPMENT 2022-23**

**Resolved:** this report be deferred for consideration until the scheduled 14 March meeting.

**41. PROGRESS REPORT**

The clerk introduced the report explaining that it provides a brief summary of the issues previously considered by the Scrutiny Management Board, including responses to information requests made by the committee, updates on resolutions made by the committee, including reports and recommendations to the executive and the Executive Response and executive decision made in respect of scrutiny reports and recommendations.

**Resolved:** the report be noted and remaining outstanding actions are progressed through the chair and clerk to the committee.

#### 42. PROGRAMME

The committee considered its work plan for the remainder of the 2022-2023 municipal year and noted the following proposed amendments. That the:

- Scrutiny review of the human resources and workforce strategy be consider at the 17 January SMB meeting
- Scrutiny development report also be deferred to 17 January SMB meeting

And, that the scrutiny management board meeting to be held on 14 March will scrutinise:

- **Hoople Ltd** with a focus on the role organisation, governance arrangements, interrelationship with Herefordshire Council, overall performance and budget and its provision of the services to Herefordshire Council and other key community partners.
- **Scrutiny effectiveness** considering the scrutiny function at Herefordshire Council, following on from the implementation and review of the agreed recommendations of the Rethinking Governance report
- **Scrutiny's annual report.**

#### 38. DATE OF THE NEXT MEETING

The date of the next meeting of the Scrutiny Management Board was agreed to be held on 17th January 2023 at 14:00pm.

The meeting ended at 13:23pm