

## **Minutes of the meeting of Scrutiny Management Board held at Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE on Tuesday 17 January 2023 at 14.00 pm**

**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 Graham Andrews  
Cllr Felicity Norman  
Cllr David Summers  
Cllr William Wilding  
Cllr Nigel Shaw  
Vacant  
Vacant

**Attending remotely (non-voting):** Councillors Toni Fagan and Jonathan Lester.

### **Cabinet members in attendance:**

Cllr David Hitchiner (Leader)	Corporate Strategy and Budget
Cllr Liz Harvey (Deputy Leader)	Finance, Corporate Services and Planning
Cllr Diana Toynbee	Children and families
Cllr Gemma Davies	Commissioning, Procurement and Assets
Cllr Ellie Chowns	Environment and Economy
Cllr Pauline Crockett	Health and Adult Wellbeing
Cllr Ange Tyler	Housing, regulatory services, and community safety Cllr
John Harrington – virtual attendee	Infrastructure and Transport

### **Officers:**

Andrew Lovegrove	Director of Resources and Assurance
Rachael Hart	Head of Strategic Finance (Deputy S151)
Ross Cook	Corporate Director, Economy and Environment
Hilary Hall	Corporate Director Community Wellbeing
Darryl Freeman	Corporate Director, Children's and Young People
John Coleman	Democratic Services Manager and Scrutiny Officer
Henry Merricks-Murgatroyd	Democratic Services
Alfie Rees-Glinos	Democratic Services Assistant

**30. APOLOGIES FOR ABSENCE**

None

**31. NAMED SUBSTITUTES**

None

**32. DECLARATIONS OF INTEREST**

No declarations of interest were received.

**33. MINUTES**

The Minutes from the 9 January SMB meeting are in preparation and will be reviewed and agreed at the next scheduled meeting, 14 March.

The Chair noted that the committee was unable to agree the Workforce Strategy report as a result of corrections needing to be made. The workforce strategy report was deferred for agreement at the 17 January SMB committee.

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

Questions received and responses given are attached as Appendix 1 to the minutes.

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

No questions from members of the Council had been received.

**36. HEREFORDSHIRE COUNCIL'S 2023/24 CAPITAL INVESTMENT BUDGET**

The chair introduced this item noting that it is open to scrutiny management board to recommend alternative spending proposals or strategic priorities. It is a legal requirement to set a balanced budget, should additional expenditure be proposed compensatory savings proposals must also be identified. It was explained that the committee will consider this item at 'whole budget' as opposed to examining directorate by directorate.

Cabinet members – opening remarks - confirmed that the investment budget sets out financially and legally compliant proposals. A budget that is balanced and achievable, within the context of:

- Continuing investment in council priority spend and making savings in other areas of council business;
- A better local government settlement than expected, but real term deficits compared to previous years, and
- Unknown variability within the economy, as will be the case will for all other LAs, resulting from increasing inflationary pressures.

The committees principal lines of enquiry centred upon:

**Borrowing** – is this prudent and affordable.

- Cabinet proposals for borrowing are designed to enable some projects to get started earlier – bringing borrowing forward into 2023/24 from 2024/25 provides smoother running of delivery plan priorities.
- Borrowing is set within the context of the council being able to demonstrate the ability to service its debt with increased revenue

**Use of reserves:**

- Committee referred to Appendix A where details were provided details of the proposed additions to the existing capital programme that have been identified and the impact of approving these additions.
- A significant use of reserves was noted and questioned as to whether this was sustainable and whether the reserve budget would be replenished.
- It was explained that the reserves are to cover urgent matters this year (such as the shortfall in children's services) – to not have added monies from reserves was not an option.
- Longer term – the ambition is to build up the reserves.

**Resolved:**

**With the significant drop in reserves in 22/23 of some 32%, the committee recommends greater transparency on the cabinet approach to the use of reserves and the level to be kept and what this means for the future sustainability and credibility of the MTFS**

**A more robust reserves policy supporting the budget is developed for future years.**

**Contingency planning:** Have contingencies, financial health warnings have been built in to the deliverability of the capital programme given the aforementioned inflationary pressures.

- It was explained that contingency measures have been built in the business cases. The reality being, however that contingency planning can only ever be founded on the best information available at the time of drafting.
- The budget has been predicate around the best view possible from the best expert advice.
- However, we must expect that some projects/initiatives will come in at different prices, with the prospect of double digit inflation remaining a factor.
- Business cases have been underpinned by 'live market' knowledge and this will be kept under review.
- Where certain projects demonstrate a lack of viability they are unlikely to be progressed unless they can demonstrate additional and favourable public interest tests. For example, creating a larger number of school places for disabled students.
- Deliverability has been greatly improved as a result of the programme management office introducing new expertise and an ability to bring projects forward more quickly

**RESOLVED:**

**The committee supports the approach to pull more funding forward for capital projects, with the assurances given of the increased capacity to deliver through the Project Management Office, in to 23/24.**

**HEREFORDSHIRE COUNCIL'S 2023/24 BUDGET SETTING**

The Chair introduced the item and noted that the key lines of enquiry for consideration of the revenue budget were;

- Robustness of information

- Questions around the Medium Financial Terms Strategy
- Robustness of the estimates
- Questions around base budget

To assist public understanding of the papers the committee sought clarification to the term 'Central' that appeared on page 266 of the papers.

The s151 officer confirmed that the term 'Central' related to the cost of borrowing in relation to employee pension costs. It is held centrally rather than trying to allocate the costs across the council.

The committee raised questions about the rates of inflation that had been used in the medium term financial strategy. They asked whether there was a narrative on which the assumptions had been made. There was concern that there was a danger of over inflating the figures in the MTFS. There would be no objection to the use of the figures provided there is an explanation on how the figures had been created.

The Cabinet member responded, advising that national inflation and CPI do not necessarily reflect where inflation hits the council in terms of the kind of services the council deliver and those that we procure through others.

The s151 officer advised that they (Cabinet) have to take a view going forward and that the council has to set a balanced budget. In terms of assumptions around inflation they are prudent. At the moment no one knows in which direction inflation will go. He confirmed he was comfortable with the assumptions as they are reasonable and fair.

There followed a discussion about the rates of inflation that had been used in setting the budget, whether other indices had been considered such as construction industry bodies and what sensitivity analysis had been done. The committee concluded that there needs to be a narrative provided to justify the inflation figures used for the budget in the MTFS.

**Resolved:**

**That a narrative be provided, in preparation for the cabinet meeting, to justify the inflation figures used for the budget and the MTFS**

The committee sought confirmation around figures that has been used for the Social Care Support Grant, the Market Sustainability and Cost of Care and the New Homes Bonus.

The committee were advised that the figures have come from the Directorate understanding of what the government likely grant schemes will be. The government has changed the calculation for the New Homes Bonus to net off empty homes. The Market Sustainability and Cost of Care only runs for a further year so it is being incorporated into the social care funding pressure.

The committee enquired about the Economy and Environment budget which has been flat for the last 3 years and whether it could respond to the climate change pressures.

The Director for Economy and Environment advised that there was a new Economic Plan being developed in partnership with other organisations. The department seeks external grant funding for projects rather than requesting increases to base budgets. The team are always looking at how best to utilise the grants that are available. Looking to redraft the climate change actions as the team are delivering far more across the Directorates than that which is being reported on.

The committee asked whether any public consultation had been taken into account and reflected in the figures being presented.

They were advised that the market town face to face consultations were completed but that the online comments were still being reviewed.

**Resolved:**

**Summary of consultation results to be published, in preparation for the Cabinet meeting, together with the changes made to the budget as a result of the feedback**

**The committee recommend that cabinet set up a working group to consider where and how other local authorities are reversing the trend of reducing percentage allocations of budget to Economy and Environment priorities.**

The committee pointed out that the budget assumes children's services remains within the council. They sought assurance as to whether work has been done on an alternative budget for a Children's Trust and what effect that has on the council being able to achieve a balanced budget?

The committee were advised that work had not been done on an alternative budget for a Children's Trust. The council were considering all options in the event that children's services do not remain within the council.

The committee enquired about the all ages social care budget being used to offset the review of children's services and how it was being applied across the two Directorates?

They were advised that it is being kept under review and that it was a back stop fund working across both Directorates.

The committee asked about the recruitment position with regards to adult social care workers.

There was recognition of the difficulty of recruitment into the domiciliary care market but the council were working well with Hoople and the NHS in trying to encourage people into the care industry. There is a current gap of 20 adult social care worker vacancies with interims being appointed although the number of permanent staff has remained static. It is proposed to launch a micro site to advertise the benefits of working in Herefordshire.

The committee asked whether the Transformation Strategy in children's with regards to the edge of care and prevention offer, is developed well enough to know it can be delivered in year?

The committee received reassurance that in future years children's will not be a large share in the budget as the investment will assist with future budget.

The committee asked whether the 14.1 million worth of savings across the 4 Directorates could be achieved? Because if more could be achieved then the council tax increase to 4.99% could be reduced.

The committee heard that it would be very difficult to achieve additional savings to reduce council tax but that if scrutiny can identify additional savings then this would be welcomed.

**Workforce Strategy Report**

On 28 November 2022, the Scrutiny Management Board (SMB) considered Herefordshire Council's Human Resources and Workforce Strategy. The committee were presented with a report and two supporting appendices presenting key human resources (HR) indicators and feedback from the recent staff survey.

**Resolved:**

**The committee agree the report and recommendations on the committee's review of the Human Resources and Workforce Strategy.**

**38. DATE OF THE NEXT MEETING**

The date of the next meeting of the Scrutiny Management Board was agreed to be held on 14 March 2023 at 10:00pm.

The meeting ended at 17.23pm