

## **Minutes of the meeting of Cabinet held at Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE on Thursday 28 September 2023 at 2.30 pm**

<b>Cabinet Members Physically Present and voting:</b>	<b>Councillor Jonathan Lester, Leader of the Council (Chairperson)</b> <b>Councillors Graham Biggs, Harry Bramer, Carole Gandy, Ivan Powell, Philip Price and Pete Stoddart</b>
<b>Cabinet Members in remote attendance</b>	<b>Councillors Elissa Swinglehurst, Deputy Leader of the Council (Vice-Chairperson)</b>

*Cabinet members attending the meeting remotely, e.g. through video conferencing facilities, may not vote on any decisions taken.*

Cabinet support members in attendance	None
Group leaders / representatives in attendance	Councillors Liz Harvey, Ellie Chowns, Terry James and Bob Matthews
Scrutiny chairpersons in attendance	Councillors Toni Fagan, Liz Harvey and Ellie Chowns
Officers in attendance:	Chief Executive, Director of Resources and Assurance, Corporate Director - Children & Young People, Corporate Director - Economy and Environment, Director of Governance and Law and Corporate Director Community Wellbeing, Head of Strategic Finance (deputy S151) and Head of Educational Development, Children and Young People

### **20. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Barry Durkin, Councillor Dan Hurcomb, Councillor Nick Mason, Councillor Stark and Councillor Crockett

### **21. DECLARATIONS OF INTEREST**

None.

### **22. MINUTES**

**Resolved:** That the minutes of the meeting held on 20 July 2023 be approved as a correct record and signed by the Chairperson.

### **23. QUESTIONS FROM MEMBERS OF THE PUBLIC (Pages 9 - 16)**

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

### **24. QUESTIONS FROM COUNCILLORS (Pages 17 - 18)**

Questions received and responses given are attached as appendix 2 to the minutes.

### **25. REPORTS FROM SCRUTINY COMMITTEES**

There were no reports from scrutiny committees for consideration at this meeting.

### **26. Q1 BUDGET AND PERFORMANCE REPORT**

Cabinet members considered a report setting out the performance of Quarter 1 2023/34 and the forecast position for 2023/24.

The cabinet member for finance and corporate services introduced the report and highlighted that this report is the first outline position for 23/24 and clearly demonstrates the challenges faced in delivering the revenue budget set by the previous administration in February 2023. This year's revenue budget £193.3m which includes planned savings of £20m arising from £14.1m director savings together with £5.9m central budget savings.

The cabinet member set out that the Quarter 1 report for the last four years has traditionally forecast a overspend. In:

- 2019/2020 Quarter 1 showed a zero overspend and final overspend of £600k;
- 2020/2021 Quarter 1 forecast was £15.9m with a final over spend of £0 which was underwritten by £10.2m of Covid funding;
- 2021/2022 Quarter 1 forecast was £9.4m with a final overspend of £12.6m.

Therefore this year's overspend will be less than the Quarter 1 forecast. The Quarter 1 forecast is £13.5m overspend and the Medium Term Financial Strategy, which was approved by previous administration, has a cumulative funding gap of £15.8m over a three year period (2024-2027). The cabinet member highlighted that these two figures clearly demonstrate the scale of the financial challenge we have been left by the previous administration.

The cabinet member outlined what they are going to do to address the £13.5m overspend which equates to 7% of the net budget with the most significant overspend being in Children and Young People Services at £10.6m. The cabinet member highlighted the following points:

- The overspend reflects significant national pressures including inflation, unprecedented demand for adult and children social care and national living wage increases;
- Recovery action has been identified to reduce the cost by £4m and timely delivery of this activity is a priority for the Cabinet. This includes restrictions on procurement, non-essential spends, target reductions for third party spends and reduction on the number of interim and agency staff as well as number of directorate specific measures. Table 3 shows the revised forecast in light of these actions;
- Improvement in Children's Services are supported by a robust three year financial plan. Activities planned within this service aim to reduce reliance on agency staff, improve the balance of social workers to 90% permanent employees and 10% agency staff. The lack of sufficient childrens social work places and increase in residential placement costs will be monitored over this period;
- Efforts to recruit in house foster carers to reduce the Council's need to use independent fostering agencies will renewed;
- Fully committed to reduce in year over spend and as part of 24/25 budget. A three prong approach will be adopted; Firstly, this report sets out the immediate management actions to deliver savings through controls and these actions will continue and develop into next year; Secondly, the Council will invest in the economy to generate growth; Thirdly the Council will innovate to increase revenue through maximum utilisation of Council owned assets.

The cabinet member advised that it is only through investing in growth and increasing future revenue, that the long term funding issues can be addressed. This strategy will be underpinned by this administrations belief in openness and transparency and supported, in the recommendations of the report, for active engagement by the scrutiny management board.

The cabinet member highlighted the Council has maintained healthy reserves but noted the Council's reserves have reduced over the last three years from £114.7m to £106.1m in March 2022 to the current figure of £91.4m. The cabinet member made it clear, that despite challenges and reports in the media, the Council's position is stable.

Cabinet members discussed the report and it was noted that:

- The projected overspend is predominantly within Children's Services and the Council are considering replacing agency staff with permanent staff over a 3 year period;
- The Council have increased the welcome bonus in September and the retention bonus for long serving staff. Alongside this the induction process, as well as the Learning and Development opportunities that have been strengthened;
- The majority of staff feel valued, staff recently told Ofsted they like working for Herefordshire and value support from their managers, this is helping recruitment;
- Planning to develop spirit of Herefordshire website and simplify the application process. In addition the Council are planning open days and to attend employment fairs;
- The Council wish to increase the number of apprentices and the Council is looking to grow their own workforce in Herefordshire;
- In respect of the Environment directorate it was stated there is not a massive overspend and work is being carried out to balance the figures;
- Clarified that engagement with the scrutiny management board will be welcomed;
- In respect of inflation this has been factored into the report and will continue to be monitored as the 24/25 budget is developed;
- Regarding the Community Wellbeing budget, it is showing a £3.3m overspend;
- Noted a reason for this is because demand fluctuates in Adult Social Care and Summer 2023 saw an increase in people asking for Council supported care;
- Due to shortage in social workers, it is unlikely the savings will be seen until April 2024;
- Clarified that of the £4m given to the previous administration in the fourth quarter of last year, £200k has been spent. This was spent on providing day care providers the 8% uplift, as previously this was only provided to the Council's providers;
- Savings previously put forward relied on obtaining data but this has been challenging to identify number of people in supported living and respite care;
- There is a clear action plan of achievable actions to assist Children's Services in delivering the budget. However Cabinet remain open to any further actions identified that may assist;
- Clarified the reserves in Table 1 is the total list of all reserves;
  - The general fund balance is £9.6m.
  - The ear marked reserves (currently there are none) are set aside from the general fund.
  - The future expenditure is to support specific corporate priorities.
  - The financial resilience reserve is £1.2m and is set aside for financial risk.
  - The business rate reserve is to smooth the transition of business rates.
  - The school balance is £9.3m and is held for individual maintained schools.
  - The waste reserve of £9.4m is to support increased future costs of waste disposal.
  - The unused grants reserve is currently £17.6m and represents the amount of grant funding received that has not been applied to relevant expenditure.
  - The £31.2m represents the smaller individual reserve balances.
- Explained the financial resilience reserve is where a directorate delivers an underspend, and these underspends will be transferred to manage future financial risks;

- The voluntary sector is engaged across the whole Council in particular Children's Services, notably early help. The Council has undertaken an opportunity with the Police Crime Commissioner office of a £1m grant;
- The reserves held by Herefordshire Council is above average and it was reiterated that Herefordshire Council's financial position is stable.

Group leaders gave their views of their groups. It was noted that it was a tough Quarter 1 report to present; cuts from Central Government have been a contributing factor to the issues faced in the budget and the challenges faced by Children's Services were taken seriously by the previous administration. There needs to be a focus on well-being and focus on retaining social workers however it is said this has been a recurring issue. Expressed a need for the Council to be run along business lines. Noted it was reassuring that there are prudent reserves however caution was expressed in using the reserves; the Council are in a sound financial position and the recommendation for scrutiny management board to review the Budget was welcomed.

In response to queries it was noted that:

- The Delivery Plan is in progress;
- The invitation to the scrutiny management board to review the budgets will be welcomed and the Director of Resources and Assurance is open to a conversation with the Chair regarding what information the scrutiny management board requires;
- The Q2 budget and performance report is coming down the line;
- Cabinet will consider the letter being sent to Michael Gove regarding funding for children and Adult Social Care, regulation of social workers and funding for training social workers;
- Clarification will be sought regarding the difference in figures in tables two and three and the figures agreed at full Council. In particular it was said the money allocated for All Ages Social Care (£4m) was to bring some commonality in the way the services are dealt with and that money was not to be used as a saving;
- Further information will be provided at the next Cabinet meeting regarding the Capital fund for the voluntary sector as this was part of the Capital Programme of the previous administration;
- The letter that was sent out on 28 September (morning) went to all organisations that expressed an interest in the Capital Fund for the voluntary sector.

**It was unanimously resolved that Cabinet:**

- a) Review performance and financial forecast for year 2023/24, as set out in the appendices A-E, and identifies any additional actions to be considered to achieve future improvements;**
- b) Note the forecast revenue outturn position at Quarter 1 2023/24 of a £13.5 million overspend, before management action, and the potential impact of this overspend on the council's reserves;**
- c) Note the management action already identified to reduce the forecast outturn position for 2023/24 to £9.5 million;**
- d) Note the impact of the 2023/24 forecast outturn on the 2024/25 budget requirement and the future financial sustainability of the council;**
- e) Agree to receive a monthly update to monitor the forecast revenue outturn position and actions being taken to address it;**
- f) Request that Scrutiny Management Board reviews the budget monitoring position and that relevant Cabinet Members provide explanation for key variances and actions identified to address key pressures; and**

- g) Agree the continuation and strengthening of management actions to reduce the forecast overspend as identified in this report.**

## **27. HOUSING BENEFIT RISK BASED VERIFICATION POLICY**

Cabinet members considered a report to approve the adoption of the Housing Benefit Risk Based Verification Policy in determining evidence requirements for the assessment of Housing Benefit and Council Tax Benefit Claims.

The cabinet member for finance and corporate services introduced the items and clarified Housing Benefit RBV is used when processing claims for housing benefits and council tax support. It allows the Council to focus resources on claims where there is a higher likelihood of fraud and error and to pay low risk claims more efficiently. It is a software application to produce a risk score based on historical intelligence and statistical information. The three categories are low, medium and high. Herefordshire Council have used this method of verification since 2012 and it has been permitted by the Department for Works and Pensions since 2012.

There were no comments from cabinet members.

Group leaders gave the views of their groups. It was noted that the Housing Benefit RBV policy was beneficial. It was commented that the benefits and fraud team were nominated for two years running in minimising fraud and acknowledged their hard work. An issue was raised regarding a resident's housing benefit claim being reassessed due to the landlord changing agents. In response to queries raised it was noted that:

- Details of the resident's case would be forwarded to the cabinet member to be reviewed.

**It was unanimously resolved that:**

- a) Cabinet approve the Housing Benefit Risk Based Verification Policy for 2024/25 and notes that the Policy has been effective for the period since initial implementation, as recommended by the Section 151 Officer**

## **28. MARCHES FORWARD PARTNERSHIP MEMORANDUM OF UNDERSTANDING**

Cabinet members considered a report seeking approval for the council to sign a Memorandum of Understanding (MOU) between Herefordshire Council, Shropshire Council and Monmouthshire and Powys County Councils for collaboration as a Marches Forward Partnership. It provides the basis for enhanced working with the Council's neighbours.

The Leader explained that it will be committing to a strategy to work together and to influence the UK and Welsh Governments to gain investment and critical infrastructure such as the A49. Noted that concerns were raised by members that it would be diverting officers away from priorities of the Council. It was clarified that through the Leader's Group the focus is to remain on improving services for Herefordshire Council residents and the connectivity includes major infrastructure requirements.

The review will be brought forward to 12 months to ensure the proposed activities remain on tract. Clarified that if the Council decides to enter the MOU it does not prevent the Council from forming any other key partnerships with other local authorities.

Confirmed that subject to the decision by Cabinet the Leader will be meeting with Leaders of the other Councils on 6 October 2023 to finalise the agreement. A launch event will be held in November 2023.

Confirmed the Political Group Consultation took place and Cabinet are keen to ensure that the feedback is clear regarding the Chief Executive being delegated to in the wording of the MOU.

There were no comments by Cabinet Members.

Group leaders gave the views of their groups. The MOU was considered positively and group leaders were broadly supportive with the view of this building on the good working relationship with other local authorities. It was raised that it would be beneficial for border land issues to be reviewed by an MP, the MOU shouldn't become a financial burden nor take too more discussion time rather than action.

In response to queries it was noted that:

- There is scope for joint working and it is acknowledged that greater scope is wanted in certain areas;
- The Political Group Consultation was published later and the recommendations made will be listened to;
- The closer working relationship with the neighbouring local authorities will be a beneficial way to help tackle those cross border issues;
- The MOU is not set in stone.

**It was unanimously resolved that Cabinet:**

- a) Support Herefordshire Council's Leader in working with neighbouring local authorities to present outline terms of reference for a Marches Forward Partnership;**
- b) Delegate to the Chief Executive in consultation with the Council's Leader to agree changes in finalising the Memorandum of Understanding to reflect feedback from each cabinet and to complete the Memorandum of Understanding; and**
- c) Delegate to the Chief Executive and Corporate Director for Economy and Environment to proceed with development of a work programme to meet the objectives within the Memorandum of Understanding, in consultation with relevant Portfolio Holders.**

## **29. HIGH NEEDS CAPITAL GRANT: HAMPTON DENE PRIMARY SCHOOL, EXTENSION OF LEARNING COMMUNICATION CENTRE**

Cabinet members considered the report to approve spending from the High Needs Provision Capital Grant to extend Hampton Dene Primary School's Language and Communication Centre.

The cabinet member explained that the Council have a secondary responsibility to provide sufficient high quality resources for pupils with Educational Health and Care Plans (ECHP's). There has been an increase over the last five years in children diagnosed with Autistic Spectrum Disorder referred to as ASD. The expansion will provide two new classrooms with appropriate support space and will accommodate 16 further learners.

The Council received the High Need and Capital Grant from the Department of Education. The £3.97 million is supplied to create additional places and improve existing provision for children and younger people with Special Educational Needs disorder (SEN). The extension of the Hampton Dene Provision is one of a number of projects to utilise that funding.

There were no comments from cabinet members.

Group leaders gave the views of their groups. Consensus that this is a positive project overall. Concerns were expressed about the project achieving passive house equivalent standard and due to the significant demand for Speech and Language Therapy (SALT) will students be able to access this resource remotely.

In response to queries it was noted that:

- Clarification will be provided regarding availability of funds for schools within the capital programme review;
- Sections 18, 19, 21 and the environmental impact sections of the report set out that the Council will be following environment biodiversity. It was confirmed that passive measures will be sought when designing this building. However there are no funds to retrofit the existing building. The overall footprint of the building will have a lower carbon footprint;
- The Project Management Office will lead. A suitably skilled multiplicity disciplined team will be employed to design and deliver this project;
- A 21<sup>st</sup> century technology approach will be used and will be part of a feature of the Council's future sufficiency strategy for students to access remotely.

**It was unanimously resolved that:**

- a) Subject to planning consent, up to £2.4m of capital spend from the high needs provision capital grant be allocated to extend Hampton Dene Primary School's Language and Communication Centre, and**
- b) The Service Director for Education, Development and Skills will be authorised to take all operational decisions necessary to deliver the works.**

The meeting ended at 16:25

**Chairperson**