

# LGA Corporate Peer Challenge

Herefordshire Council

23 June -26 June 2025

Feedback report



**Corporate Peer Challenge**

## Contents

1. Introduction .....	3
2. Executive summary.....	3
3. Recommendations .....	9
4. Summary of peer challenge approach .....	10
5. Feedback .....	13
6. Next steps .....	32

## 1. Introduction

Corporate Peer Challenge (CPC) is a highly valued improvement and assurance tool that is delivered by the sector for the sector. It involves a team of senior local government councillors and officers undertaking a comprehensive review of key finance, performance and governance information and then spending four days at Herefordshire Council to provide robust, strategic, and credible challenge and support.

CPC forms a key part of the improvement and assurance framework for local government. It is underpinned by the principles of Sector-led Improvement (SLI) put in place by councils and the Local Government Association (LGA) to support continuous improvement and assurance across the sector. These state that local authorities are: Responsible for their own performance, Accountable locally not nationally and have a collective responsibility for the performance of the sector.

CPC assists councils in meeting part of their Best Value duty, with the UK Government expecting all local authorities to have a CPC at least every five years.

Peers remain at the heart of the peer challenge process and provide a 'practitioner perspective' and 'critical friend' challenge.

This report outlines the key findings of the peer team and the recommendations that the council are required to action.

## 2. Executive summary

Herefordshire is a good council that is striving hard to improve further. It benefits from a strong sense of place, a maturing political culture, and a growing confidence in its leadership. The council has developed a respected identity among partners and is seen as a constructive and increasingly strategic player in the region. There is a clear recognition of the challenges ahead, particularly in relation to transformation, capacity, and financial sustainability, and the council is approaching these with determination and a willingness to learn.

The peer team found a council that is self-aware, committed to improvement, and increasingly outward facing. There is a shared understanding of the importance of transformation, and while the journey is still at an early stage, the council is laying the groundwork for long-term change. The latest Ofsted monitoring visit confirms that children's services are improving at pace, and performance in most other service areas is broadly in line with statistical neighbours. The council's finances are currently in a good base position, .There is a need to refresh the medium-term financial strategy (MTFS) and undertake more robust scenario planning to prepare for future uncertainties.

Herefordshire is a predominantly rural county with a dispersed population and significant demographic challenges, including an ageing population and low natural population growth. Despite good overall health and employment rates, the county faces deep-rooted inequalities, particularly in access to services, housing affordability, and educational outcomes for disadvantaged groups.

The council's strategic priorities - people, place, growth, and transformation -are well understood and have been shaped through engagement with residents and partners. The council is focused on unlocking housing and employment land, with the Hereford Western Bypass a central element of its growth strategy. The bypass is a totemic issue locally and has consumed significant political capital. The council's commitment to this project is clear, but its success is heavily dependent on future government funding.

Performance management is embedded across the organisation, with regular reporting at both corporate and directorate levels. The council has invested in tools such as PowerBI and InPhase to support this work. However, the peer team found that the council lacks sufficient corporate capacity and technical architecture to

analyse data and generate insights. While directorates understand their own performance, there is limited evidence of a joined-up, insight-driven approach at the corporate level. Improving the use of data and insight will be critical to supporting transformation and service improvement.

Children's services have been a key area of focus following an inadequate Ofsted rating in 2022. The council has responded with determination, and recent monitoring visits have noted significant progress. The July 2025 visit reported that the quality of practice for children in care had improved at pace. This improvement reflects the commitment of senior leaders and staff across the council and the impact of recent appointments. The trajectory is positive, and the council is well-placed for a future full inspection.

The council's leadership - both political and managerial - is increasingly confident and respected. There is a level of political maturity, with members working constructively across party lines. The council is led by a Conservative administration without overall control, and there is a strong emphasis on consensus-building. An innovative approach to political group consultation has helped to ensure that decisions reflect a broad political perspective.

The chief executive and leader are seen as visible and accessible, and their leadership has contributed to a positive shift in organisational culture. Staff and partners spoke of a more open, listening council that is focused on delivery and collaboration.

Herefordshire is not currently part of a devolution deal but is actively engaging in regional discussions. The council is playing a constructive role in shaping the emerging landscape, despite the complexities of working with neighbouring two-tier

areas. The devolution agenda is particularly important given the council's ambitions around transport and housing infrastructure, and its need for future capital funding from central government.

Partnership working is a strength. The council is engaged in a range of strategic partnerships, including the Marches Forward Partnership and the Integrated Care System. Partners spoke positively about the council's leadership and its growing ability to articulate a clear vision. The phosphate credit scheme, which enables housing development while protecting the River Lugg, is an example of innovative, place-based leadership.

Governance is generally strong, with clear structures and a commitment to continuous improvement. The council has recently refreshed its risk management strategy, drawing on good practice frameworks. Risks are identified and evaluated in the context of the council's appetite for risk and the risk management framework. The strategy appropriately reflects a low appetite for risk in relation to vulnerable people, but a higher tolerance for innovation. The corporate risk register is focused on key areas such as children's services, financial sustainability, and workforce. The council will need to embed the recently approved risk management strategy and keep it live in the organisation.

The audit and governance committee plays an important role, and the council has taken steps to strengthen its effectiveness, including the appointment of an independent expert. However, there is scope to make the committee more challenging and proactive in pursuing good governance outcomes.

The council's culture has improved significantly in recent years. Staff survey results show increased engagement and a stronger sense of organisational values. Staff

spoke positively about internal communications and the visibility of senior leaders. The council's workforce strategy supports the development of staff networks and flexible working practices, and there is a strong commitment to equalities, both as an employer and in service delivery.

Scrutiny arrangements are in place, and a recent review has made recommendations to strengthen the function. However, some scrutiny members expressed concern about the impact of their work on decision-making. There is an opportunity to improve engagement with scrutiny members and clarify how their recommendations are considered in a timely manner.

Herefordshire's financial position is currently stable, with a positive outturn in 2024/25 and a healthy level of reserves. The finance team is well-regarded and has won national recognition for excellence in governance, reporting and assurance. The council has taken steps to ensure adequate funding to deliver services in areas of high demand and costs, such as children's and adults' services, and this has contributed to a more sustainable base position.

However, the council has faced challenges in delivering savings, particularly from transformation programmes. In 2024/25, only 56 percent of planned savings were achieved, with shortfalls in corporate transformation and voluntary redundancy schemes. The council has responded with a focused review of the original proposals, developing revised savings plans to deliver savings recurrently in 2025-2026, and it will need to ensure that savings plans are robust and deliverable.

The MTFS assumes the most likely scenario, informed by best information available at the time of preparation, based on modelling undertaken in January 2025. Given the uncertainty in future funding, the council is reviewing the MTFS and is

undertaking scenario planning to test different assumptions. This will help to ensure that the council is prepared for a range of financial outcomes.

The capital programme is ambitious, with significant investment planned in highways, waste infrastructure, and employment land. However, recent years have seen substantial underspends, suggesting potential issues with programming of projects and delivery capacity. The council has reviewed each of its capital projects and has an understanding of the reasons for the underspend in each case. The council should consider whether additional resources are needed to manage the capital programme effectively.

The Dedicated Schools Grant (DSG) high needs deficit is a significant financial risk, with a projected cumulative deficit of £40.2 million by March 2026. The council is taking steps to mitigate this, including investment in local provision and the development of a new special free school, and monitored via a robust DSG deficit management plan. However capital investment will take some time to turn the dial on this issue.

Transformation is central to the council's ambitions for service improvement and financial sustainability. The council has developed a transformation strategy and is working with Society for Innovation Technology and Modernisation (SOCITM) to assess its current position and identify resource gaps. Digital transformation is a key element, but the council currently lacks the internal capacity to deliver at scale.

The transformation programme has delivered some early savings in children's and adults' services, but corporate transformation has been slower to progress. The council recognises that it needs a more stable and empowered leadership for transformation, along with a clear delivery plan that sets out the required investment



and expected savings.

The voluntary sector is supportive of the council and wants to play a more strategic role. There is a desire for genuine co-production and better commissioning arrangements. The council's talk community model provides a strong foundation for this, and further work is needed to build capacity and trust.

The council has traditionally operated a thin-client model, with many services outsourced. While this has delivered benefits, it also presents challenges for transformation and service integration. Strengthening in-house capacity will be important to support change and ensure effective oversight of commissioned services.

Herefordshire Council is a good council with a strong foundation and a clear ambition to improve. It has made significant progress in key areas, particularly children's services, and is increasingly confident in its leadership and identity. The council is self-aware and understands the scale of the transformation required. With continued focus on capacity, data, and financial planning, it is well-placed to deliver on its ambitions and improve outcomes for its communities.

## Recommendations

There are several observations and suggestions within the main section of the report. The following are the peer team's key recommendations to the council:

### 2.1 Recommendation 1: Transformation

Now need to focus on corporate transformation and provide the resources needed to deliver.

### 2.2 Recommendation 2: Data and Insights

Use of data must be improved so that insights can flow to support service improvement and framing the scope of the transformation programme. There are lots of examples where this is taking place elsewhere and the council should draw on the experience of others to support this development.

### **2.3 Recommendation 3: Medium term Financial Planning**

Carry out planned refresh of MTFS and provide some scenario planning for future years.

### **2.4 Recommendation 4: Internal Capacity**

Strengthen and stabilise the internal capacity to overcome challenges in the thin-client model of delivery.

### **2.5 Recommendation 5: Working with partners to deliver**

Partners are very supportive, and the council can build on this to develop strategic engagement with the voluntary sector and others to help deliver services.

## **3. Summary of peer challenge approach**

### **3.1 The peer team**

Peer challenges are delivered by experienced elected member and officer peers. The make-up of the peer team reflected the focus of the peer challenge and peers were selected by the LGA on the basis of their relevant expertise. The peers were:

- Cllr Philip Broadhead, Bournemouth, Christchurch and Poole Council (con)
- Richard Flinton, Chief Executive, North Yorkshire Council
- Cllr Deborah Harries, Birmingham City Council (Lib Dem)
- Dean Langton, Chief Finance Officer, Blackburn and Darwen Borough Council

- Steve Evans, Head of Corporate Affairs, Durham Council
- Maria Rotaru, Impact Graduate, Greenwich Council
- Eamon Lally, Peer Challenge Manager, LGA

### 3.2 Scope and focus

The peer team considered the following five themes which form the core components of all Corporate Peer Challenges. These areas are critical to councils' performance and improvement.

1. **Local priorities and outcomes** - are the council's priorities clear and informed by the local context? Is the council delivering effectively on its priorities? Is there an organisational-wide approach to continuous improvement, with frequent monitoring, reporting on and updating of performance and improvement plans?
2. **Organisational and place leadership** - does the council provide effective local leadership? Are there good relationships with partner organisations and local communities?
3. **Governance and culture** - Are there clear and robust governance arrangements? Is there a culture of challenge and scrutiny?
4. **Financial planning and management** - **Does the council have a grip on its** current financial position? Does the council have a strategy and a plan to address its financial challenges? What is the relative financial resilience of the council like?
5. **Capacity for improvement** - Is the organisation able to bring about the improvements it needs, including delivering on locally identified priorities? Does the council have the capacity to improve?

As part of the five core elements outlined above, every Corporate Peer Challenge includes a strong focus on financial sustainability, performance, governance, and assurance.

In addition to these themes, the council asked the peer team to provide feedback on the organisation's approach to risk, use of data and insight, and transformation

### 3.3 The peer challenge process

Peer challenges are improvement focused; it is important to stress that this was not an inspection. The process is not designed to provide an in-depth or technical assessment of plans and proposals. The peer team used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read.

The peer team prepared by reviewing a range of documents and information to ensure they were familiar with the council and the challenges it is facing. This included a position statement prepared by the council in advance of the peer team's time on site. This provided a clear steer to the peer team on the local context at Herefordshire Council and what the peer team should focus on. It also included a comprehensive LGA Finance briefing (prepared using public reports from the council's website) and a LGA performance report outlining benchmarking data for the council across a range of metrics. The latter was produced using the LGA's local area benchmarking tool called LG Inform.

The peer team then spent four days onsite at Herefordshire Council, during which they:

- Gathered evidence, information, and views from more than 40 meetings, in addition to further research and reading.
- Spoke to more than 120 people including a range of council staff together with members and external stakeholders.

This report provides a summary of the peer team's findings. In presenting feedback, they have done so as fellow local government officers and members.

## 4. Feedback

### 4.1 Local priorities and outcomes

Herefordshire is a predominantly rural county with a population of 189,900 spread across 840 square miles, making it one of the largest and most sparsely populated upper-tier authorities in England; 223 people per square mile, with 53per cent living in rural areas and one-third in areas classified as 'very sparse'. It has an aging population with 27per cent of residents aged 65+, compared to 19per cent nationally and only 16per cent are under 16, down from 20per cent in 2013. 91per cent identify as White British. The largest minority groups are from Eastern Europe, with a notable Gypsy and Irish Traveller population (0.2per cent, double the national average). Natural population growth is negative, with more deaths than births annually and so migration is the sole driver of population increase.

Despite overall good health and high employment rates (81.9per cent), Herefordshire faces significant inequalities. Nine lower super output areas (LSOAs) are in the 25per cent most deprived nationally for health and disability. Life expectancy is 4.2 years lower for men and 3.0 years lower for women in the most deprived areas compared to the least. 72 of 116 LSOAs are in the 25per cent most deprived nationally for access to services - three-quarters of these are rural.

Herefordshire has the lowest county-tier productivity (gross value added per hour) in England. Average earnings are 13per cent below the national average. High house prices and low wages contribute to rising homelessness and housing insecurity. Broadband and mobile coverage remain inconsistent, particularly in rural areas, exacerbating inequalities in access to services. Herefordshire is in the bottom 20per cent of local authorities for social mobility, with low-income children facing significant barriers to educational and economic success.

The Herefordshire council plan priorities are people, place, growth and transformation and these have been developed with significant input from residents and partners. The plan is supported by several key themed strategies, a new annual delivery plan and a set of performance measures.

Partners are looking for greater consistency and leadership in the prosecution of the

growth priority. The council has put in place the [Herefordshire big economic plan](#), a long-term strategy for the county's economic development and the new business board is tasked with overseeing its delivery. With these foundations in place the council is well placed to be more visible in its leadership and focused on the actions needed to deliver.

The council is aware of the opportunities and challenges of meeting its housing delivery targets and is working to open up land for building through investment in infrastructure. The Hereford bypass is a totemic issue for the council. It was mentioned in almost every meeting that the peer team attended during its onsite visit and the council has expended a lot of political capital on the project. In 2023, the council revived the western bypass plan, citing: the need to unlock housing and employment land; the strategic importance of relieving city centre congestion; and the opportunity to use reallocated HS2 funding for infrastructure. The revived plan includes a two-phase approach: the Southern Link Road (SLR) – 2.3 miles from the A49 to the A465 (Belmont Road) and the Main Western Bypass – 5 miles from Holmer to Belmont, crossing the River Wye. In July 2025, the council approved procurement and land acquisition for the SLR, aiming for construction to begin soon and completion by 2026–27. The council is funding the first phase of the project. The full bypass is targeted for completion by 2033, subject to funding from central government and planning approvals. The bypass is part of the Western Growth Corridor, which supports the delivery of over 27,000 new homes and major employment land. The focus on and commitment to the bypass to unlock the mandated housing target is commendable but is heavily reliant on large scale future government financing.

#### **4.1.1 Performance**

The biggest performance challenge faced by the council has been in children's services. Since the 2022 Children's Service Ofsted inspection report, which identified the overall effectiveness of the service as inadequate, the council has worked to address the service issues and to improve outcomes for children and young people in Herefordshire. Over the last 18 months the service has started to show improvement. In its letter to the council in December 2024, following a monitoring

visit in the previous October, the inspector noted that *‘a new interim director of children’s services (DCS) has been appointed, who has brought renewed focus to areas of the service which need to improve. A refreshed improvement plan is being implemented and there are some early signs of improvement’*. In March 2025 the inspector noted that the *‘local authority has started to build up some pace in the improvement of services to vulnerable children’*. And in July 2025 the inspector noted that *‘the quality of practice for children in care in Herefordshire has improved at pace since the last monitoring visit’*. This improvement has been hard won and reflects the doggedness of the leadership and staff across the council in addressing this issue and the effectiveness of more recent appointments into senior positions. The improvement to date bodes well for a future Ofsted Inspection of Local Authority Children’s services (ILACS).

The council seems self-aware of its wider performance position. The peer team heard and saw a significant amount of performance management and reporting at various tiers of the authority. The performance management framework recognises the need to bring the performance cycle together with business planning, performance monitoring and risk management. Quarterly performance reports for each directorate are provided to the corporate leadership team and departmental leadership teams consider performance reports monthly. The reports provide updates on key indicators, both internally and externally facing, provide RAG rating and comparisons with the previous reporting period and year on year changes in performance. In the view of the peer team, it would improve the reporting of performance if reports included more comprehensive trend data and comparisons with the performance of statistical neighbours where appropriate.

In addition to the reporting of service performance data, the cabinet receives a quarterly performance report which provides information on progress in meeting the council plan (2024-28) and annual delivery plan priorities and goals, including milestones in the capital investment programme.

The council is committed to improving its reporting systems and it has already introduced new tools such as PowerBI and InPhase. However, the peer team heard that currently there was little corporate capacity or technical architecture such as a



corporate data lake, data matching tools, machine learning, AI or data science capabilities to analyse data and form insights. The central performance team is small and while directorates have a good grasp of performance in their areas and can feed relevant data into government as required, it was not clear to the peer team that insights were being drawn corporately from the performance data and other data that the council will gather through its services. [Advice and self-assessment tools](#) are available from the LGA and this should be a significant feature of the work that the council has commissioned from SOCITM.

#### 4.1.2 Equalities

The peer team found that there was a strong commitment to equalities within the council. The council has an up-to-date equalities policy 2024/27. The policy recognises the need to tackle social inequalities that impact on health, homelessness and sexual violence as well as ensuring that the council provides an inclusive workplace environment. Equalities run as a thread through key strategies such as the homelessness prevention and rough sleeping strategy, where it is noted that specific groups are disproportionately affected including young people, people with disabilities and mental health needs, victims of domestic abuse and people from minority ethnic backgrounds.

As an employer the council takes equalities seriously. It undertakes regular equalities surveys and can demonstrate progress both in terms of data and information gathered and outcomes. The council publishes regular reports on workforce diversity, which include gender and ethnicity data, pay gap analysis, recruitment outcomes and actions to improve representation and inclusion. In several meetings with staff, the peer team heard that the values were lived in the council and that this came from strong leadership from the top of the organisation.

In addition to the key recommendations on data and insights, we recommend the following actions:

- **Strengthen corporate insight and data capability.** While directorates demonstrate strong performance monitoring, the council should invest in



corporate capacity to analyse data and generate cross-cutting insights. This will support more strategic decision-making and enable a clearer line of sight between performance, risk, and improvement.

- **Clarify and communicate growth leadership.** The council should provide clearer and more visible leadership on its growth agenda, ensuring alignment across strategies and partnerships. This includes strengthening the role of the Business Board and clearly articulating the council's role in delivering the Herefordshire Big Economic Plan.
- **Embed equalities across delivery and leadership.** The council's commitment to equalities is evident, and there is an opportunity to further embed this across all service areas and leadership levels. This includes using equalities data to inform decision-making and ensuring that inclusive practice is consistently applied in both internal culture and external service delivery.

## 4.2 Organisational and place leadership

Confidence in the council officer and political leadership is strong and growing.

The peer team heard that the council is not currently part of a devolution deal and has not committed to joining a combined authority (CA) or accepting a directly elected mayor. It is currently assessing the implications of the English Devolution and Community Empowerment Bill which proposes, amongst other matters, the creation of Strategic Authorities (SAs). There will be three levels of SA which will have distinct powers: foundation strategic authorities – includes all non-mayoral CAs and CCAs; mayoral strategic authorities – includes all mayoral CAs and CCAs; and established mayoral strategic authorities.

Some of Herefordshire's more obvious potential partners in any strategic authority are still two-tier areas and are currently going through local government reorganisation. This adds a level of complexity and potential delay for Herefordshire in any negotiations.

Devolution is important to the council. A significant element of the council's agenda is concerned with transport and housing infrastructure as it seeks to unlock land to

deliver much needed housing for its communities. The devolution agenda places the competencies for strategic transport and strategic housing with strategic authorities and the allocation of competencies has the potential to influence the allocation of government funding, particularly capital funding which in the future could also flow to strategic authorities. This is of interest to the council as it seeks up to £300 million in capital funding from government for phase 2 of the Hereford bypass. Everyone recognises that the opportunities for Herefordshire to influence devolution at the moment are limited, but the peer team heard lots of praise from partners about the role that the council is playing in informal discussions on devolution and in communicating to other public sector partners on this issue. It will be important for the council to lead, shape and seize opportunities on devolution in the sub-region.

Herefordshire recognises the importance of partnership working and the peer team was pleased to hear other organisations and their leaders value the partnership working undertaken by the council. Some of the significant partnerships are the Marches Forward Partnership, which tackles shared economic and infrastructure challenges across the English Welsh border; the Integrated Care System, where the council is a statutory partner and a member of the Integrated Care Partnership. It also contributes to the work of the Integrated Care Board through joint commissioning, data sharing, and strategic planning.

The council is to be commended for its efforts to manage cross border administrative challenges in relation to different approaches to English and Welsh devolved powers. The Council and its partners should continue to lobby government for a more flexible and sympathetic approach to supporting the opportunities associated with closer cross-border relationships which more directly represent the nature of communities, health, infrastructure and economics within the area.

The council also operates partnership working through the community safety and safeguarding boards and through its engagement with education bodies such as the local university, the New Model Institute for Technology and Engineering (NMITE). The peer team heard that in recent months partners have noticed an improvement in the way the council communicates its identity and its vision.

It is in the nature of partnerships that they change and evolve. Changes to the Integrated care systems is an example where 50 per cent cuts in administration costs mean that Herefordshire and Worcestershire ICB is set to join a strategic cluster with other West Midlands ICBs (Warwickshire and Coventry) to share leadership and management functions. The peer team learnt that Herefordshire council is already engaging with partners in Warwickshire and Coventry to seek to make the most of these changes.

The council has established new partnership structures and is also engaging with new partners such as NMITE. The peer team was told that the council has convened a board consisting of senior leaders across the public sector with chief executives and chief officers from West Mercia Police, Integrated Care Board, Herefordshire and Worcestershire Fire and Rescue, Wye Valley NHS Trust and Herefordshire and Worcestershire NHS Healthcare Trust, to focus on the key strategic priorities for the county that can be delivered collectively and have the greatest impact. This group meets regularly and the leaders we spoke to found it a very helpful vehicle for engagement and building relationships. This board has the capacity to really shape service delivery in Herefordshire. Similarly, the business board has a strong membership and is valued. It has benefited in its establishment from support and guidance from the council and it would welcome the ongoing leadership of the council. The peer team heard that in some cases partnership working was not very deeply embedded in the council. The working relationship was great at chief executive and council leader level, but some organisations were finding it harder to connect with managers within the council. This meant for example that partners were having to come to the council's chief executive to get issue resolved. There are strong individual senior relationships but this needs to translate into a more structured approach to partnership working across the organisation

The council has shown significant place leadership and demonstrated innovation in tackling issues through novel solutions. An example is the River Lugg phosphate credit system which seeks to address the nutrient neutrality requirement in an area where Natural England has determined that the council must ensure that new developments do not increase phosphate pollution. The council has invested in

integrated wetlands that naturally absorb and reduce phosphate levels in the River Lugg catchment. These wetlands are modelled to remove a quantifiable amount of phosphate, which is converted into credits. Income from credit sales is ring-fenced to maintain the wetlands; administer the credit scheme; and invest in further phosphate reduction projects. The phosphate credit scheme has enabled the council to release housing development that had been stalled due to nutrient neutrality requirements.

In addition to key recommendations above, we recommend the following actions:

- **Lead the devolution debate locally.** The national move is towards a greater focus on the role of strategic authorities, which is the route through which the government is pursuing devolution. It will be important for the council to lead, shape and seize opportunities on devolution in the sub-region. In doing so it should also continue to lobby government for a more flexible and sympathetic approach to supporting the opportunities associated with closer cross-border relationships.
- **Focus the chief executives' board on delivery.** It is relatively new but is well regarded and the council should take the opportunity to use to group to improve services through a focus on delivery and public service reform.
- **Embed partnership working across the council.** The council has a strong commitment to partnership working and it should build on the strength of individual senior relationships to develop a structured approach to partnership working across the organisation

### 4.3 Governance and culture

Governance is in general a strength in Herefordshire council. The council seeks to operate to the core principles of good governance and has the governance arrangements in place to deliver on these principles. The council also displays self-awareness. In its latest annual governance statement, it notes risk management, performance reporting, public engagement and governance of new technologies as areas where it is seeking to improve arrangements.

#### 4.3.1 Risk Management

The council has progressed with its approach to risk and it has published a new risk management strategy for 2025/26. The strategy is informed by good practice sources including the CIPFA/SOLACE Good Governance Framework.

Risks are identified and evaluated in the context of the council's appetite for risk and risk management framework. This approach identifies a low appetite for risk as it applies to vulnerable people, but a higher tolerance for risks related to innovation. Strategic risks are overseen by the cabinet and corporate leadership team (CLT). Directorates and service areas maintain their own risk registers. The corporate risk register has a focus on children's and adult services, financial sustainability and workforce and is in line with other similar authorities.

In developing the new approach, the council has sought to address issues of aggregating risk, understanding accountability and action planning. The council noted in its annual governance statement for 2024/25 that it would be working with officers to improve the systems documenting decision-making to align with the revised risk management strategy and risk appetite statement. The risk management strategy is new and the peer team would encourage the council to embed and keep it live in the organisation and review the approach regularly through the audit and governance committee.

The peer team has regard for any value for money issues raised by the external auditors. However, the auditors have not raised any significant weaknesses in arrangements for financial sustainability or governance. The external auditor has continued to raise the issue of children's social care, which the peer team has discussed in this report.

The peer team heard that there was a good working relationship between the external auditor and the S151 officer and also the chief executive, who meets with the auditor every six months.

The council continues to strengthen its governance arrangements. In line with the recommendations of the Redmond Review and subsequent CIPFA guidance the

council has appointed an Independent Member to the audit and governance committee. The council has also appointed a number of independent people for the purposes of the code of conduct arrangements. The audit committee has a very important role to play in the successful governance of the council. The role of the committee is to track progress on key recommendations, to hold officers accountable for implementing improvements and to ensure that governance weaknesses are addressed. The external auditor, Grant Thornton, reported that the committee is seen as a constructive forum for discussing audit findings and governance issues. The council will want to ensure that as well as being a constructive forum for discussion the audit and governance committee is proactively pursuing good governance outcomes for the council. The council has an opportunity to ensure that the audit committee can be more challenging and confident in providing appropriate assurance.

The peer team was pleased to note that the council's statutory officers meet regularly to maintain governance standards and financial oversight.

The peer team heard from staff and partners that there has been a significant positive change in the culture of the organisation in recent years and the peer team noted that the council had a 'really nice feel about it'. Employee relationships are in a good place. This improvement in culture is evidenced in the most recent staff survey results. The council saw a significant increase in the percentage of staff responding to the survey and significant improvement in the numbers responding positively to key questions including a 26 percentage point increase in those that feel the council celebrates staff success and an 18 percentage point increase in those who agree that colleagues behave in line with the council's behaviours.

The peer team was told that the Chief Executive was very visible in the council and that he together with the Leader were moving the council in the right direction. Staff valued the open internal communication and referenced the weekly bulletins from the chief executive.

Partners too have felt the change in culture with a number commenting on the council becoming more open and that the council was more in listening mode than it had been, again recognising the influence of the chief executive and leader. This

was felt in the newly reformed business growth board which was engaged and enthusiastic and talked about the good support received from the council.

As set out in the council's [workforce strategy](#), the formation and development of employee networks is encouraged. The networks have opportunities to shape policy development within the council and are particularly supported to help shape the council's diversity and inclusion initiatives and embedding flexible working practices and policies. The peer team was told by staff that the staff networks were working well.

Both councillors and staff, spoke of the good working relationships within the council. Politically the council is led by a conservative administration, but there is no overall control. The council seeks where possible to move forward by consensus, and a particularly innovative practice to manage this is political group consultations to inform decisions with financial or community significance; this approach provides a political viewpoint for officers to capture in key decision reports and ensures transparent political choices for the electorate. Councillors indicated that this approach was generally working well.

There are five scrutiny boards with discrete remits. In early 2025 a [review of scrutiny](#) was undertaken by the statutory scrutiny officer. A range of recommendations were proposed, and if implemented in full, these will strengthen the function. Scrutiny committees may make recommendations to cabinet and when they do there is a requirement that the cabinet will make an executive response. In this way, recommendations are formally integrated into the decision-making process. However, the peer team heard from some scrutiny councillors that there is a lack of clarity and timeliness about how their recommendations influence council decisions. It is not immediately obvious to the peer team why this might be the case, but there is an opportunity to strengthen the engagement with scrutiny members on the outcomes of the decision-making processes. More generally the peer team heard that improving training for backbenchers and engagement with opposition could further strengthen member-officer and member-member relationships.

In addition to the key recommendations above, we recommend the following actions:

## 23

18 Smith Square, London, SW1P 3HZ [www.local.gov.uk](http://www.local.gov.uk) Telephone 020 7664 3000 Email [info@local.gov.uk](mailto:info@local.gov.uk)

Local Government Association company number 11177145 Improvement and Development Agency for Local Government company number 03675577

**Chair:** Councillor Louise Gittins

**Chief Executive:** Joanna Killian

**President:** Baroness Grey-Thompson



- **Embed and keep live the risk management strategy.** The risk strategy is new and is built on solid foundations, but it must now be embraced and actively managed across the organisation.
- **Ensure that the audit committee is** delivering robust challenge and appropriate assurance.
- **Strengthen the feedback to scrutiny on decisions.** Scrutiny members are concerned about the timeliness of feedback on decisions.
- **Review training for councillors.** The peer team heard that councillors might benefit from new training options aimed at improving the relationships between members and officer-member interactions.

### 4.3 Financial planning and management

The senior finance team is well regarded and the peer team heard praise for its clarity and presentation. In December 2024 the Herefordshire council finance team won the excellence in governance, reporting and assurance award at the public finance awards, for the work in overhauling the content and presentation of internal financial reporting during 2022/23 and 2023/24; the council is right to be proud of this achievement.

The current financial base is positive, when many other councils are in financial difficulty. The general fund outturn for 2024/25 was a £0.5million underspend (after a planned use of £4 million from the budget resilience reserve). The current position reflects recent activity to address overspends. In 2022/23 the overspend was £5.6 million on a £175.9 million budget, with the key pressure being children and young people (CYP) where the overspend was £9.6 million (18.1 per cent of its budget). In 2023/24 the council's overspend was £8.7 million on a £193.3 million budget again with pressures coming from CYP which overspent by £11.7 million, mainly on placements and special educational needs (SEN) transport.

The 2025-2026 budget responded to continuing cost pressures, ensuring adequate funding to support service delivery in areas of high demand and increasing cost pressures. Significant rightsizing of the children's and adult's budgets occurred in



2024/25. The base budget for children's services was increased by £17.6 million to fully fund the £10.8 million underlying overspend from 2023/24 and to address additional pressures from pay and price inflation and demand growth. Similarly in adult's, the 2024/25 budget included £17.2 million for unfunded pressures covering increased demand and complexity, pay inflation, and care market cost pressures. This was a substantial uplift, reflecting the scale of underlying pressures to ensure adequate funding to deliver services.

#### 4.4.1 Savings expectations

In 2023/24 the council set a savings target of £20 million and delivered £15.8 million (79per cent). Children's services only delivered £0.3m of its £4.5m target in that year.

For 2024/25 the savings target for the council was £19.5 million in total. A three-year financial plan was introduced for children's services, targeting £11.2 million cumulative savings by 2027/28 (originally 2026/27). For 2024/25 Children's Services savings requirement amounted to £2.3 million and this was achieved. Overall the council delivered £10.9 million (56per cent of its target) in [savings in 2024/25](#). The shortfall came from the non-delivery of savings from transformation (the thrive programme and the target operating model) as well as under-delivery of the savings target associated with the mutual early resignation scheme 2024 (MERS24).

[The budget proposals for 2025/26](#) contain savings and efficiencies of £6.9 million, of which just under £4 million is savings from children's services. The budget did not include any other directorate savings, recognising the requirement to deliver savings not delivered in the previous financial year. This review has continued and revised savings plans for savings not achieved in 2024-2025 have been developed. The review identified £10.5 million of savings due in 2024/25 assessed to be at risk and to be delivered in 2025/26. Within this work there is recognition that savings of just under £6 million from transformation might not be delivered in the short term. In response to this, the corporate leadership team has agreed to an average reduction of 2per cent across all directorate budget lines in 2025/26 which the council expects will deliver savings of £5.4 million. Additional savings will come from community wellbeing (£3.2m); Home to school/ SEN transport (£0.5 million); and Hoople SLA/Efficiencies savings (£1.4 million).

Given the challenges that the council has faced in delivering savings in the past it will want to ensure that programmes are robust and that the savings earmarked for 2025/26 are delivered.

#### 4.4.2 Reserves

The reserve position has improved from £82.8 million on 31st March 2024 to £90.8 million on 31st March 2025. In general the CIPFA reserve sustainability measure, as reported in the [council's section 25 statement](#), is considered 'lower risk' with the council having average reserves when compared to its statistical neighbours. Pre-covid, as of March 2020, the council's reserve position was closer to the upper quartile for unitary authorities.

At a time, when there is a significant backlog in audit opinions for England, Herefordshire has a very good record of publishing its audited accounts. The council's external auditors issued an unqualified audit opinion for the 2023/24 accounts in September 2024. Herefordshire council was the first and only local authority to receive an audit opinion, including value for money opinion, by this date. The council [noted](#) that this outcome was 'the result of high-quality financial statements and supporting audit evidence and an effective relationship between the council's finance team and external auditors'. In addition, the draft accounts for 2024/25 were published on 30 May 2025, a month ahead of the statutory deadline.

#### 4.4.3 The Dedicated Schools Grant (DSG)

High needs budget issue is one of the most pressing financial challenges facing local authorities in England, with demand surging in recent years. The council is expecting the cumulative deficit to be around £40.2 million by 31 March 2026. This is a very significant sum, although many councils have much larger deficits. The DSG deficit is currently held in a ring-fenced unusable reserve, protected by a statutory override which was due to end in March 2026. The government is acutely aware of the challenges and has taken some steps to ease the immediate pressure including extending the DSG statutory override until the end of 2027/28. However, it is still not clear what will happen to the deficit when the statutory override comes to an end. The Peer Team was pleased to see that Herefordshire council is taking steps itself to

mitigate the pressures on the system including continued investment in nurture hubs, autism hubs, and Widemarsh Explorers and plans to repurpose buildings and open a new 80-place special free school to reduce reliance on costly independent placements. However, the capital investment will take some time to turn the dial on this issue.

#### **4.4.4 The Medium-Term Financial Strategy (MTFS)**

The MTFS is a critical document in helping the council plan, prioritise, and manage its finances over a multi-year period. Herefordshire's MTFS for 2025/29 was agreed in February 2025. The peer team considered the assumptions in the MTFS and noted that the levels of increase in government grants, expected in future years, appeared to be out of line with and more optimistic than the forecasts from other statistical neighbour authorities. See [Medium Term Financial Strategy 2025-26 to 2028-29](#). Appendix B.

Since the publication of the council's MTFS the government has published its [spending review outcomes](#) as well as a consultation on [local government funding reform](#). These provide additional opportunities for the council to review its financial position in future years, recognising that this will still only be an estimate. The council should start its scenario planning work to review its MTFS as soon as possible.

The capital programme is ambitious. It includes significant investment in highways, and continuing investment in the Hereford Western Bypass Phase 1 ([£30 million over the period 25/26 to 27/28](#)), waste infrastructure, and employment lands. The total budgeted spend over the five-year programme (2024/25 to 2028/29) is £378.2 million. There is a recent history of budget reprofiling and underspends in the capital programme. In 2023/24 the actual spend was around £21 million lower than the reprofiled budget. In 2024/25 the final spend position represented an underspend of £23 million. The council has reviewed each project and has an understanding of the reasons for the underspend in each case. In the view of the peer team the council should consider if it has the right level of capacity and resources to manage the capital programme.

In addition to key recommendations above, we recommend the following actions:

- **Tightly manage the delivery of savings in 2025/26.** The council has not delivered all planned savings in the past and it will want to ensure that programmes are robust and that the savings earmarked for 2025/26 are delivered.

#### 4.4 Transformation

The Peer Team found that the council recognises that transformation is central to both service improvement and financial sustainability. The council has developed a strategic transformation programme set out in its [transformation strategy 2005/28](#) and there is an appetite for change. The strategy's goals include ensuring financial sustainability for the council and delivering modern and innovative approaches to quality service delivery. The transformation strategy notes that in 2024/25 the council has made good progress in delivering significant savings through service transformation through children's services (e.g. reducing agency staff, stepping down high-cost placements) and adult social care (e.g. reassessing high-cost care packages). The peer team heard that in items of its corporate transformation the council had had a 'stop start' approach in the past, with instability in leadership in this area being a factor. The council is aware that it does not yet have a full strategy or the skills and resources in place to deliver on the corporate transformation agenda and now needs stability and empowered leadership to deliver improvements in the use of technology to support demand management, deliver efficiencies and inform decision-making across the council's services and strategic priorities.

Digital transformation is a key part of the strategy, and the council is working with SOCITM on understanding what needs to change, the current resource gaps and what the action plan will look like going forward. The work being undertaken with SOCITM builds on the council's [digital, data and technology strategy](#) which sets out clearly what the council wants to achieve but is light on the details of how it will get there. The LGA regularly publishes cyber, digital and technology [resources for councils](#), and provides training courses, workshops and events for councillors and officers that Herefordshire council might wish to explore. The council is aware that it

lacks internal resources for the delivery of digital transformation,

One of the keys aims of transformation is financial sustainability. The [MTFS](#) states that the *‘financial strategy ensures that the council’s finances are aligned to its strategic priorities with a clear focus on transformation to ensure the future sustainability of the council and the services it delivers’*. But as stated earlier, the savings from corporate transformation activity has been slow to materialise. Transformation will require significant financial investment.

In addition to key recommendations above, we recommend the following actions:

- **Provide a clear transformation delivery plan.** More work is needed to communicate the balance between future investment in, and savings from transformation and how this is tied in with the MTFS. A clearly articulated delivery plan is needed which sets out the investment required and the profile of savings from that investment.

#### 4.5 Capacity for improvement

As the peer team has set out above, success in transformation will be critical for the council. The council is at an early stage in its transformation journey and can learn from others’ success. The work it is doing with SOCITM is important. Several councils have emerged as leaders in digital transformation, with the LGA and Local Partnerships documenting a wide range of case studies that highlight innovation, impact, and lessons learned.

The potential scope of the transformation journey provides a real opportunity to make substantial improvements to services and achieve longer term efficiencies. Councils are increasingly using AI and data-driven insights to transform public services, improve efficiency, and enhance resident experiences. These service improvements include AI powered case management; real time translation; automated drafting of early help care plans (EHCPs); automation of meeting notes and streamlining planning workflows; predictive analytics to predict demand for services like children’s social care and homelessness prevention; and the use of AI to support automated

procurement processes. The council will be exploring many of these approaches, but the scope is large, and the council can be bold.

Staff retention and stability at senior levels, and in key posts, will be increasingly important in delivering: transformation; improvement; and greater confidence and stability in how the council works with partners. Recent appointments to senior posts have been successful such as the impact of the interim director of children's services. It is also attracting good candidates for posts, such as the recent appointment of a new head of communications. The council has good onboarding, staff training and development.

The voluntary sector is very supportive of the council and its more accessible leadership. It wants a strategic relationship with the council and is looking for opportunities for genuine co-production and to be seen as a resource for improved service delivery. Some of the concerns raised by the voluntary sector representatives in discussion with the peer team are perennial. These included: funding pressures and capacity constraints, especially among small volunteer-led groups; a need for stronger voice and influence in strategic decision-making; and a desire for more consistent support and recognition from statutory partners. In its latest [assessment](#) of the sector, Herefordshire Voluntary Organisations Support Service (HVOSS) noted that *'Whilst there have been attempts at co-production in some service areas these have not been successfully rolled [out] ....and [there is] a perception that the sector is not 'commissioning ready'. Currently partnership structures are not in place to provide opportunities across the sector i.e. the establishment of consortia which opens possibilities for smaller organisations. Alongside this the VCSE feel that their voice isn't always heard and the lack of a formal advocacy route is recognised by both public sector and the VCSE'*. Talk Community is Herefordshire council's approach to early help, prevention, and community resilience. As a delivery model, it brings together the council, voluntary sector, health partners, and residents to support people to live well and independently in their communities. It is a key route through which the voluntary sector engages in service delivery. There is an opportunity for the council to build on the voluntary sector's appetite for engagement in service delivery and to ensure that the value it can bring is recognised across the



organisation.

For many years the council has operated successfully with outsourced central and resident facing services under a thin client model. Services that have been outsourced include waste management, the management of the council's housing stock, the public realm and highways services, back office and support services, and adult social care and children's services, the latter being provided by a mix of in-house and commissioned services. This has generally been a successful approach, although in some cases the outcomes have been mixed. However, as the council seeks to transform and improve its service offer and achieve a long term sustainable financial position the council should consider strengthening its in-house capacity to oversee transformation, contractual and service change and improvement.

The peer team heard from partners and staff that there are issues around clarity of branding of services. Some of the challenges with branding arise from service fragmentation across delivery models which in some cases can hinder resident's recognition and trust of council services. The council's transformation strategy 2025–2028 identifies branding and communication as key enablers of change as the council seeks to: promote a 'one council' approach to achieve resident-focused, outcomes-driven services; emphasise data and intelligence to guide service design and encourage a culture of trust, teamwork, and collaboration across departments and partners and we understand that this is to be addressed and this should include a review of internal and external communications

The council has rightly begun to have informal conversations with other areas on the question of devolution and the establishment of a strategic authority. We have highlighted this elsewhere in the report, but the way the devolution is shaped locally will be very influential in enabling or hindering the council's ambitions. On many of the big socio-economic issues it will become increasingly challenging for the council to operate on its own. The establishment of strategic authorities will influence how decisions are made. Early leadership on this is key.

In addition to key recommendations above, we recommend the following actions:

- **Strengthen in-house capacity to deliver change.** As the council seeks to

transform and improve its service offer and achieve a long term sustainable financial position the council should consider strengthening its in-house capacity to oversee transformation, contractual and service change and improvement.

- **Take advantage of the Voluntary sector's appetite to deliver.** The council can ensure that the value of the voluntary sector as a delivery partner is recognised and acted upon across the council.
- **Improve branding review communications.** A new senior appointment in communications provides the opportunity to strengthen the councils brand and to review both its internal and external communications to achieve this end.

## 5. Next steps

It is recognised that senior political and managerial leadership will want to consider, discuss and reflect on these findings. The LGA will continue to provide on-going support to the council. Following publication of CPC report you need to produce and publish an Action Plan within 5 months of the time on site. As part of the CPC, the council are also required to have a progress review and publish the findings from this within twelve months of the CPC. The LGA will also publish the progress review report on their website.

The progress review will provide space for a council's senior leadership to report to peers on the progress made against each of the CPC's recommendations, discuss early impact or learning and receive feedback on the implementation of the CPC action plan. The progress review will usually be delivered on-site over one day.

The date for the progress review at Herefordshire Council is proposed to be w/c 23 March 2026.

In the meantime, Helen Murray, Principal Adviser for the West Midlands, is the main contact between your authority and the Local Government Association. As outlined above, Helen is available to discuss any further support the council requires.

Helen.Murray@[local.gov.uk](mailto:info@local.gov.uk)



