



Appendix 3: Recommendations made by Scrutiny Management Board in 2025 and 2026

Date of recommendation	Topic	Recommendation	Response
Tue 14-Jan-25	2025/26 Draft Capital Investment Budget and Capital Strategy Update	That Herefordshire Council provide a report to Scrutiny Management Board on the planned improvements around adult social care, an assessment of the likely impact they will have on mitigating future budget pressures in the medium-term financial strategy, and any analysis of the future demands on the service.	A report will be prepared as requested.
Tue 14-Jan-25	2025/26 Draft Capital Investment Budget and Capital Strategy Update	That the council's capital programme be reprofiled over the lifetime of the programme.	For capital projects recommended for addition to the council's approved Capital Programme, the profile of investment is based on estimated delivery as per the relevant Outline Strategic Business Case. Expenditure is profiled over the expected lifetime of each individual project and therefore no further action is required to progress this recommendation. Delivery of the approved Capital Programme is monitored through the financial year and reported quarterly to Cabinet. The quarterly reports include a forecast of planned spend, per project, against approved budget. In line with recommendations from the council's external auditors, the reprofiling of capital budgets is carried out in Quarter 2 in each year and reported to Cabinet; this was last reported at Quarter 2 2024/25 at the meeting of Cabinet on 28 November 2024.

Tue 14-Jan-25	2025/26 Draft Capital Investment Budget and Capital Strategy Update	That the council's budget include a more realistic estimate of the interest likely to be received through treasury management.	<p>The council's Treasury Management Strategy (TMS) 2025/26 notes that the objective of the council's investment activity is to balance optimum performance of the council's resources with effective management of risks, ensuring prudence is applied. To ensure responsible stewardship of the council's financial resources, the approach is informed, above all, by consideration of security, liquidity and yield. The council employs external advisors to provide advice and guidance on treasury management activity, including interest rate forecasts. For 2025/26, the TMS highlights that the UK economy remains a fiscal challenge following a prolonged period of high interest rates and sticky inflation, caused by the global pandemic and the subsequent cost of living crisis, and notes that interest rates are expected to fall throughout 2025/26. A review of interest receivable earned in the financial years from 2020/21 to 2023/24 highlights the variability in levels of income from this source. In 2020/21, an interest receivable budget of £200k was approved in the Revenue Budget. In 2020/21, actual interest earned was £165k, £35k less than the budgeted amount. From 2021/22 to 2023/24, the revenue budget did not include a budget for interest receivable and any interest receivable achieved in the year was used to manage the council's overall financial position. In each of the financial years noted, interest receivable income has been recognised as it is achieved and reported at the end of each quarter. In the 2024/25 financial year, interest receivable income of £1.6 million has been achieved to date against a budget of £0.5 million, as reported in the Quarter 2 2024/25 Budget Report. Accounting standard IAS 18 Revenue Recognition</p>
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			<p>requires that income is recognised when it meets the following criteria:</p> <ul style="list-style-type: none">· it is probable that any future economic benefit will flow to the entity; and· the amount of revenue can be measured reliably. <p>Responsible and prudent management of the council's resources requires that funds must be available to meet the council's day to day cash flow obligations ahead of taking advantage of investment opportunities; available balances are identified as part of cash flow forecasting and daily treasury management activity.</p> <p>Ahead of each financial year, it is not possible to reliably estimate the council's surplus funds with any degree of certainty to inform a forecast of interest receivable for the full financial year. If the actual interest received earned in a financial year is less than the budgeted amount, any shortfall would be required to be made up from reserves or other resources.</p> <p>A prudent estimate is assumed as part of budget setting for 2025/26 and income achieved above the budgeted value will be reported once the flow of economic benefit to the council is probable, i.e. at each quarter end, as in previous years.</p> <p>The council's proposed Revenue Budget for 2025/26 includes a budget for interest receivable of £0.6 million. This is considered a prudent and realistic estimate of potential interest on treasury management activity for the year</p>
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			ending 31 March 2026.
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<p>Tue 14-Jan-25</p>	<p>2025/26 Draft Capital Investment Budget and Capital Strategy Update</p>	<p>Restating the Scrutiny Management Board recommendation from 2024 future draft budgets should be accompanied by a draft delivery plan.</p>	<p>Cabinet notes that the Scrutiny Management Board (SMB) approved the terms of reference for the Herefordshire Council Plan Delivery Plan working group at its meeting on 16 December 2024. At this meeting, the Board agreed to review progress in producing the 2025/26 Delivery Plan. Cabinet welcomes this engagement and will consider the resulting recommendations when they are presented, as agreed, at the meeting of SMB in March 2025. Whilst the 2025/26 Delivery Plan has not been finalised, the development of the Revenue Budget and Capital Programme for 2025/26 has considered the priorities of the Council Plan to ensure that Directorate budgets and planned capital investments are sufficient to support Delivery Plan objectives.</p>
<p>Tue 14-Jan-25</p>	<p>2025/26 Draft Capital Investment Budget and Capital Strategy Update</p>	<p>The capital strategy should be developed to show more clearly how the capital programme will deliver council plan priorities.</p>	<p>The Outline Strategic Business Cases included at Appendix E to the 2025/26 Capital Investment Budget and Capital Strategy Update item on this Agenda identify the Council Plan priority for each of the proposed additions to the Capital Programme. The Capital Programme is aligned to the priorities of the Council Plan at an individual project level. The Capital Strategy is supported by and aligned to the Strategic Asset Management Plan, Local Transport Plan, Schools' Capital Investment Strategy, Digital Strategy, Medium Term Financial Strategy and Treasury Management Strategy.</p>

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<p>Wed 26-Mar-25</p>	<p>Digital, Data and Technology</p>	<p>Agrees an action plan to address digital exclusion in the county encompassing digital literacy, cost, infrastructure and other factors</p>	<p>Through several projects across the Digital and IT Programme and through business intelligence activities undertaken by the council, we have identified the need to address digital exclusion and have already begun scoping solutions as part of our planning.</p> <p>Digital literacy and training: we are currently exploring opportunities and will seek input as part of our customer engagement activities planned for summer 2025, to support customers as part of the customer programme – identifying suitable locations such as libraries and Talk Community Hubs to deliver training, assist with accessing My Account and accessing online forms, supported through volunteer and social value mechanisms. Although customer redesign will be a digital first model, we are committed to ensuring equitable access for all customers with a high-quality telephone and face to face customer offer.</p> <p>We will also ensure we act upon and participate in opportunities as they emerge from the Government’s Digital Inclusion Action Plan and will seek engagement with neighbours both regionally and nationally as opportunities arise.</p> <p>Digital infrastructure – see below</p>
<p>Wed 26-Mar-25</p>	<p>Digital, Data and Technology</p>	<p>Requests an update on work to enhance broadband provision across the county</p>	<p>The Fastershire project is now in contract close-down phase, and national government are administering a scheme delivered via BDUK. Coverage across Herefordshire has gone from 0.6% in 2011 to 97.6% Superfast in 2025 (the UK figure is 98.3%) however, we are aware there are some descoped properties still in need of a solution. We are therefore looking at opportunities to use gainshare funding to implement a grant scheme and to employ a fixed term Digital Infrastructure Officer (job title to be agreed), focussing specifically on hard to reach and rural areas, and to</p>

			work alongside BDUK to advocate for and support Herefordshire.
Wed 26-Mar-25	Digital, Data and Technology	Provides assurance that the refreshed Customer Services Strategy will drive a review of the digital, data and technology underpinning customer services, to ensure it is enabling residents to get the service they require	<p>There are underpinning digital, and technology principles and activities which will support the delivery of customer services. We are implementing the new content management system and telephony platform; once these are implemented and business continuity achieved, we will start to exploit the new features, whilst also exploring additional opportunities to support customers (such as AI Virtual Telephone Assistant).</p> <p>We must also ensure that existing operational systems can support streamlined and efficient customer journeys across the organisation, especially in terms of feedback loops, and that where existing systems cannot perform as required, that these requirements are addressed through re-procurement activities.</p> <p>We are completing comprehensive analysis to understand customer needs and utilising existing service data to inform an iterative programme of customer journey and to identify 'quick wins'.</p> <p>We will measure the success in terms of customers receiving the services they require through a refreshed set of KPIs and by improving feedback mechanisms and making them visible to customers through a refreshed customer insights webpage (e.g. You said, we did).</p>
Wed 26-Mar-25	Quarter 3 Financial Monitoring	Undertakes a risk assessment regarding the major cumulative risks facing the council including the Dedicated Schools Grant and SEND transport, and the steps being taken to mitigate these risks	
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		Dedicated Schools Grant and SEND transport, and the steps being taken to mitigate these risks	
Wed 26-Mar-25	Quarter 3 Financial Monitoring	Ensures that the council's risk register is shared with scrutiny committees as part of their work programme planning	This is now taking place
Wed 26-Mar-25	Update on recommendations made by Scrutiny Management Board	Ensures that the statutory scrutiny officer drafts a cross-scrutiny committee protocol, to ensure timely responses with faster escalation as required to outstanding recommendations	This has been produced
Wed 26-Mar-25	Update on recommendations made by Scrutiny Management Board	Asks the executive to explain the failure to respond to outstanding recommendations	This will form part of the 2025-2025 member development programme
Wed 26-Mar-25	Update on recommendations made by Scrutiny Management Board	Provides training on producing recommendations to all members of scrutiny committees	This will form part of the new elected member induction programme.
Tue 1-Jul-25	Q4 2024/25 Budget Outturn	To provide Scrutiny Management Board with the delivery plans for all undelivered 2024-25 savings that have been built into the Council's 2025-26 base budget, and the savings to be delivered in the 2025-26 budget.	<p>As confirmed in the Q4 2024/25 Budget Report to Cabinet on 5 June 2025, where savings have not been delivered recurrently in 2024/25, a focused review of the original proposals and planned activity has been undertaken and revised savings plans have been developed, where appropriate, to confirm activity to deliver savings in 2025/26.</p> <p>The revised savings plans will be approved as part of Directorate Savings Boards and Budget Boards in 2025/26 and delivery will be monitored robustly against approved targets as part of monthly routine budget monitoring arrangements.</p> <p>A schedule of savings not delivered recurrently in 2024/25 which have been carried forward for delivery in 2025/26 was included in Appendix D (Annex 2) to</p>

			the Quarter 1 Budget Report presented to Cabinet on 25 September 2025.
Tue 1-Jul-25	Q4 2024/25 Budget Outturn	The executive should model the necessary capital investment to increase the supply of affordable housing such that it will significantly reduce the number of people becoming homeless.	<p>In July 2024, full Council approved the addition of £5m to the capital programme for housing provision. In March 2025, Cabinet committed to exploring the development of a Herefordshire Council owned housing development company to meet some of the council's critical housing need and this work is currently in progress. The council continues to investigate opportunities to acquire and develop further housing provision to respond to demand and reduce temporary accommodation cost pressures.</p> <p>Any proposals for additions to the capital programme will be considered as part of work to develop the capital programme and revenue budget for 2026/27.</p>
Tue 1-Jul-25	Q4 2024/25 Budget Outturn	The existing financial facility to enable the council to accelerate the delivery of S106 funded infrastructure be actively used by this administration.	<p>The use of developer contributions in advance of receipt is detailed in the Capital Strategy approved annually at Full Council during budget setting. Once the S106 is completed, planning permission granted and the development commenced then the Council can internally borrow to fund the S106 works to start.</p> <p>This has been used in 2025/26 to distribute an education grant to a school carrying out work that is</p>

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			funded from S106 which is expected to be received in the future.
Tue 1-Jul-25	Q4 2024/25 Budget Outturn	The executive should ensure there is no further delay in delivering the Planning and Regulatory Services software capital project by urgently appointing a new provider to deliver the necessary software solution.	This has already been actioned. The Planning and Regulatory Services software contract was signed on 15/07/2025 and the purchase order has been raised. This will start implementation by the Services from September 2025, with a plan to go live with building control and planning by December 2026, other services will complete the following year.
Tue 1-Jul-25	Q4 2024/25 Budget Outturn	The executive provides clarity on the difference between the Financial Resilience Reserve and Budget Resilience Reserve, or the two reserves are combined and the scope and use of the resulting reserve is clearly stated.	<p>A verbal explanation was provided to Scrutiny Management Board Members in the meeting and reference made to the Earmarked Reserves and General Balances Policy Statement.</p> <p>The Earmarked Reserves and General Balances Policy Statement 2025/26 reported to Cabinet 23 January 2025 explains the purpose of each reserve:</p> <p>Budget Resilience Reserve: This reserve is held to mitigate the risk to the revenue budget of excessive cost pressures and volatility in demand across social care budgets.</p> <p>Financial Resilience Reserve: This reserve is held to manage financial risks across the council.</p> <p>This recommendation was actioned in the meeting.</p>
Mon 8-Dec-25	Q2 2025/26 Budget Report	Given the council faces the largest savings requirement in its history, approximately £30 million, the Scrutiny Management Board	

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		recommends that Cabinet prioritises capital investment and officer capacity toward projects that deliver the greatest and most immediate relief to the revenue budget.	
Mon 8-Dec-25	Q2 2025/26 Budget Report	Cabinet adopt a bolder approach to borrowing to deliver capital projects that will relieve pressure on the revenue budget.	
Mon 8-Dec-25	Q2 2025/26 Budget Report	Council should maximise its relationship with partners to explore the use of property assets when determining its medium-term financial strategy.	
Mon 8-Dec-25	Q2 2025/26 Budget Report	Cabinet should enable commercialisation in services by focusing on outcomes rather than activity in its performance reporting.	
Mon 8-Dec-25	Q2 2025/26 Budget Report	There should be more transparency on the RAG status in the performance plan and how that flows through to underlying risks of slippage in the Capital Programme.	
Mon 8-Dec-25	Q2 2025/26 Budget Report	The executive should intensify its efforts at a strategic level with the Integrated Care Board to ensure that cost pressures on the board are not transferred to the council.	
Fri 23-Jan-26	2026-2027 Draft Revenue and Capital Investment Budget	The executive should conclude an exercise to identify recurrent savings for the medium-term financial strategy period by the end of September 2026.	Activity planned to address the estimated funding gap in future years is identified at para 3.4 of the Medium-Term Financial Strategy (MTFS). Cabinet will work to resolve the funding gap with immediate focus from April 2026 and will continue to develop proposals to balance the 2027/28 Revenue Budget over the budget setting period to recommend a balanced budget to Council in February 2027.

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<p>Fri 23-Jan-26</p>	<p>2026-2027 Draft Revenue and Capital Investment Budget</p>	<p>Medium-term financial strategy risks should reflect the most current financial information known to the executive at the time of publication and should include savings known to be at risk.</p>	<p>The Medium-Term Financial Strategy includes the risk of potential overspend and non-delivery of savings required to balance the budget and identifies the mitigations in place to manage this risk. The Draft Revenue Budget presented to Cabinet at its meeting on 23 January and 5 February includes an update on the delivery of savings at Quarter 2 of 2025/26 in paras 105 to 107. This represents the most current financial position reported to Cabinet.</p>
<p>Fri 23-Jan-26</p>	<p>2026-2027 Draft Revenue and Capital Investment Budget</p>	<p>The medium-term financial strategy should report what scenario planning has been undertaken and highlight the key sensitivities in the medium-term position.</p>	<p>The Medium-Term Financial Strategy includes sensitivity analysis at para 6.2 and quantifies the potential full year impact of 1% movement in assumptions for council tax, employee related costs, inflation, demand and interest on borrowing. The Strategy has been reviewed by External Audit as part of their Value for Money work and no weaknesses in arrangements for financial planning have been identified.</p> <p>The Budget Report notes that the MTFS will be updated to reflect the impact for the council of the multi-year Settlement and in-year funding allocations as further information is released and proposals to mitigate the funding gap are developed.</p>
<p>Fri 23-Jan-26</p>	<p>2026-2027 Draft Revenue and Capital Investment Budget</p>	<p>The executive should report separately savings, initiatives funded from reserves and grants, and planned additional income.</p>	<p>Appendix B: Savings Proposals including detailed activity plans identifies saving E3 within the Economy & Environment Proposed Savings as funded from reserves. "Reallocation of directorate reserves: to maintain expenditure for Public Rights of Way (£250k), Drainage (£445k) and Lengthsman Scheme (£250k) added to base budget in 2024/25 on receipt of additional funding at Final Local Government Settlement."</p> <p>Following additional government funding in the 2024/25 Final Settlement, additional expenditure for Public Rights of Way (£250k), Drainage (£445k) and</p>

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			<p>Lengthsman Scheme (£250k) was approved by Council. In 2025/26, the council's funding allocation did not include these additional amounts. Despite this, Cabinet committed to maintain expenditure to support these priorities in the 2025/26 revenue budget.</p> <p>In 2026/27, it is proposed that expenditure will be maintained for a further year, funded from the reallocation of Directorate reserve balances. This is a one-off measure to support one-off expenditure in 2026/27. Commitments in future years will be subject to a growth bid as part of the budget setting process to be considered in the context of future funding and strategic priorities.</p>
<p>Fri 23-Jan-26</p>	<p>2026-2027 Draft Revenue and Capital Investment Budget</p>	<p>The executive should report income and expenditure at sub-directorate level in the Directorate Budget Position Statements.</p>	<p>The Directorate Budget Statements present the gross expenditure, income and earmarked reserves by Service for 2026/27 (Appendix A included in each of the individual Appendix C Directorate Budget Position Statements). Cabinet will continue to develop the Directorate Budget Position Statements throughout 2026/27 as part of continuous improvements in the budget setting process. Revisions to the statements will be made to add value to users.</p>