

## **Minutes of the meeting of Scrutiny Management Board held at Conference Room 1 - Herefordshire Council, Plough Lane Offices, Hereford, HR4 0LE on Friday 23 January 2026 at 10.00 am**

**Present:** Councillor Ben Proctor (chairperson)  
Councillor Louis Stark (vice-chairperson)

Councillors: Jenny Bartlett (remote attendee), Frank Cornthwaite, Pauline Crockett, Dave Davies, Toni Fagan, Liz Harvey, Ed O'Driscoll and Richard Thomas

**In attendance:** Councillors: Harry Bramer (Cabinet Member Community Services and Assets – remote attendee), Barry Durkin (Cabinet Member Roads and Regulatory Services), Carole Gandy (Cabinet Member Adults, health and wellbeing), Jonathan Lester (Leader of the Council/Cabinet Member Corporate Strategy and Budget), Ivan Powell (Cabinet Member Children and Young People), Phillip Price (Cabinet Member Transport and Infrastructure), Peter Stoddart (Cabinet Member Finance and Corporate Services), Elissa Swinglehurst (Deputy Leader of the Council/Cabinet Member Environment).

**Officers:** Simon Cann (Clerk/Democratic Service Officer), Liz Farr (Director of Education, Skills and Learning - remote attendee), Hilary Hall (Corporate Director Community Wellbeing), John Hobbs (Corporate Director Economy and Environment), Tina Russell (Corporate Director Children and Young People – remote attendee), Rachael Sanders (Director of Finance/Section 151 Officer), Donna Thornton (Governance Support Assistant), Danial Webb (Statutory Scrutiny Officer).

### **1. APOLOGIES FOR ABSENCE**

Apologies had been received from Councillor Simeon Cole and Councillor Graham Biggs.

### **2. NAMED SUBSTITUTES**

No named substitutes had been received.

### **3. DECLARATIONS OF INTEREST**

Cllr Ben Proctor (Chair) pointed out he was a city councillor and represented Hereford City Council on its Stronger Towns Board, which administered some capital funding.

Cllr Toni Fagan pointed out she was a trustee for Llanwarne Village Hall, which was in receipt of the Capital Spaces Grant.

### **4. MINUTES**

The minutes of the previous meeting were received.

**Resolved: That the minutes of the meeting held on 8 December 2025 be confirmed as a correct record and be signed by the Chairperson.**

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

One question had been received from a member of the public, which had been published, along with a response, as a supplement to the meeting agenda on the Herefordshire Council website.

## **6. QUESTIONS FROM COUNCILLORS**

There had been no questions received from members of the council.

## **7. 2026/2027 DRAFT BUDGET - REVENUE**

The Chair took the 2026/27 Draft Budget -Revenue report as read and opened the item up for debate. The key points of discussion included:

### **Medium-Term Financial Strategy (MTFS): Overall Position and Assumptions**

1. Cabinet members clarified that the MTFS was a forecast, not a budget proposal. It presented the most likely scenario based on current information and did not assume future savings, which resulted in a large headline gap.
2. Officers explained that the £82m headline funding gap represented a worst-case forecast. The council was legally required to set a balanced budget each year, and delivery of recurrent savings in earlier years reduced the base budget, which in turn reduced gaps in later years.

### **Reliance on Growth and Economic Assumptions**

3. Cabinet members acknowledged growth is uncertain but stated that declining central government funding requires the council to grow council tax and business rates alongside delivering savings and efficiencies.
4. Officers outlined ongoing phosphate mitigation measures being employed to address housing delivery constraints and stimulate economic growth, which included wetland schemes, engagement with developers and monitoring of national planning reforms. Some factors were noted to be outside the council's direct control.

### **Recurrent Savings and Use of Reserves**

5. In response to a question about whether reserves were being used in place of recurrent savings, officers confirmed that reserves were treated as one-off measures - the MTFS explicitly reinstated reserve usage in future years and did not assume reserves as a permanent solution.
6. It was confirmed by officers that the reduction in the funding gap from £82 million to approximately £11 million was based on the assumed delivery of recurrent savings and their cumulative impact on the base budget -- not on ongoing reserve usage.

### **Deliverability of Savings**

7. Cabinet members and officers acknowledged the unprecedented scale of the savings challenge. It was stated that planning had begun early, proposals had been developed collaboratively, and robust governance and monitoring arrangements were in place. A proportion of savings were expected to be delivered from the start of the financial year.

8. The committee heard that the delivery of savings would be monitored through monthly cost controls, savings boards, and quarterly reporting arrangements to Cabinet and scrutiny.

### **Undelivered Savings and Rolling Risk**

9. Officers explained that the £1.4m undelivered saving linked to Hoople was identified as at risk in the current year outturn. The draft budget assumed delivery of all current-year savings; any shortfall would present as a budget pressure in the following year.
10. Officers acknowledged the risk of undelivered savings rolling forward and compounding future pressures, and emphasised the importance of delivering savings in-year. Current monitoring indicated a small proportion of savings remained at risk.
11. Members enquired why the MTFS did not include scenario planning where savings were not delivered. Officers explained that the MTFS presented the most likely and robust position, supported by sensitivity analysis. The approach had been reviewed by external auditors and was consistent with practice in other authorities.

### **Fair Funding Review**

12. Cabinet members confirmed that they had continued lobbying through national bodies, MPs, and central government, including senior officer meetings with relevant departments, to influence the Fair Funding impact.

### **External Economic Risks**

13. Officers confirmed global risks such as tariffs and supply change disruption were monitored through the corporate risk register, with inflation and interest rates already identified as key financial risks.
14. Members asked whether the risk of late-year undelivered savings should be more explicitly reflected in the MTFS. Officers confirmed savings risks were monitored quarterly and stated the intention was to deliver savings before year-end rather than assume non-delivery.

### **Community Well-Being and Adult Social Care**

15. Officers explained that adult social care savings focused on commissioning and market management rather than withdrawal of care, with statutory and preventative services prioritised. The committee heard that savings proposals had been developed in partnership with providers, including Hoople, and had not been imposed unilaterally.
16. Officers advised that the final Care Quality Commission (CQC) report had not yet been received. No indications had been given that would suggest a requirement for the revision of savings or improvement plans. Any changes would be reported through Cabinet and scrutiny.

### **Statutory and Non-Statutory Services**

17. Cabinet members confirmed services had been reviewed using statutory, discretionary, and preventative criteria. Some non-statutory services were retained to prevent higher-cost interventions later.

### **Transparency and Presentation**

18. Members asked whether the presentation of savings could more clearly distinguish recurrent savings from reserve-funded measures. Officers confirmed

most savings were recurrent and acknowledged a small element of reserve re-prioritisation. Members' comments were noted for future reporting improvements.

## **8. DRAFT - 2026/27 CAPITAL INVESTMENT BUDGET AND CAPITAL STRATEGY UPDATE**

The Chair took the Draft 2026/27 Capital Investment Budget and Capital Strategy Update Report as read and opened the item up for debate. The key points of discussion included:

### **Western Bypass / Southern Link Road**

1. Cabinet stated that borrowing to fund the Western Bypass was necessary following the cancellation of the previous scheme. The bypass was described as essential infrastructure to enable economic growth, housing delivery, and increased council tax and business rate income.
2. Members enquired as to why borrowing should continue for a scheme previously approved when financial circumstances may have changed? Cabinet members advised that circumstances had changed due to the cancellation of the scheme, which had increased costs. It was stated that further delay would continue to raise costs and constrain future growth.
3. Officers confirmed that the additional £5m provision for the bypass in the current capital programme was to allow for updated design checks, compliance with current standards, and contractor engagement prior to contract award. Cabinet stated that updated costs would be reviewed once contractor pricing and design compliance work was complete, and the business case would be reassessed at that stage.
4. Cabinet members confirmed that a full business case would be brought forward before construction commenced. Current expenditure related to preparatory and compliance activity. In response to a question as to whether the scheme still met Department for Transport value-for-money requirement, Cabinet members advised that a business case had previously been approved when external funding was secured and that an updated full business case would be produced in line with current requirements.

### **Alignment of Capital Programme, Revenue Budget, and Treasury Management**

5. Cabinet confirmed that the additional £44 million capital allocation had been assessed with a focus on revenue impact, with lower-priority schemes removed and new schemes selected to mitigate future revenue pressures.
6. Members enquired as to whether the Treasury Management Strategy was sufficiently flexible to support additional borrowing if it reduced long-term revenue pressures. The Section 151 Officer advised that borrowing capacity was monitored against prudential indicators and reported quarterly. Any change in risk appetite would require full Council approval.
7. The committee asked if revenue savings associated with capital investments were reflected in the MTFS. Officers clarified that many benefits related to future costs avoided rather than immediate savings and as such were not yet reflected in the base MTFS.

### **Housing, Education, and Service Investments**

8. Cabinet members explained that that the £10 million investment in housing would reduce the use of expensive bed and breakfast, and hotel accommodation, with estimated annual revenue savings of approximately £480,000. Officers advised

that acquiring and repurposing existing buildings was intended to improve deliverability of pupil referral unit and alternative provision schemes compared with new-build options, while acknowledging risks related to site availability.

9. Officers stated that out-of-county alternative education provision was significantly more expensive than in-county provision and that the business cases for in-county settings projected payback within approximately five years.

#### **Historic Buildings and Asset Strategy**

10. Officers advised that the £5million historic building allocation was supported by an outline strategic business case and would be underpinned by a wider estate strategy, including asset disposal to support repayment.
11. Members enquired whether it was appropriate to rely on asset disposals unrelated to the historic buildings to support the business case. Officers stated that the council's asset portfolio should be considered as a whole and that further detail would be provided as part of the full business case and estate strategy.

#### **Highways Maintenance**

12. The committee heard from officers, that investment focused on preventative maintenance to extend asset life and that improvements would be reflected in future condition data. Officers advised that precise timescales could not be provided regarding how long current investment levels would need to be sustained to materially improve road conditions, however, condition trends were monitored through national scanner data and reported to the Department for Transport.

#### **Governance and Financial Transparency**

13. Officers acknowledged inconsistencies in business case presentation in terms of revenue impact, borrowing costs and return on investment, and committed to improving standardisation and clarity in future business cases.
14. Regarding capital provision for a council-owned care home, Cabinet members advised that discussions with market providers indicated that facilities could potentially be built externally and operated by the council, with capital provision to be brought forward only if that approach did not proceed.

At the conclusion of the debate on Item 7 and Item 8 the committee discussed and agreed the following recommendations to the executive.

#### **Recommendations, that:**

1. **The executive should conclude an exercise to identify recurrent savings for the medium-term financial strategy period by the end of September 2026.**
2. **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.**
3. **The medium-term financial strategy should report what scenario planning has been undertaken and highlight the key sensitivities in the medium-term position.**
4. **The executive should report separately savings, initiatives funded from reserves and grants, and planned additional income.**
5. **The executive should report income and expenditure at sub-directorate level in the directorate budget position statements.**

## **9. WORK PROGRAMME**

The committee approved the attached work programme, but agreed to revise it in an informal planning session before the next meeting.

**Resolved that:**

**a) The committee agree the draft work programme for the Scrutiny Management Board contained in the work programme report attached as appendix 1, which will be subject to monthly review, as the basis of their primary focus for the remainder of the municipal year.**

**b) The committee note the work programme for the other scrutiny committees and identify any opportunities for collaboration or alignment of work.**

**10. DATE OF THE NEXT MEETING**

Monday 30 March 2026, 2pm

The meeting ended at 13:08

**Chairperson**