

Economy and Environment Overview and Scrutiny Panel

Friday, 22 January 2016, County Hall, Worcester - 10.00 am

Minutes

Present:

Mr G J Vickery (Vice Chairman), Mr A T Amos,
Mr A A J Adams, Ms P Agar, Mr M E Jenkins,
Mr J W R Thomas and Mr P A Tuthill

Also attended:

Mr A N Blagg, Cabinet Member with Responsibility for
Environment, Mr J H Smith, Cabinet Member with
Responsibility for Highways, Mr R J Sutton,
Mr T A L Wells

John Hobbs (Director of Economy and Infrastructure),
Rachel Hill (Strategic Commissioner, Major Projects),
Sean Pearce (Chief Financial Officer), Nigel Hudson
(Head of Strategy and Infrastructure), Andy Rudd
(Research Business Partner), Dave Corbett (Information
and Performance Officer), Jodie Townsend (Democratic
Governance and Scrutiny Manager) and Emma James
(Overview and Scrutiny Officer)

Available Papers

The members had before them:

- A. The Agenda papers (previously circulated);
- B. Presentation handouts for items 6 and 7 (circulated
at the Meeting)
- C. The Minutes of the Meeting held on 25 November
2015 (previously circulated).

(Copies of documents A and B will be attached to the
signed Minutes).

231 Apologies and Welcome

CLlr Ken Pollock was no longer Chairman of the Panel as
he had been appointed to the Cabinet; the Vice-
Chairman would chair the meeting.

The Panel had a new member, CLlr Tony Muir.

The Vice-Chairman welcomed everyone to the meeting,
including Jodie Townsend as new Democratic
Governance and Scrutiny Manager.

232 Declarations of Interest and of any Party Whip

None.

233 Public

None.

Participation

234 Confirmation of the Minutes of the previous meeting

The Minutes of the meeting held on 25 November 2015 were agreed as a correct record and signed by the Chairman

235 Ketch Roundabout Update

In attendance for this item were the Cabinet Member with responsibility for Highways, the Cabinet Member with responsibility for Environment, the Director of Economy and Infrastructure and the Strategic Commissioner for Major Projects.

The Ketch roundabout (the Ketch) impacted on four local divisions, and county councillors for Powick (Tom Wells) and Croome (Roger Sutton) were invited to join the discussion.

The Director had been invited to update the Scrutiny Panel on the Ketch), since the 24 June discussion, in particular to cover lessons learned. The Ketch formed part of a stretch of the A440 road from Whittington to Powick roundabout in Worcester, which is subject to improvements due to capacity constraints.

The Director focused on the two main issues involved; how long traffic was allowed to operate once it became clear that the roundabout was apparently unsafe, and also whether the design was flawed?

The Directorate had taken immediate action to close the lane within hours, and subsequently had brought forward a stage three safety audit, and commissioned an investigation by a law firm.

The investigation found three areas of concern:

- Crucially, information included in the stage two safety audit referring to a risk of collision was not passed to the designers for response. The information included in an addendum to the audit referred to the problem of traffic travelling east from Malvern, which had a short length of carriageway in which to merge. For west bound traffic there was therefore a risk of side swipe or even head on collision.
- The island had been signed off as complete despite a number of incomplete jobs such as road markings.
- The island was opened a week ahead of schedule, without initial controlled conditions,

which resulted in staff disciplinary action.

Turning to lessons learned, the Director pointed out that the island remained borderline compliant, within existing restrictions. In hindsight, the designs would have benefitted from some kind of three dimensional testing. Once the issues were known, the Council took immediate corrective action to bring the design to safety – work fulfilled by the contractor at no extra cost to the Council.

Major projects such as the Ketch were assigned a project manager, since it would be immense pressure for the Director to have responsibility for all projects. However everyone involved in the project was of managerial level. The process had been reconfigured, including introduction of a new role of 'clerk of works' to support the project team and a team approach. Driveability tests now took place for all major projects, including motorcyclists and larger vehicles, to capture the public driver's view.

The Directorate had never had such a safety glitch before and the experience had sharpened the Directorate's workforce and brought considerable improvement, to the benefit of subsequent projects, such as the Worcester Cathedral project and W6 roundabout. Road safety remained the prime concern of Worcestershire's highways operations and there had been no injuries recorded at the Ketch scene.

The Chairman invited discussion from the panel, with a focus on lessons learned.

Main discussion points

- Cllr Wells (county councillor for Powick) queried whether the Directorate had in fact acted as soon as it was aware of the safety issue? Whilst the Director had taken appropriate action as soon as he became aware, had the council department responded similarly? He explained that the safety issue 'had exploded on his Facebook page', after he had posted a video from a gentleman who was an expert in road design, who been writing to the Council about the issues he saw. Within a few days the video received 86,000 hits. The Director said that he had genuinely believed the roundabout was opening safely; it was true that he had sought assurances about theoretical risks and had been aware of the letter referred to – but his team had given assurances that the design was fine and compliant with road safety.
- The video of near misses was very different to the

Director's theoretical concern, which prompted drastic action within a number of hours.

- The project was complex and challenging and it was very difficult for staff at any level to foresee such issues.
- Was there sufficient staff resource to monitor such projects, as more services were commissioned out? The Director was confident that resources were sufficient and did not believe there were issues around the ability to commission works. The Cabinet Member for Highways pointed out that in any case the Council could not abdicate responsibility and it maintained total responsibility. The issue of contractor/designer was not new and the Directorate's numerous projects were generally successful.
- Cllr Sutton (county councillor for Croome) asked about measures to ease traffic flow problems from east to west, linking with the A38. Queueing generated safety issues where drivers opted to use two narrow lanes, which had led to a number of incidents of damage and he himself had almost had a head to head collision. The Director advised that this was being monitored, although his own observation from using the route was that the queueing was not exceptional to other town's traffic, and that it cleared faster than you would think. Consideration was being given to introducing yellow boxes to 'hold' traffic crossing Carrington bridge.
- Overall data indicated an improvement of 22-25% in west bound journey time – the roundabout was having the desired affect but there would always be a consequence. It must be remembered that it was part of a longer term project to have two lanes of traffic – due in 2017.
- The Director felt that more public communication about the staff suspension, would have been inappropriate for the level of staff involved.
- Apart from the investigation costs, there was no cos to the Council for the corrective work and the projec had been completed £1million under budget.
- A panel member pointed out the value of giving support to get things right, as opposed to a culture of blame.
- The Director confirmed he was happy with the way that project management working had been reconfigured, and also the relationship with contractors. The Ketch had been a safety glitch which had not been experienced or reacted to in this way before and processes and staff were now

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sharper. Preparation and monitoring around opening a new road set up to live traffic was now top of the agenda.

- The Director was happy to provide the Panel with a copy of his summary of the issues involved, which had been very useful.

The Panel welcomed the change to ways of working and agreed that no further action was required.

As part of the Council's consultation process for the 2016/17 budget proposals, the Director and Cabinet Members with responsibility for Economy, Environment, Highways and Infrastructure had been invited to discuss:

- Draft 2016/17 budget
- Latest performance information for 2015/16

Draft 2016/17 Budget

The Chief Financial Officer talked through a presentation on the 2016/17 Budget and Medium Term Financial Plan, which had been prepared for the Budget member Challenge Group – and which covered:

- Key Headlines
- Driving Home Highways Infrastructure Improvement Programme
- The County Council's starting point for financial planning
- How the MTFP had been updated since February 2015
- How expenditure and income projections were developed
- The indicative funding gap
- Plans to address the indicative funding gap
- The proposed draft MTFP
- Summary capital expenditure plans
- Local Government Finance Settlement update and next steps.

In summary, the position in Worcestershire was that:

- economic growth was continuing to show signs of improvement
- there was continued revenue investment in the key Corporate Plan priorities
- demand pressures on services was the biggest issue and was growing significantly
- the Council's Budget was £327.8m (approximately £1m per day) with £25m savings requirement.
- It would be proposed that Council Tax would

increase by 3.94% of which 1.94% would be ring fenced for the pressures in the Looked After Children and 2% ring-fenced for Adult Social Care to contribute to cost pressures which had been funded by a one-off grant in 2015/16 but unavailable in 2016/17.

Prior to the Local Government Settlement (announced late December 2015), the County Council had a healthy Balance Sheet and were looking at a £2m savings gap. The Settlement however, was very disappointing for Worcestershire. Shire and District councils had been hit hard as Government had shown intent to accelerate reductions and redistribute grant funding away from Shire County's to Metropolitan and London boroughs. Key grants such as the Care Act had been rolled-in effectively at zero to the main Revenue Support Grant.

Looking at the budget's alignment to corporate priorities, the key relevant headlines for this Panel were:

- Continuing allocations to match the Local Growth Plan, including Phase 5 Malvern Hills Science Park, Worcester Six off site and on site works, further phases of the southern link road around Worcester and three railway stations
- Strengthening the road maintenance budget by £0.5million and the waste disposal budget by £0.5 million
- £12 million would be invested over the next two years to the Driving Home highways infrastructure improvement programme – rural and urban road structural surface dressing to improve and expand lifespan of the network

Should the Council choose not to increase Council Tax, the funds would need to be found elsewhere. The proposals to draw more from residents by increasing Council Tax were a risk but also an opportunity, since it would also enable more discussion with residents about value.

The latest estimate was an £11.5million funding gap, to add to the £2million gap already in existence. Allowing for plans already identified, it was thought there would still be a £2million funding gap. The Business, Environment and Communities Directorate would contribute to this with a small proposed additional saving of £0.1million, which would come mostly from central and back office services.

The Cabinet Members emphasized that opportunities for

making savings were diminishing, and Panel members' help was requested in suggesting ways to help plug the overall £2million funding gap for 2016/17.

The situation was challenging but was being worked through in a measured way, with continued assessment of what it would mean for the Medium Term Financial Plan. Consultation was underway and a response on the budget was being made to local leaders that afternoon.

The Panel acknowledged the additional budget detail provided on the Directorate's FutureFit programme, as requested at the previous meeting.

Main discussion points:

- Opportunities for making savings were diminishing, and whilst contract negotiation could not be excluded from this process, it was important to acknowledge financial pressures on providers - and also the value of good relations with contractors and their role in responding to at times unpredictable environmental issues.
- The 'controllable' (£16million) proportion of the Directorate's budget was very limited.
- Inflation projections were a significant budget pressure and included areas such as annual pay increases, and supporting the National Minimum Wage
- The Panel supported the creative approach to generate income by planned borrowing, and subsequently lending to contractors at a considerably higher rate.
- It may be better to 'go harder' at existing savings initiatives, which were already understood by the public.
- Greater efficiency in completing infrastructure projects for new developments may also bring savings.
- Inflation rates and falling prices for commodities such as oil may bring savings potential.
- The Panel was advised about budget planning processes, which included assessment of risks, capacity for 'shock events' and external auditors' advice.
- Where vacancies arose, consideration should be given to whether they needed to be filled, or could the role be delivered differently?
- There was a need to review management costs across the Directorate
- The Council could consider using contingencies to

cover the £2 million shortfall.

The Panel was content with the robustness of the Directorate's budget setting process and that Futurefit savings proposals aligned with the Council's priorities. The Chair would give a summary of the main discussion points to the Budget Member Challenge Group.

Performance information for 2015/16

The Head of Strategy and Infrastructure and the Information and Performance Officer for the Economy and Infrastructure Directorate were also present for this discussion.

Whereas the previous performance report had included data related to community services, this area now reported to the Corporate and Communities Overview and Scrutiny Panel.

The Panel considered performance information for quarter two 2015/16 (July – September), which was included in the agenda.

Support to local businesses

The Panel was keen to understand how the Council added value, and was advised that its support for businesses was proactive and not just oversight, for example providing grants, commissioning activity and providing services around skills, acumen and growth. Performance related to the percentage of businesses surviving for three years or more had improved slightly over the past three years.

The Directorate had enhanced the number of grants, and a number of successful business examples had been set up – it was an area of particular appeal to women, because of the flexibility.

An area of developing work through Worcestershire Business Central was to identify successful firms of the future.

Number of young people not in education, employment or education (neet)

There would be increasing focus on those not in employment, education or training, which would include use of quality apprenticeships and targeting people through social media. There was demand and willingness from young people to invest time in gaining new skills, although not in all career areas.

Household waste

Garden waste collection in fact offered very limited opportunity for income; therefore it was something the Council was looking to discourage because of increasing costs.

A selective approach was urged, since composting was not a realistic option for all householders. The Cabinet Member with responsibility for Environment advised that local resident composting schemes may help.

Corporate CO₂ emissions

The Panel urged more partnership working with district councils and asked to be kept informed on progress.

Condition of roads and resident satisfaction

It was acknowledged that performance data was affected by people's confusion of road condition with capacity, which was difficult to overcome. Increasingly, the Director felt Worcestershire's road condition was better than elsewhere.

The Director was confident that roads were continually checked and defects fixed, however it may be that some were not technically potholes. Online methods to record potholes were very efficient.

A panel member urged more creative solutions for Worcestershire's congestion, which would assist the economy.

Number of monthly local bus travel passenger journeys

The Director acknowledged problems with one particular bus operator, which was generating a lot of public interest, and which was being addressed.

Was there a lack of commitment from housing developers? Overall officers were pushing for more money where possible – however too much restriction could put off developers, or cause increase in house prices.

Mail monitoring

A panel member pointed out that this indicator should include email correspondence, although this could be difficult to track.

Staff appraisals completed

The performance rating usually moved from red to amber towards the end of the financial year. Panel members would like to see 100% completion of appraisals.

237 Local Economic Multiplier

Decision making

A panel member pointed out that 57% of the Directorate's staff felt that decision making was too slow.

In attendance for this item were the Cabinet Member with responsibility for Highways, the Head of Strategy and Infrastructure and the Research Business Partner.

In view of the Chairman's other scrutiny meeting commitments that day, the Research and Business Partner was asked to provide a brief summary of the Council's work on the local economic multiplier and how council spending might benefit the local economy.

The Council spent significant sums on services and the local multiplier (LM) was a simple and understandable way of measuring the local economic impact of that spending. Starting with income available, the approach then analysed how much was spent locally/non-locally, and how much suppliers and staff spent locally and non-locally.

This indicated that from the Council's £644.5 million expenditure, 43.7 % was spent on employees who live in Worcestershire and 66% on staff or businesses within Worcestershire. Staff living in Worcestershire indicated they spent 53% of their income in the county, compared to 26% for non-Worcestershire staff.

The analysis indicated that every £1 spent by Worcestershire County Council contributed £2.12 to the economy's economy – it was important to note that this did not capture other outcomes, such as new business and jobs.

The indicator could potentially inform the Council's procurement processes and there was work to be done to see if and how this could be possible.

Main discussion points

Cllr Jenkins was interested in the LM, from an environmental and business perspective. Local companies were more likely to spend locally than multinationals. He was keen to see how this work could be factored into contract processes.

The Research Business Partner was looking at examples of other councils, which tended to be community based. There was also potential to measure the social impact of local expenditure.

The Panel welcomed the LM work and the current contribution to Worcestershire's economy.

Other business

In closing the meeting, the Chairman referred to the Footways Scrutiny Task Group and it was agreed that a meeting would be arranged as soon as possible to nominate a new lead member to take the exercise through to completion.

The meeting ended at 12.55 pm

Chairman