

Minutes of the Environment Overview and Scrutiny Panel

County Hall, Worcester

Thursday, 25 January 2024, 10.00 am

Present:

Cllr Alastair Adams (Chairman), Cllr Tony Muir (Vice Chairman),
Cllr Dan Boatright-Greene, Cllr Andrew Cross, Cllr Emma Marshall,
Cllr David Ross and Cllr Emma Stokes

Also attended:

Cllr Richard Morris, Cabinet member with Responsibility for Environment

Steph Simcox, Deputy Chief Finance Officer
Rachel Hill, Assistant Director for Economy, Major Projects and Waste
Paul Smith, Assistant Director for Highways & Transport Operations
Samantha Morris, Interim Democratic Governance and Scrutiny Manager
Emma James, Overview and Scrutiny Officer

Available Papers

The members had before them:

- A. The Agenda papers (previously circulated);
- B. The Minutes of the Meeting held on 30 November 2023 (previously circulated).

(A copy of document A will be attached to the signed Minutes).

65 Apologies and Welcome

The Chairman welcomed everyone to the meeting.

Apologies were received from the Cabinet Member with Responsibility for Highways, Cllr Mike Rouse.

The Chairman referred to the death of Panel member Cllr Peter Griffiths and paid tribute to his services on the Panel and as a councillor in championing the causes he believed in, such as reducing congestion around Evesham. A minute's silence was held in his memory.

66 Declarations of Interest and of any Party Whip

Environment Overview and Scrutiny Panel Thursday, 25 January 2024
Date of Issue: 22 February 2024

None.

67 Public Participation

None.

68 Confirmation of the Minutes of the previous meeting

The Minutes of the meeting held on 30 November 2023 were agreed as a correct record and signed by the Chairman.

69 Budget Scrutiny 2024/25

The Deputy Chief Finance Officer (DCFO) explained that the timing of this Panel's discussion of the draft 2024/25 Budget coincided with publication of updated budget information for the Cabinet meeting on 1 February.

The Budget report to Cabinet, which had been published late the previous day, included an announcement from the Government of additional funding for children and adults. The exact funding was not likely to be confirmed until 2-6 February but was expected to be around 1% (up to £5m), which was helpful and would reduce the proposed use of reserves to around £12m.

The Panel was considering the draft budget information from the 10 January Cabinet Report and comments would be submitted to the Overview and Scrutiny Performance Board (OSPB) for consideration at its 29 January meeting. The DCFO confirmed that the latest budget position had not impacted on areas within the Panel's remit, since the amendments related to Corporate Services and those for children and adults.

Changes in the updated report for the February Cabinet reflected information now received from the district councils in respect of council tax, and business rates, therefore at the current point in time, the Council's budget shortfall had reduced from £20.4m to £7.2m.

The three main areas of budget pressures for this Council and nationally, related to social care for children, adults and home to school transport. The County Council and the district councils would continue to lobby Government for increased funding.

The proposed increase in Council Tax was £4.99%, therefore in terms of Band D Council Tax for counties (without Fire), Worcestershire ranked the third lowest and below average.

The Chairman sought clarification regarding the budget position for home to school transport (HTST). The Panel was advised that Budget for HTST had transferred to the Economy and Infrastructure (E&I) Directorate, and that the Strategic Director of E&I was the strategic lead for HTST. There were no changes to HTST in the report to the February Cabinet.

The Chairman made the point that in order to better understand the HTST situation, Scrutiny required a breakdown of data for home to school transport costs including numbers of children and individual journeys and a breakdown of costs relating to the mainstream provision and children with special educational needs and disabilities (SEND).

The Officers sought clarity on which Overview and Scrutiny Panel (OSP) would take oversight of HTST and the Interim Democratic Governance and Scrutiny Manager advised that the Children and Families OSP would lead on the review underway of HTST, while the Environment OSP would cover in-year budget monitoring. The Chairman advised that both Panel Chairmen were keen to keep one another updated, however as yet neither felt they had received sufficient data to understand the issues involved.

It was clarified that £5.9m of the £35m structural deficit, related to Adult Social Care.

Economy and Infrastructure (E&I) Specific Budget Information

The DCFO referred to the proposed areas of net revenue investment, totalling £8.5m, offset by targeted reductions of £1.7m, giving an overall indicative net investment of £6.8m. It was not possible to offset the total investment proposed by savings, due to the high levels of spend required for E&I services such as waste and transport and the income generated – leaving a fairly small number of areas within which to identify savings.

In terms of the proposed savings, £1.1m would involve review of all services and structures across E&I, and £0.6m would come from a review of discretionary spend.

The waste contract had now been extended at a lower price, with significant savings. £1.3m was being invested to account for the fall out of the final tranche of PFI grant, since this was not a service which could be reduced.

Pay inflation had been estimated at 4%, following advice that falling inflation was anticipated to lead to a fall in pay award increase, although this remained to be seen.

Every contract was being reviewed, with contract inflation predicted to require investment of just under £4m.

It was explained that £0.962m budget had been transferred from WCF to E&I for management of HTST.

Discussion points

- A Member questioned the use of consultants, and Officers advised that there was a mix of consultant and permanent staff, and a breakdown would be provided.
- In terms of the main E&I contracts, the Ringway contract was the biggest, the Waste contract in terms of revenue cost was the biggest

and others included streetlighting, and the contract with Jacobs was predominantly capital.

- The Panel was advised that all contracts had specific details included regarding Retail Price Index or Consumer Price Index, although the Ringway contract was slightly different which was a blended model to take into account transport inflation.
- All contracts included annual uplifts, which was normal commercial practice.
- Current spend with Ringway would be provided to the Panel, and it was confirmed that this contract was not the biggest percentage increase.
- When asked whether savings could be made from hiring more staff (reducing spend on consultants), it was explained that a mix of disciplines was required within transport and strategic planning, and a number of recruitment rounds had proved unsuccessful but would absolutely continue.
- The cost of supply of services was thought to be in the region of £3m but would be confirmed.
- The proposed savings of £1.1m did not involve the reduction of hours scheme but did include review of vacancies.
- Panel members queried prices paid by the Council for schemes such as zebra crossings and referred to anecdotal evidence of other councils paying substantially less. The Assistant Director (AD) for Economy, Major Projects and Waste pointed out the range of costs associated with crossings and the need for works to be assessed and managed, however the Council did not have to use the contractor Ringway – and the Chairman stressed the importance of competition and continual battling to reduce infrastructure costs.
- It was clarified that the £12.195m in the draft budget for Passenger Transport Operations was a global figure, within which there were a number of contracts which were procured in the most cost-effective way, as well as staff overheads and a number employed directly. The Council had a small number of vehicles, around 60 minibuses. A breakdown would be provided.
- The Cabinet Member with Responsibility (CMR) for Environment explained that messages to promote waste minimisation were getting through, and waste per capita had reduced, but there was inevitable growth from more housing, therefore messaging needed to continue.
- For streetlighting, it was confirmed that £3.5m of the budget related to energy costs, and the remainder was for maintenance.
- The Chairman compared the overall draft budget growth for E&I which equated to around 9.9%, with the growth for HTST, which equated to around 69% as phenomenal – and the DCFO reminded the Panel that this included reducing demand and putting in cost savings.
- In response to a comment that the Panel's queries required access to more detailed budget data, the DCFO suggested that for future years it would be helpful to have clarity about what information was needed noting that in previous years the Panel had set up a budget task group to look at the detail.
- The Panel Chairman believed that every Panel should have an annual budget task group, which was time consuming, and required councillor commitment but was beneficial.

- The Officers would verify arrangements in place to cut costs in vacant areas of County Hall, due to RAAC (Reinforced Aerated Concrete).
- The CMR for Environment was asked about the biggest pressure within his remit, which he advised was waste, as all other costs were small or grant funded. The current contract would run until 2029 but the next one was being worked on and work was also underway to facilitate disposal of food waste collection with the district councils.
- In terms of innovative ways to reduce costs from waste, the CMR explained the importance of getting the messaging right to encourage households to reduce waste and the aim was to change behaviour dramatically and therefore lower costs. He stressed the good relationships with the district councils in this work, which he would like to maximise for the overall benefit of the waste system.
- The DCFO explained that the figure included in the draft budget for inflation, which equated to around 10%, was based on insight from the Office of National Statistics and did not believe it to be too high – however the Directorate had a lot of work to do to mitigate spend.
- Regarding expenditure of Worcestershire’s share of the additional funds from the Government for potholes, over 11 years. The Officers explained that £2.4m had been received in year, with an additional £2.4m next year and the remainder for future years, although clarity was being sought and details of the exact phasing – this was part of capital expenditure and would be reported to Cabinet in February.
- It was acknowledged that costs around materials for footways had increased by 30% in two years, however the Officers believed this could be managed now that inflation had peaked, so that the level of work should not be affected.
- It was acknowledged that there were ongoing resource implications from increasing flooding incidents, therefore review of support was needed.
- An update was sought on technology to capture carbon dioxide, and its potential for the waste plant incinerator. The AD for Economy, Major Projects and Waste advised that this was absolutely being followed for future benefit but would not provide any impact in the short-term. Progress continued and carbon capture would be referred to in the next report to Cabinet.

Home to School Transport

Referring to the agenda appendix, the DCFO reported that pressures remained in home to school transport, which were not unique to Worcestershire. Continually rising costs were driven mainly by increasing numbers of children with SEND requiring transport as well as a shortage of providers and drivers.

It was pointed out that the £2.1m investment proposed for inflation took into account the minimum wage increase of around 10% from April 2024.

A number of areas were being looked at to mitigate growth in demand, including route optimisation, providing transport differently and more taxi sharing.

Discussion points

- Panel members appreciated that HTST was a difficult area, however reiterated the importance of data being provided to Scrutiny to enable greater understanding of what was behind a considerable overspend of almost £10m. The DCFO would provide a breakdown of financial data for the different factors, and the AD for Economy, Major Projects and Waste would check about operational information requested by Scrutiny.
- The Officers would verify the detail included in HTST contracts i.e. whether it specified transporting a child from A to B, whether it specified a child should be transported in an individual taxi etc.
- It was suggested that shared transport systems using minibuses could be one way to reduce HTST costs.
- The AD for Highways and Transport Operations explained HTST was complex and he hoped it would become clearer for the Panel with the availability of further information and the findings of the review. There was no one thing which would significantly reduce demand and therefore the cost, but a whole host of factors were being looked at.
- When asked whether the number of EHCP's were increasing, the Scrutiny Officers would provide key performance information available to the Children and Families OSP.
- In response to a suggestion that there may be interest in HTST from external companies such as haulage companies, the Officers advised that this was a possibility, however the Council was a front runner in use of route optimisation software, which was very successful.
- It was clarified that £4.1m was not the anticipated growth in demand, which could well be higher, but was the figure the Strategic Director had been targeted with managing pressures within, based on the areas of work referred to previously and the review.
- It was anticipated that the review would produce savings, with £1.25m forecast for the part year effect, and £2.5m for the full year.
- The Panel was pleased to see that senior management had been tasked with finding ways to reduce this spend and looked forward to seeing the proposals.
- When asked whether a Council owned fleet of taxis would save money, the AD for Highways and Transport Operations explained the Council was looking to develop the commercial market as well as maximising route optimisation. The Council's own vehicles were used as a last resort in areas with poor commerciality, however the size and composition of the fleet was being evaluated to assess what was needed and more cost-effective ways.
- The Chairman sought clarification on the split in HTST for mainstream and SEND provision, and it was confirmed that the total budget for 2023/24 for HTST was currently £22.5m of which £12.6m was for SEND, therefore broadly half and for 2024/25 the total budget was proposed to increase to £35m, the majority of the increase relating to SEND.
- A Panel member asked what the increased budget pressures from demand would be anticipated to be if action wasn't taken to mitigate it,

and surmised this could be £7-£9m, which the Officers felt was reasonable.

- The Chairman suggested that an increase in EHCPs was impacting on E&I budgets in delivering transport solutions and was very difficult for E&I to mitigate.
- There were 2,200 individuals with SEND, compared to around 8500 requiring mainstream provision. The AD for Passenger Transport and Operations referred to the increase in numbers (which was not unique to Worcestershire) and was linked to national Policy introduced in 2014.
- The Officers referred to a report by CCN on HTST, which would be circulated.
- A member asked whether a lack of SEND provision was part of the issue, and the Officers agreed it was a mix of provision and transport needs.
- The Officers explained processes in place if a child was not attending school, in order to minimise unnecessary transport costs and advised that communication usually came via the school and did not require Council resources. Drivers would receive a retainer and further details of contract obligations would be confirmed.
- The Officers confirmed that the Vice-Chairman's suggestion that school teachers and staff may be interested in transporting some children in school minibuses, to earn more money, had been raised and was on the list of possibilities.
- Acknowledging problems such as increased numbers and the difficulty in contracting drivers, the Panel was concerned that the budget for HTST had increased from £20.759m in 2023/24 to £35.108m in 2024/5 (which equalled a 69% increase). The DCFO pointed out that the increase for SEND transport was not all related to spend, which year on year had increased by an average of around £6m, but at £5m in 2023/24 and the forecast of £4.7m for 2024/25, therefore showed that year on year Officers were being asked to lower spend.
- The DCFO referred to other factors such as the increase in numbers of SEND children, the increasing level of support required, the increased difficulty of educating SEND children in county and parental choice.
- Panel members discussed the impact of a lack of SEND provision, which had stemmed from policies to integrate more children into mainstream schools, leading to SEND schools closing and a 'spiders web' of journeys for those children whose needs required a specific SEND school.
- A Panel member pointed out the need to plan further ahead for SEND provision in each area and also communication with parents when more local provision was developed.

Overall, the Panel thought that the draft revenue budget for the E&I Directorate for 2024/25 was fair and reasonable, taking into account pay and contract inflation.

The Panel agreed comments on the budget should express members' shock at the budget for HTST which had gone from £20.759m in 2023/24 to £35.108m in 2024/5 which the Chairman pointed out equalled a 69% increase. It was important to reference that many influencing factors (such as EHCP's) were set

upstream in the process (within WCF) and therefore were very difficult for this O&S Panel to scrutinise.

The Panel was pleased to hear that senior management had been asked to reduce HTST costs, and fully understood the impact of EHCPs on the E&I budget but remained concerned that the draft budget of approximately £24m for SEND home to school transport was exceptionally high, and the proposed plan to make savings of £1.25m was not aspirational.

The Panel was pleased to hear that the CMR for Environment planned to increase messaging to encourage residents to produce less waste.

The Chairman highlighted the value of earlier informal briefings on the budget for the E&I Directorate, to give greater transparency and to equip panel members for formal scrutiny of the draft budget, and he therefore added this recommendation to the budget comments. He also stressed the value of this opportunity to Panel members and encouraged their participation.

70 Work Programme

It was agreed to schedule the following:

- Net-zero Policy Update (for 14 May meeting)
- Streetscape Design Guide, including where it sits in the planning process (for 14 May meeting)
- Informal Panel meeting to review the year (new date in June)

Cllr Marshall would circulate a report on streetscape design around air quality from a recent event to the Panel and the Assistant Director for Economy, Major Projects and Waste.

The meeting ended at 12.30 pm

Chairman