

Minutes of the Economy Overview and Scrutiny Panel

County Hall, Worcester

Tuesday, 16 January 2024, 2.00 pm

Present:

Cllr Karen Hanks (Vice Chairman), Cllr Allah Ditta and Cllr Tony Muir

Also attended:

Steph Simcox, Deputy Chief Finance Officer
Rachel Hill, Assistant Director for Economy, Major Projects and Waste
Samantha Morris, Interim Democratic Governance and Scrutiny Manager
Deborah Dale, Community Engagement Officer

Available Papers

The members had before them:

- A. The Agenda papers (previously circulated);
- B. The Minutes of the Meeting held on 17 November 2023 (previously circulated).

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

67 Apologies and Welcome

The Vice-Chairman, Cllr Karen Hanks welcomed everyone to the meeting which she would be chairing as the Chairman Cllr Matt Dormer was unable to attend.

Apologies were received from Councillors Matt Dormer and Ian Hardiman.

68 Declarations of Interest and of any Party Whip

None.

69 Public Participation

None.

70 Confirmation of the Minutes of the Previous Meeting

Economy Overview and Scrutiny Panel Tuesday, 16 January 2024
Date of Issue: 09 February 2024

The Minutes of the Meeting held on 17 November 2023 were agreed as a correct record and signed by the Chairman.

71 Scrutiny of 2024/25 Budget

The Deputy Finance Officer (DCFO) introduced the Council's draft Budget for 2024/25 and explained the national context and the key headlines for the Council. This was followed by an explanation of specific budget information for 2024/25 for the Economy and Infrastructure Directorate. Comments from the Panel's discussion would be reported to the Overview and Scrutiny Performance Board on 29 January. The draft budget and comments received would then be considered by Cabinet on 1 February and the Budget would be agreed at Council on 15 February.

The DCFO summarised the key headlines from the draft Budget 2024/25 stating that Local Authorities were under extreme pressures nationally. The Local Government settlement on 18 December had indicated additional government funding of £21m. However, this was a net £1.6m reduction on the expected funding and not keeping pace with the demands and pressures faced by the Council. The main pressure areas were in Adult and Children's Social Care and Home to School Transport caused by inflationary demands and demand pressures that continued to increase. Currently, there was a £20.4m gap that needed addressing.

It was proposed that Council Tax would increase by 4.99% which included a 2.99% increase plus 2% Adult Social Care Levy. Despite this increase the Council was likely to remain in the lowest quartile for level of Council Tax for an average Band D householder for comparable authorities.

The indicative net revenue investment for the Directorate related to a £1.3m increase into Transport and Strategic Planning, £1.3m increase relating to the fallout of the final tranche of the PFI grant relating to waste along with £0.6m relating to waste demand, pay inflation of £1m and contact inflation (including waste) of £3.379m. It was also noted that the of £0.962m budget relating to the management of the Home to School Service had transferred from Worcestershire Children First to the Directorate. This total indicative investment and inflation of £8.5m was offset by Directorate savings and the reviewing of structures.

During the discussion, the following main points were made:

- It was noted that the final Government settlement was expected by the end of January 2024 and that there was no indication from Government that further funding would be made available to Councils despite strong lobbying. Councils were expected to use reserves, maximise income from Council Tax and live within their means. The DCFO assured the Panel that the Council would be setting a balanced budget for 2024/25.
- It was noted that some Councils had requested special permission to increase their Council tax beyond the 4.99% cap to 9.99% without the

need for a referendum if they were having trouble in settling a balanced budget and this was termed “pre S114”.

- The DCFO explained that a S114 Notice of the Local Government Finance Act 1988 was a report issued by a council's statutory chief finance officer (section 151 officer) when it appeared to them that a council's expenditure would exceed the resources it had available in a financial year.
- In response to a question about whether the Government settlement had taken into account the high rate of inflation, the Panel was advised that the grants awarded in the settlement had been set to cover 2 years and inflation been factored in, but Government estimates had been based on inflation falling quicker than it had.
- A Member expressed concern that the Council could not continue to use its reserves indefinitely and suggested although unpalatable, consideration should be given to whether any reductions could be made to the Capital Programme or whether the Council's contracts could be reviewed.
- A Member suggested that with service demand increasing in adult and children's social care placements and home to school transport, innovative ways needed to be found to save money and it was suggested that although unpopular it may be necessary to reduce the spend on highways and footways to meet other essential service demands.
- Acknowledging that home to school transport was being considered by the Children and Families Overview and Scrutiny Panel, it was suggested that it was important to look at optimising routes and other innovative options to provide transport and save money including the potential for school employees to be able to transport children where possible.

72 Work Programme

No amendments were made to the work programme.

The meeting ended at 2.40 pm

Chairman