

Agenda

Economy Overview and Scrutiny Panel

Tuesday, 16 January 2024, 2.00 pm
Lakeview Room, County Hall, Worcester

All County Councillors are invited to attend and participate

This document can be made available in alternative formats such as large print, an audio recording or braille; it can also be emailed as a Microsoft Word attachment. Please contact Scrutiny on telephone number 01905 844965 or by emailing scrutiny@worcestershire.gov.uk

DISCLOSING INTERESTS

There are now 2 types of interests:
'Disclosable pecuniary interests' and **'other disclosable interests'**

WHAT IS A 'DISCLOSABLE PECUNIARY INTEREST' (DPI)?

- Any **employment**, office, trade or vocation carried on for profit or gain
- **Sponsorship** by a 3rd party of your member or election expenses
- Any **contract** for goods, services or works between the Council and you, a firm where you are a partner/director, or company in which you hold shares
- Interests in **land** in Worcestershire (including licence to occupy for a month or longer)
- **Shares** etc (with either a total nominal value above £25,000 or 1% of the total issued share capital) in companies with a place of business or land in Worcestershire.

NB Your DPIs include the interests of your spouse/partner as well as you

WHAT MUST I DO WITH A DPI?

- **Register** it within 28 days and
- **Declare** it where you have a DPI in a matter at a particular meeting
 - you must **not participate** and you **must withdraw**.

NB It is a criminal offence to participate in matters in which you have a DPI

WHAT ABOUT 'OTHER DISCLOSABLE INTERESTS'?

- No need to register them but
- You must **declare** them at a particular meeting where:
 - You/your family/person or body with whom you are associated have a **pecuniary interest** in or **close connection** with the matter under discussion.

WHAT ABOUT MEMBERSHIP OF ANOTHER AUTHORITY OR PUBLIC BODY?

You will not normally even need to declare this as an interest. The only exception is where the conflict of interest is so significant it is seen as likely to prejudice your judgement of the public interest.

DO I HAVE TO WITHDRAW IF I HAVE A DISCLOSABLE INTEREST WHICH ISN'T A DPI?

Not normally. You must withdraw only if it:

- affects your **pecuniary interests** **OR** relates to a **planning or regulatory** matter
- **AND** it is seen as likely to **prejudice your judgement** of the public interest.

DON'T FORGET

- If you have a disclosable interest at a meeting you must **disclose both its existence and nature** – 'as noted/recorded' is insufficient
- **Declarations must relate to specific business** on the agenda
 - General scattergun declarations are not needed and achieve little
- Breaches of most of the **DPI provisions** are now **criminal offences** which may be referred to the police which can on conviction by a court lead to fines up to £5,000 and disqualification up to 5 years
- Formal **dispensation** in respect of interests can be sought in appropriate cases.

Economy Overview and Scrutiny Panel

Tuesday, 16 January 2024, 2.00 pm, County Hall, Worcester

Membership: Cllr Matt Dormer (Chairman), Cllr Karen Hanks (Vice Chairman),
Cllr Mel Allcott, Cllr Martin Allen, Cllr Bob Brookes, Cllr Allah Ditta,
Cllr Ian Hardiman, Cllr Tony Muir and Cllr Craig Warhurst

Agenda

Item No	Subject	Page No
1	Apologies and Welcome	
2	Declarations of Interest and of any Party Whip	
3	Public Participation Members of the public wishing to take part should notify the Assistant Director for Legal and Governance in writing or by e-mail indicating both the nature and content of their proposed participation no later than 9.00am on the working day before the meeting (in this case 15 January 2024). Further details are available on the Council's website. Enquiries can also be made through the telephone number/e-mail address listed in this agenda and on the website.	
4	Confirmation of the Minutes of the Previous Meeting Previously circulated	
5	Scrutiny of 2024/25 Budget	1 - 16
6	Work Programme	17 - 20

Agenda produced and published by the Assistant Director for Legal and Governance, County Hall, Spetchley Road, Worcester WR5 2NP. To obtain further information or hard copies of this agenda please contact Deborah Dale 01905 846282, email: scrutiny@worcestershire.gov.uk

All the above reports and supporting information can be accessed via the [Council's Website](#)

Date of Issue: Monday, 8 January 2024

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ECONOMY OVERVIEW AND SCRUTINY PANEL

16 JANUARY 2024

BUDGET SCRUTINY 2024/25

Summary

1. The Panel will consider the draft Budget for 2024/25 for the areas within its remit relating to the Economy.
2. The Cabinet Member with Responsibility for Economy, Infrastructure and Skills, the Director for Economy and Infrastructure Directorate and the Deputy Chief Financial Officer have been invited to attend the meeting.

Background

3. Members of the Panel are reminded that they have had the benefit of quarterly performance and financial monitoring throughout the year as part of the Scrutiny Panels' role in maintaining oversight of service provision, identifying trends, budget pressures and challenges.
4. In addition, the Leader and Chief Executive attended the Overview and Scrutiny Performance Board (OSPB) on 26 July to discuss the role of Scrutiny in the 2024/25 budget setting process.

Budget Scrutiny 2024/25

5. As part of the Budget Scrutiny process for 2024/25, the Director for Economy and Infrastructure has been asked to identify the main messages from the draft 2024/25 Budget for areas within the remit of the Panel. These are set out in Appendix 1.
6. The draft Council Budget 2024/25 was presented to Cabinet on 10 January 2024 and is also available to the Panel at [\(Public Pack\)Agenda Document for Cabinet, 10/01/2024 10:00 \(modern.gov.co.uk\)](#)
7. The Panel's discussions on the draft Council Budget 2024/25 will be reported to the OSPB on 29 January 2024, when the Board will formulate its comments to Cabinet for its meeting on 1 February 2024.

Purpose of the meeting

8. Following discussion of the information provided, the Panel is asked to determine any comments on the draft 2024/25 Budget for the Chairman to report back to the OSPB at its meeting on 29 January 2024.

Supporting Information

Appendix 1 – 2024/25 Draft Budget Proposals

Contact Point

Deborah Dale, Member Engagement Officer 01905 846282
Email: scrutiny@worcestershire.gov.uk

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer), the following are the background papers relating to the subject matter of this report:

[The Council's Budget Books are available on the website here](#)

[All agendas and minutes are available on the Council's website here](#)

2024/25 Draft Budget for Consultation

**Economy Overview and Scrutiny
Panel**

16 January 2024

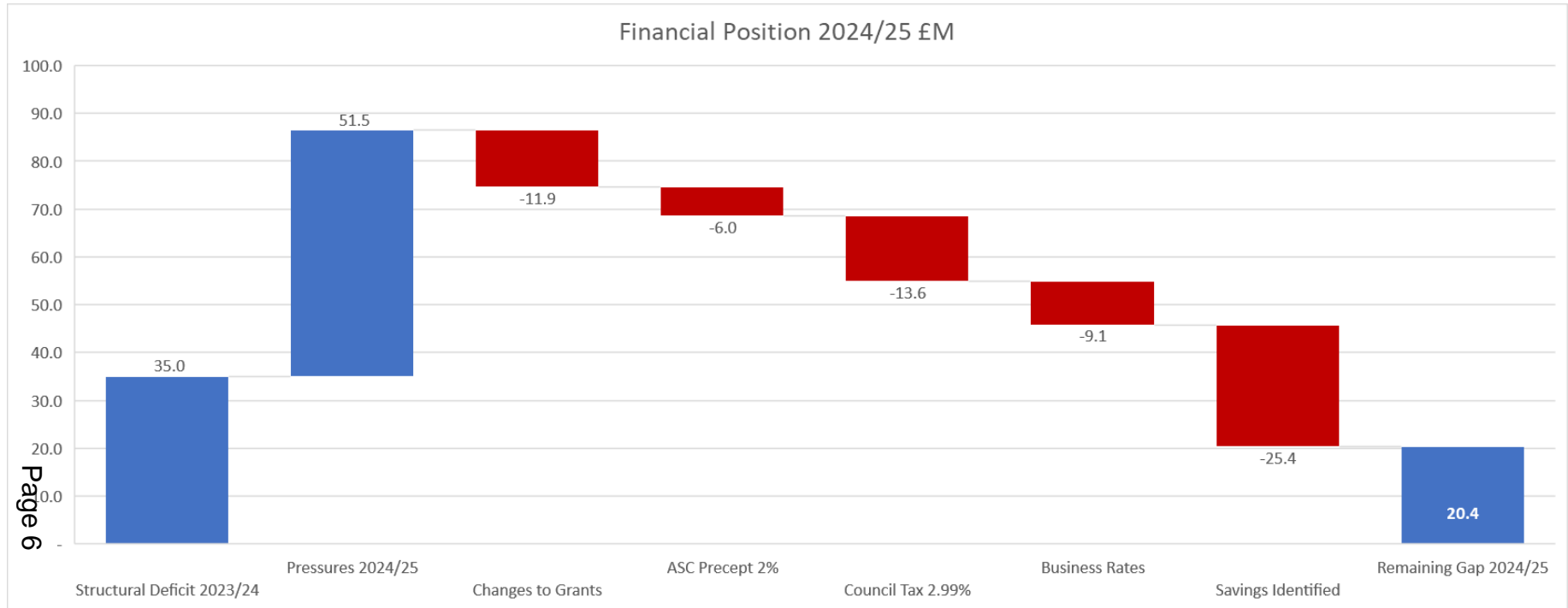
- Nationally, Local Government is under severe financial pressure due to inflationary and demand pressures in three main areas - Children's Social Care, Home to School Transport and Adults Social Care. These overspends reflect the continuing costs in these sectors which show no sign of abating.
- At the end October, our net overspend was at **£22.2m** on a £401m net budget – this was **after** using one off monies from additional income from business rates (£4.1m), £9m additional use of reserves (on top of £5.5m used to balance the budget approved before the start of this year) that were set aside in the budget to manage. Our structural deficit (*a budget deficit due to our ongoing expenditure greater than our income*) is c£35m.

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Our overspend position is not because of poor control, oversight or policy decisions. It is simply an exceptionally large increase in our costs for demand-led services, set against our constrained ability to raise additional income.

- Worcestershire County Council has had strong record of good financial management, constantly adapting to operate in a more cost-effective way, whilst continuing to deliver frontline services
- We are continuing to make savings and are on course to make around £20 million of savings in the financial year.

- Budget Report to Cabinet on 10 January 2024 summarises the financial position for the Council and each of the service areas.
- Local Government Settlement announced on 18 December (a one-year settlement), indicated additional government funding of £21m. However, this was a net £1.6m reduction on the expected funding which was built into our MTFP, and this is not keeping pace with demand and pressures we are facing.
 - Core spending power increased to upper tier Authorities to recognise significant demand pressures which included an increase to our Settlement Funding assessment by £9.1m.
 - Further funding of £12.9m to recognise significant pressures within Adults and Children's Social Care.
 - Public Health and Substance Abuse Grants – additional £1.1m (estimated)
 - Reduction in services grant of £2.2m.
- No fundamental reforms to funding system anticipated.
- Government included a statement in settlement around Councils using reserves in this difficult period which is not sustainable in longer term.
- Proposed Council Tax increase of 2.99%, plus a 2% Adult Social Care Levy - Total 4.99%



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- At this point there is a gap of £20.4m that needs to be addressed
- Cabinet Members continue to work with their respective Strategic Directors to identify options to reduce the current reported gap by either additional savings or agree strategies to reduce the current growth and demand assumptions prior to the final budget report.

- The table below show the indicative pressures including the structural deficit of £35m which has been addressed.
- Demand for services continues to increase, particularly across Adults and Children’s Social Care as well as Home to School Transport. Growth figures have been obtained from the services split across inflation, demand, investment and removal of one-off funding sources, along with the impact of the structural deficit

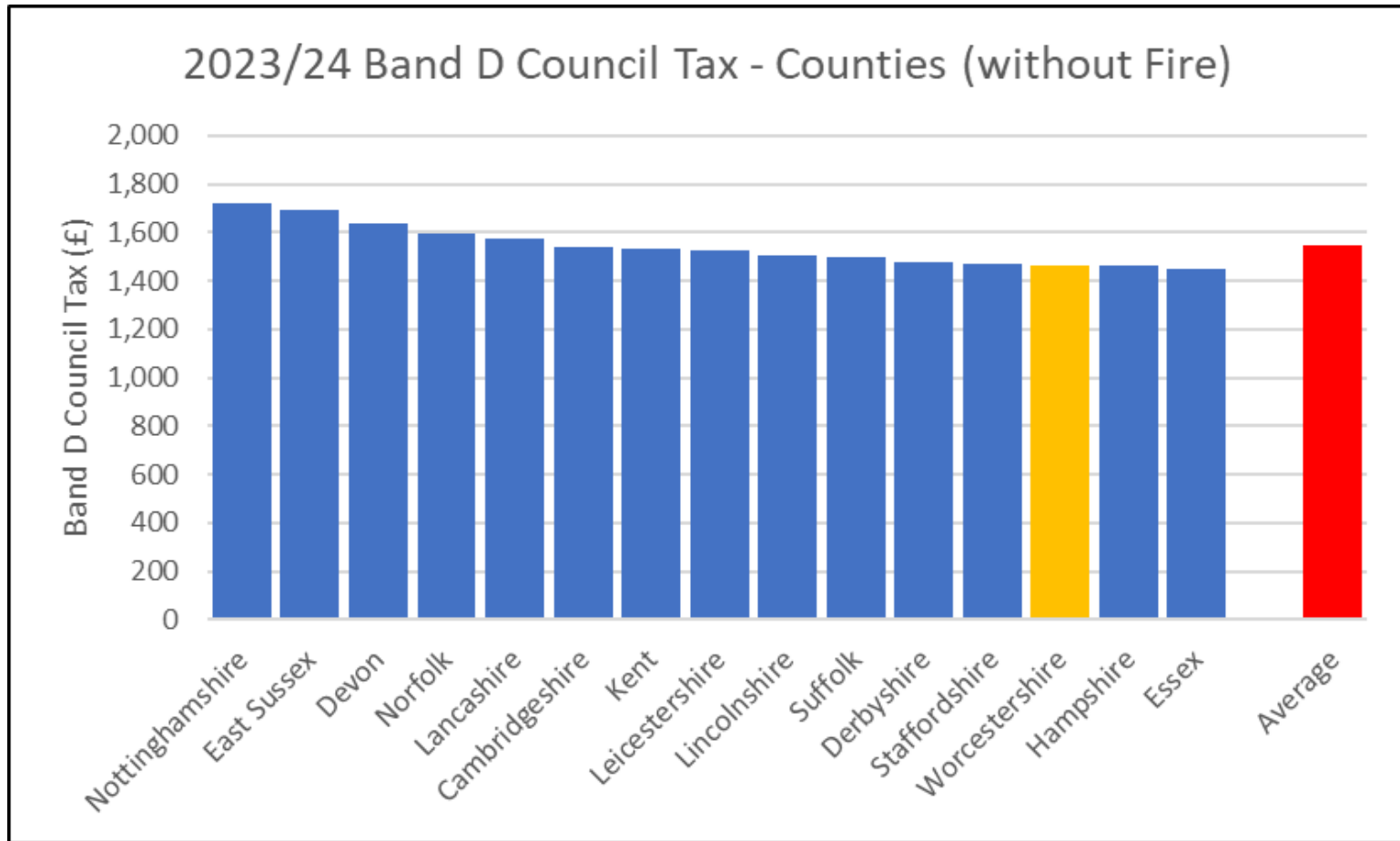
2024/25 Pressures and Funding (Including Structural Deficit)	Adults (£m)	HTST (£m)	Childrens (£m)	Other (£m)	Total (£m)
Rebase	2.4	0.0	0.3	3.2	6.0
Pay Inflation	1.2	0.0	2.6	4.0	7.8
Contract Inflation	6.2	2.1	4.7	5.5	18.5
Demand	3.5	4.1	2.9	0.6	11.1
Investment	0.0	0.0	0.0	2.9	2.9
Capital	0.0	0.0	0.0	5.2	5.2
Additional Pressures for 2024/25	13.4	6.2	10.5	21.4	51.5
Structural Deficit	5.9	9.5	19.1	0.5	35.0
Total Pressures	19.3	15.7	29.6	21.9	86.5

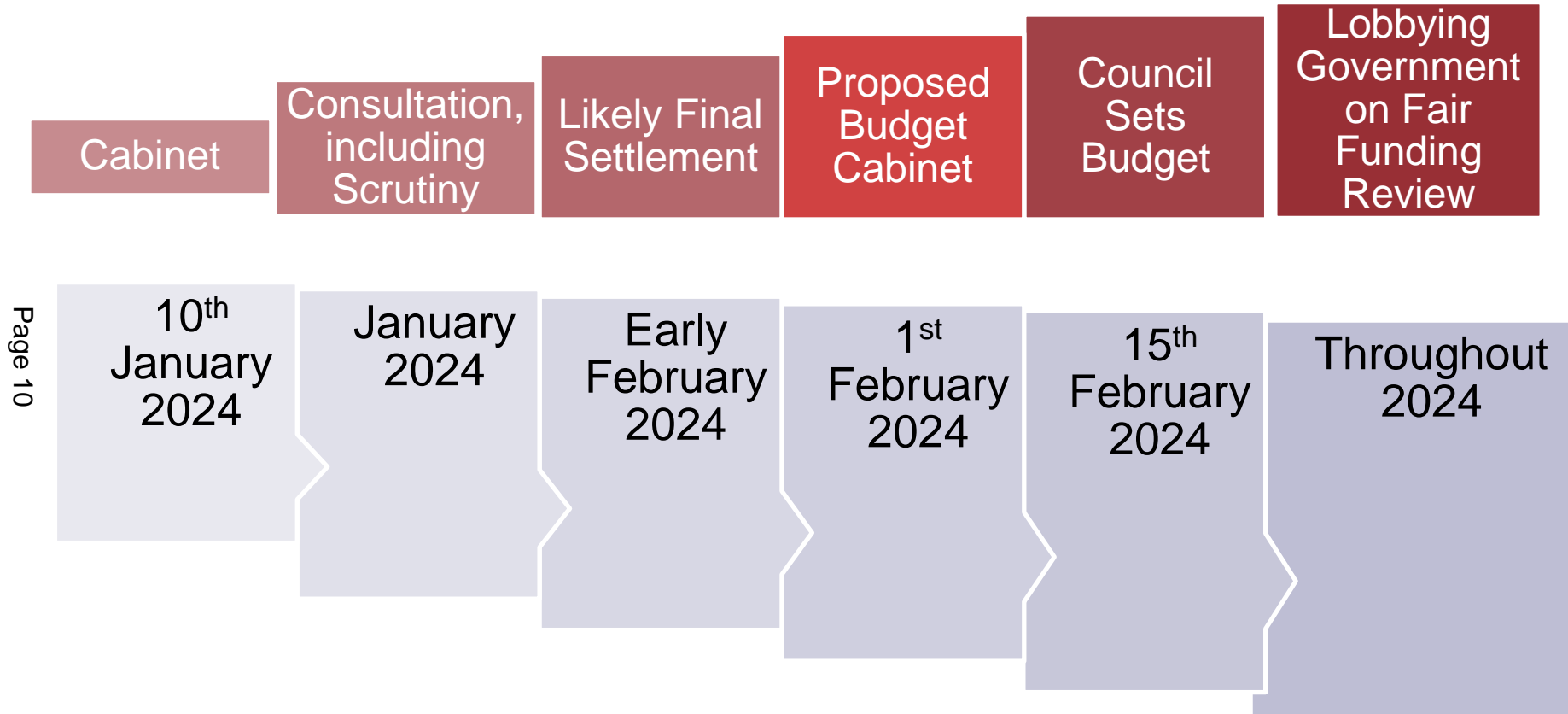
2% Adult Social Care Levy for 2024/25 to contribute to existing cost pressures due to Worcestershire's ageing population.

2.99% - to provide financial support to continue to fund investments in those areas that the public have consistently highlighted as important.

An increase of 4.99% which is an average £1.41 per week for a Band D householder.

Worcestershire is likely to remain in the lower quartile for level of Council Tax for comparable councils.





Economy & Infrastructure

Specific 2024/25 Budget Information

Summary Indicative Net Revenue Investment (1)

- £1.3m increase into Transport and Strategic Planning relating to the review of planning applications, support for the local plan modelling and strategic schemes (paragraph 35)
- £1.3m increase relating to the fall out of the final tranche of the PFI grant relating to waste along with £0.6m relating to waste demand (paragraph 36)
- Pay Inflation - £1m
- Contract inflation including waste - £3.379m
- Transfer of budget from WCF relating to management of the Home to School Transport Service - £0.962m

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Total indicative investment and inflation of £8.5m

NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change

Summary Indicative Net Revenue Investment (2)

Offset by

- £1.1m from a review of the services and structures within E&I
- £0.6m relating to a review of discretionary spend across E&I
- For detail see [Appendix 3](#)

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Total reductions = £1.7m

Overall, there is an indicative net investment of £6.8m

NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change

Home to School Transport - Paras 37 - 39

- Pressures remain in mainstream home to school transport and SEND transport which are not unique to Worcestershire.
- Costs have continued to rise driven mainly by increasing numbers of children with Special Educational Needs that require transport, but also due to difficulties in the market with a shortage of providers and drivers.
- The draft budget recognises these challenges and provides a further
 - £4.1m for increased demand
 - £2.1m for inflation
 - £9.5m relating to the structural deficit
 - Total = £15.7m million.
- A part year effect saving of £1.25m is forecast in this area following a detailed review of the services
- Indicative net investment = **£14.45m**

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NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change

Draft Revenue Budget – Extract of Appendix 1

SERVICE	Revised Budget 2023/24	Directorate Virements	Structural Deficit	Pay Inflation	Contract Inflation	Growth (Investment)	Growth (Demand)	Savings	Net Budget 2024/25
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Economy & Environment Panels									
Road Lighting	5,807	0	0	10	-512	0	0	0	5,304
Waste Management	38,831	0	0	29	2,626	1,264	561	0	43,311
Development Management	69	0	0	48	0	0	0	0	117
Network Management	-394	0	0	153	53	0	0	0	-188
Highways Operations & PROW	8,934	0	0	137	816	0	0	0	9,887
Business Management	767	0	0	23	0	0	0	-1,700	-910
Economy & Sustainability	922	0	0	122	12	0	0	0	1,057
Major Projects	1,830	0	0	47	31	0	0	0	1,908
Infrastructure & Contracts	1,224	0	0	18	63	0	0	0	1,305
Passenger Transport Operations	10,586	962	0	357	290	0	0	0	12,195
Planning & Regulation	508	0	54	75	0	1,300	0	0	1,937
Total E&I	69,083	962	54	1,018	3,379	2,564	561	-1,700	75,922
Home to School Transport	0	20,759	9,446	0	2,053	0	4,100	-1,250	35,108
Skills & Inv inc. Adult Learning	51	0	0	100	3	0	0	0	155

NB The Council still has a £20.4m gap which needs to be addressed – so these figures may change

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ECONOMY OVERVIEW AND SCRUTINY PANEL 16 JANUARY 2024

WORK PROGRAMME

Summary

1. From time to time the Economy Overview and Scrutiny Panel (the Panel) will review its work programme and consider which issues should be investigated as a priority.

Background

2. Worcestershire County Council has a rolling annual Work Programme for Overview and Scrutiny. The 2023/24 Work Programme has been developed by taking into account issues still to be completed from 2022/23, the views of Overview and Scrutiny Members and other stakeholders and the findings of the budget scrutiny process.
3. Suggested issues have been prioritised using scrutiny feasibility criteria in order to ensure that topics are selected subjectively and the 'added value' of a review is considered right from the beginning.
4. The Economy Overview and Scrutiny Panel is responsible for scrutiny of:
 - Economy
 - Workforce Skills
 - Strategic Infrastructure
 - Broadband and Communications
5. The scrutiny work programme was discussed by the Overview and Scrutiny Performance Board (OSPB) on 28 April and agreed by Council on 18 May 2023.

Dates of 2024 Meetings

6. The dates of the meetings for 2024 are:
 - 16 January
 - 25 March
 - 5 June
 - 15 July
 - 3 October
 - 20 November

Purpose of the Meeting

7. The Panel is asked to consider the 2023/24 Work Programme and agree whether it would like to make any amendments. The Panel will wish to retain the flexibility to take into account any urgent issues which may arise.

Supporting Information

Appendix 1 - Economy Overview and Scrutiny Panel Work Programme 2023/24

Contact Point

Deborah Dale, Member Engagement Officer 01905 846282

Email: scrutiny@worcestershire.gov.uk

Background Papers

In the opinion of the proper officer (in this case the Assistant Director for Legal and Governance), the following are the background papers relating to the subject matter of this report:

[Agenda for Overview and Scrutiny Performance Board on 28 April 2023](#)

[Agenda for Council on 18 May 2023](#)

All Agendas and Minutes are available on the Council's website [Agendas and Minutes](#)

SCRUTINY WORK PROGRAMME 2023/24

Economy Overview and Scrutiny Panel

Date of Meeting	Issue for Scrutiny	Date of Last Report	Notes/Follow-up Action
16 January 2024	Scrutiny of 2024/25 Budget		
25 March 2024	Performance (Q3 October to December) and In-Year Budget Monitoring		
	Workforce Planning (including over 50's and rural sector workforce)		
5 June 2024	Strategic Infrastructure, including road and rail developments		
	Shrub Hill Quarter		
15 July 2024	Performance (Q4 January - March) and Year End Budget Monitoring		
3 October 2024	Performance (Q1 April to June) and In-Year Budget Monitoring		
20 November 2024	Performance (Q2 July to September) and In-Year Budget Monitoring		
Possible Future Items			
TBC	The support provided by the Council for business start-ups in relation to young entrepreneurs and		Agreed at 17 November 2023 Panel meeting

	graduates and how they are encouraged to remain in the County.		
TBC	UK Shared Prosperity Fund – looking at forward trajectory beyond 2025 and output data per District		Suggested by Chairman
End of 2023/24	The implications of the cancellation of the High Speed 2 (HS2) on the Local Transport Plan 5		Awaiting Government guidance – consider overlap and implications for the Environment Overview and Scrutiny Panel
TBC	Commercialisation Strategy of the County Councils Property Assets		Suggested by the Chairman
TBC	The role of the Council in encouraging the development of commercial space and support for specific growth sectors identified in the Economic Strategy ‘the Plan for Growth 2020 – 2040’		Panel Member suggestion June 2022
Standing Items			
Mar/Jul/Sep/Nov	Performance and In-year Budget Monitoring		Quarterly
November/January	Budget Scrutiny Process		Annually
	District Council Economic Challenges and how the County Council could help		