

ENVIRONMENTAL SCRUTINY COMMITTEE

27 FEBRUARY 2024

Present: Councillor Owen Jones(Chairperson)
Councillors Derbyshire, Gibson, Green, Lancaster, Lloyd Jones,
Jackie Parry and Proctor

46 : DECLARATIONS OF INTEREST

Councillor Lloyd Jones declared a personal interest in Item 4 as she is in receipt of a teacher's pension from another authority.

47 : DRAFT CORPORATE PLAN 2024-2027 AND DRAFT BUDGETARY PROPOSALS 2024/25

The Committee received a report providing Members with an opportunity to scrutinise those sections of the draft Corporate Plan 2024-27 and draft 2024/25 Budget Proposals that related to the Cabinet Portfolios and service areas within the remit of the Committee. The Cabinet will consider the Committee's comments and recommendations prior to finalising their budget proposals.

The report provided a summary of the background and context within which the draft budget proposals have been set and how the draft budget proposals and the draft Capital Programme align with the Corporate Plan 2024-27.

Members were advised that the Local Government Financial Settlement is a key factor underpinning the construction of the draft budget. Due to the timing of the UK Autumn Statement the Provisional Settlement was not received until the 20 December 2023. On 24 January 2024 the UK Government announced £600 million extra funding for English Local Authorities and on 7 February 2024 the Minister for Finance and Local Government issued a statement on the resultant £25 million consequential funding for Wales.

In cash terms, Cardiff's initial 4.1% AEF increase equated to £25.353 million (including taxbase adjustments), increasing to £26.972 million as a result of the consequential funding. Cardiff's above average settlement is largely due to distribution increases in respect of population and pupil numbers. These are partially offset by decreases in Cardiff's distribution for free school meals, tourism, and transport. Members were advised that although Cardiff's AEF increase is slightly above average, it covers less than half of the pressures that the Local Authority faces in 2024/25.

Furthermore, the information on specific revenue grants included in the Provisional Settlement presented several challenges. The information was only available at an All-Wales level and grants totalling more than £25 million were yet to be confirmed. Significant reductions were indicated in several key areas. Further details relating to specific grants were included in the 2024/25 Cabinet Budget Report appended to the report.

Several specific grants are expected to transfer into the RSG in 2024/25. It was anticipated that all transfers would be included within the Final Local Government Settlement, and Local Authorities have been formally notified of transfer sums. Cardiff's transfers were reflected in the AEF figures included within the 2024/25 Cabinet Budget Report.

Members were asked to note that recent fund valuations of unfunded public sector pension schemes, and notably changes to the SCAPE (Superannuation Contributions Adjusted for Past Experience) rate, mean that employer's superannuation contributions to these schemes will increase significantly from 1 April 2024. In Cardiff, this affects the Teachers' Pension Scheme and the fire-fighters' Pension Scheme. The impact for the 2024/25 Budget was detailed in the report. There were indications are that the UK Government would provide additional funding to address this issue and the Minister for Finance and Local Government has confirmed that all funding received by Welsh Government will be passported to Local Authorities. However, confirmation may not be before the end of the 2023/24 financial year.

The report provided a summary of the 2024/25 revenue budget and the £10.470 million revenue budget savings identified. The 2024/25 Budget includes £5.386 million of Corporate Savings and measures. and a further £3.000 million use of reserves. There were also £4.052 million in service change proposals, which differ from efficiency savings as they will impact existing levels of service. All relevant budget proposals have been subject to a full Equality Impact Assessment and the findings have informed the Council's consultation and engagement activity.

Members were advised that the proposed Council Tax increase to support delivery of the 2024/25 Revenue Budget Strategy was 6.0%. This will generate net additional income of £10.419 million and combined with savings and corporate measures totalling £19.908 million to bridge the 2024/25 Budget Gap. The increase was higher than previously modelled and it would enable some of the Council's key services to be protected.

The report also provided revenue implications of the 2024/25 budget in terms of the net reduction of FTE posts required, the use of earmarked reserves and the Council's Financial Resilience Mechanism.

Members were also asked to note that the Medium-Term Financial Plan has identified a significant Budget Gap of £142.3 million over the period 2025/26 – 2028/29, of which £44.3 million relates to 2025/26. Further information is set out at Annex 1 of the Cabinet Budget Report.

48 : CORPORATE OVERVIEW

Councillor Lloyd-Jones declared a personal interest in this item as she is receipt of a teachers pension from another authority.

The Chairperson welcomed Councillor Chris Weaver, Cabinet Member for Finance, Modernisation and Performance, Chris Lee, Corporate Director Resources and Ian Allwood, Head of Finance to the meeting.

Following a statement from the Cabinet Member the officers delivered a presentation providing an overview of the 2024-25 Budget Proposals.

The Chairperson invited Members of the Committee to comment, seek clarification or raised questions on the information provided. Those discussions are summarised as follows:

- A Member noted that Audit Wales has highlighted significant risks to the uncosted plans set out in the One Planet Cardiff strategy. Officers were asked to comment. The Cabinet Member accepted that the One Planet Cardiff Strategy set out some challenging ambitions. Transforming the city would require wider funding to be committed from, and the involvement of, partner organisations and across the city in general, that are beyond the immediate control of the Council. The Corporate Plan sets out to report of the progress of the One Planet Cardiff strategy, annually setting out the Council's carbon emissions; reviewing the One Planet Cardiff Action Plan to reflect progress, challenges, priorities, and where identified funding can be found; and a commitment to work with partners. Good progress has been made to date but the strategy will need constant review and support from partners.
- A Member noted a comment from a Member of the public that no Welsh Local Authority has submitted audited accounts over the past two years. Officers were asked to clarify the position. The Cabinet Member stated that Cardiff's accounts were submitted and signed off in previous years and he believed that was the case for all Welsh Local authorities. The Head of Finance stated that was a backlog of unaudited accounts in England. The authority's 2023/23 audited accounts would be presented Council in March 2023 following a short delay.
- A Member welcomed that the Cabinet has considered feedback received during the consultation exercise on this year's budget proposals.
- The Cabinet Member and Officers were asked to comment on the use of reserves and the reduction in the allocation towards the financial resilience mechanism in this year's budget, given the projected budget gap in the forthcoming years. The Cabinet Member stated that the administration were mindful of this and this has been addressed in Annex 1 of the budget report due to be presented a Cabinet and Council. Annex 1 provides details of the Medium Term Financial Plan and the projection of resilience. The Cabinet Member considered that reserves are at an appropriate level and it was prudent to use them. However, there was a risk to using reserves and reserves cannot be used excessively long term. The financial resilience mechanism has been retained at £2 million and has been allocated to mitigate against the risks associated with the timing of delivery of savings and partly for areas of key priority. The financial resilience mechanism was reduced in order to meet rising energy costs and could not be restored to former levels due to the size of the budget gap. The budget also provided for some contingencies within Childrens and Adult Services.

- Responding to a question regarding the use of reserves in future years the Cabinet Member stated that officers review the level of earmarked reserves and general reserves each year and arrive at an appropriate use of them. The use of reserves are likely to play a part in balancing budgets but they cannot be over relied upon. The Section 151 Officers stated that the use of reserves are risk assessed on a regular basis and there is a statutory requirement for the Section 151 Officer to set out the robustness and overall level of earmarked reserves. Members were asked to note that within the Cabinet report the Section 151 has stated that he is satisfied with the overall level of earmarked reserves is appropriate after allowing for use in 2024/25 and that ongoing resilience is a key theme for finance officers in the medium term.
- A Member asked whether the One Planet Cardiff Strategy is realistic given financial difficulties predicted over the medium term. The Cabinet Member considered that the One Planet Cardiff Strategy is the correct ambition for the authority and it may be worth exploring that issue further with the Cabinet Member for Climate Change. Action has already been taken to reduce the authority's carbon emissions across its estate and big challenges remain to achieve net zero by 2030.
- The Cabinet Member was asked to comment on the potential sources of additional funding required to achieve net zero. The Cabinet Member stated that government at all levels will need to play a part but the authority will need to look to working in partnership with all sectors including partners in the private sector.
- A Member asked how the scale of the future financial challenge faced by the Council compares with the challenges faced over the last decade. The Head of Finance stated that around 10 years ago the authority was faced with negative budget settlements, albeit with lower inflation and demand pressures. The current position is also extremely challenging and the medium term forecast is going to require more difficult decisions which are comparable to the decisions needed 10 years ago. The Cabinet Member stated that the 2024/25 budget was the most difficult he has faced since he came a Cabinet Member in 2017. The requirement to close the budget gap this year comes on the back of many years of efficiency savings and reductions within directorates. The projections for medium term, on the basis of information provided by the UK Government, suggests that negative or flat budgets are likely and, coupled with high inflation and rising costs, extreme difficulties are expected.
- In respect of the medium term outlook, a Member asked how much longer the authority can achieve a balanced budget without cutting back frontline services. The Cabinet Member stated that the position will be different in different service areas. There are changes to working practices that will bring about saving opportunities, such as the use of technology. There are also new ways of working with partners that can bring about savings. However, looking at the projected

funding in future years, the Cabinet Member considered that no council would be able to avoid damaging cuts to frontline services. The authority would seek to protect frontline services as far as possible.

- A Member requested that officers clarify the position regarding buildings insurance for buildings within the estate that are to be 'mothballed'. Officers stated that the Council's insurers have visited buildings within the estate as part of an insurance tender exercise and they were made aware of the changes proposed in terms of the estate.
- A Member requested comments on the level of Council Tax set in Cardiff compared with other Welsh Local Authorities. The Cabinet Member stated that different authorities will make their Council Tax choice based upon their local circumstances. The size of the authority in Cardiff perhaps allows for some economies of scale that other authorities do not have and some authorities will have historic challenges and different pressures. They will make their decisions on Council Tax levels accordingly. The Cabinet Member considered that the decision on Council Tax in Cardiff strikes a balance between what is needed to provide sufficient resilience whilst recognising the cost of living crisis faced by residents.

RESOLVED: That the Chairperson writes to the Cabinet Member on behalf of the Committee to convey any comments, observations and recommendations made during the way forward.

49 : WASTE MANAGEMENT AND RECYCLING

The Chairperson welcomed Councillor Caro Wild, Cabinet Member for Climate Change and officers from the Economic Development directorate.

Following a brief statement by the Cabinet Member, officers provided a presentation. The Committee were invited to comment, seek clarification or raise questions on the information received. Those discussions are summarised as follows:

- A Member raised concerns regarding the collection of pet waste from household and asked whether this could be considered as a hygiene waste issue. The Assistant Director Street Scene stated that the issue has been discussed at length by the directorate Senior Management Team. Some pet waste, such as sawdust and straw would be accepted as garden waste, but any fouling would need to be removed. Currently the only solution for cat and dog littering is to present the waste as general waste (black bags). Information for residents will be published on the website.
- A Member asked what impact the deletion of vacant posts within street cleansing would have on the service. The Assistant Director stated that there were 5 vacant posts – the equivalent of approximately two street cleansing teams – 3.33% of the

street cleansing service. The service would look to introduce further digitalisation to increase efficiency, particularly from the use of vehicles. Furthermore, two shifts in the Materials Recycling Facility (MRF) will be condensed into one shift operating standard hours.

- A Member noted that the level of penalty notices for people fly tipping and littering was not increasing, but the cost of bulky waste collections was increasing. Officers were asked to explain the rationale for this. The Assistant Director stated that the level of fines are set by Welsh Government legislation and the levels in Cardiff are set at the maximum level. The charge for bulky waste collection was considered to be competitive when compared to similar services provided by the private sector.
- A Member asked whether there was a risk that fly tipping could increase as a result of the increased bulky waste collection charges. The Assistant Director considered that the charges were appropriate and, unfortunately, there will always be residents who do not respect the area they live in. Fly tipping and bulky waste collections will continue to be monitored.
- Officers were asked to comment on the risks associate with reducing the number of shifts at the MRF from two to one. Members were advised that there were changes required to front line officer terms and conditions and staffing levels and the industrial action is causing some disruption. The directorate is seeking to look at alternative employment for those affected within the authority.
- A Member noted that only 38% of respondents to the consultation exercise supported the proposal to commence removing recycling from residual waste. Officers were asked whether the proposal represented an efficient use of resources given the budgetary constraints. The Assistant Director stated that there is a statutory requirement to achieve 70% recycling. Welsh Government want the frequency of residual collections to be extended and for the separation of recycling collections and the authority is implementing this. The level of fiscal penalties for not achieving the 70% recycling target would be approximately £1.9 million based on current performance.
- A Member asked how much income is raised from enforcement and whether there was any potential for increasing this. The Assistant Director stated that enforcement currently brings in around 15-20% of the cost of enforcement. However, a balance needs to be struck between education and issuing fines that needs to be continued. The restructuring within the Cleansing Service will aim to empower front line staff to identify problems on the ground with follow up action from the Enforcement Team.
- Officers were asked to confirm the level of agency staff currently being employed within the directorate. The Assistant Director stated that the service is reliant on a

number of agency staff. For example, Garden Waste collections only take place during the summer. More multi-functional roles are planned as part of the restructuring to provide more effective and efficient services.

- A Member asked whether any decision has been taken regarding the introduction of charges for green waste collections and when it was anticipated that this would commence. Members were advised that no decision has been made but the position is being reviewed with other authorities who have introduced such charges in respect of the likely participation, any risks, level of charges and income received. There is no statutory requirement to collect garden waste so the authority would only be able to charge for the collection costs. Currently expenditure on garden is between £1.5 and £2 million. An annual charge of £40 with 25-30% uptake would generate approximately £900k. The Director asked Members to note that garden waste collections provide a significant contribution towards achieving the Welsh Government's 70% recycling target.
- A Member asked what the current rate of sickness absence was within the Waste and Recycling Service and for an estimate of the cost. The Assistant Director stated that the rate of sickness absence for 2022/23 was approximately 22 days per FTE. This year the rate at Q3 is 20 days. The target is for a 10% reduction each year. The cost of sickness absence across the whole authority is £10 million. The Director stated that there has been significant improvement in the management of long-term sickness within the service.
- A Member asked for an update on the provision of a Household Waste Recycling Centre (HWRC) in Cardiff North. The Cabinet Member stated that the two existing HWRCs are working well and operating new systems that have generated improvements in recycling rates. However, there was a need for more use of repair and reuse facilities. The authority is working with third sector partners with a view to setting up a hub specialising in re-use, ideally an accessible site in the north of the city.
- Responding to a question from the Committee, Officers confirmed that as part of the proposals to extend the frequency of residual collections management have sought the views of frontline officers, enforcement teams and residents in respect of the collections of residual waste in black bag areas. It was possible that designated bags for residents may be re-introduced in an effort to reduce problems associated with the presentation of residual waste in those areas.
- A Member asked whether any consideration has been given to providing an expedited bulky waste collection services, whereby items are collected quicker for a slightly higher fee. The Assistant Director stated that the aim was to get back to collection of bulky items within 48 hours.

RESOLVED: That the Chairperson writes to the Cabinet Member on behalf of the Committee to convey any comments, observations and recommendations made during the way forward.

50 : CLIMATE CHANGE

The Chairperson welcomed the Cabinet Member for Climate Change and the Director of Planning, Transport and Environment. The Committee were invited to comment, seek clarification or raise questions on the information received. Those discussions are summarised as follows:

- The Director stated that Radyr Weir hydro scheme was a pilot scheme introduced by the Council that over the last year has become significantly profitable. There were no plans currently to extend the number of weirs but other energy generation schemes are being considered.
- A Member asked for an update on discussions with Bristol on energy generation in the Severn estuary. The Cabinet Member advised that there had been conversations and there are different technologies that could be used. The Aberthaw site is also being investigated for tidal or other forms of renewable energy generation.
- A Member asked whether the Cabinet was confident that the budget allocation for One Planet Cardiff was sufficient to meet the challenge of climate change. The Cabinet Member stated that there was a good allocation for flood defence with most of it funded by Welsh Government. The main area of concern is the retrofit of public buildings to achieve Net Zero by 2030, which will require a very high level of investment. Officers have been asked to bring forward a Cabinet paper on this before the summer.

RESOLVED: That the Chairperson writes to the Cabinet Member on behalf of the Committee to convey any comments, observations and recommendations made during the way forward.

51 : TRANSPORT AND STRATEGIC PLANNING

The Chairperson welcomed Councillor Dan De'Ath, Cabinet Member for Transport and Strategy Planning and officers from the Planning, Transport and Environment directorate.

Following a brief statement by the Cabinet Member, the Committee were invited to comment, seek clarification or raise questions on the information received. Those discussions are summarised as follows:

- Officers addressed questions around plans to achieve the 76% target for sustainable travel. The Committee heard that the Council is still aiming for that target and there are major projects in progress and proposals coming forward in relation to Crossrail, the Metro and new bus routes. The cycle network has

also seen significant progress. Discussions with national partners regarding funding will proceed.

- A Member asked if it was feasible to continue to run bus services that might never be profitable. Officers advised that some services will continue to need subsidising, but officers have been working on a bus strategy that will be presented to Cabinet shortly and will involve infrastructure investment to improve operational efficiency. The focus will be on key corridors within walking distance for residents in all areas. Franchising will also allow unprofitable routes to be subsidised by profitable ones.
- A Member asked about plans regarding the maintenance of roads and pavements. Officers advised that there are opportunities in relation to vacant posts but further funds are being sought to address drainage and damage to roads and pavements due to climate change.
- Concern was expressed that elderly and disabled people might be left isolated by the reduction of bus services to key corridors. Officers stated that every proposal goes through an equality impact assessment. Bus services are considered within a wider integrated transport system linked to housing and school organisation.
- A Member asked whether support for bus services is being funded by the Council or Welsh Government. Officers advised that most of the funding was from Welsh Government with a small amount from the Council. The Council is working with regional partners to ensure best coverage.
- A Member asked about the impact on residents and businesses of the removal of free parking. Officers advised that there would be a consultation on removal of free parking and the impact on adjacent areas would be assessed. Nominal charges of 50p in outer areas and £1 in inner areas are proposed and it is not believed that these will have a significant impact. The introduction of charges to permits for doctors and carers will also be subject to consultation and is to cover the costs of administering permits. Officers reminded the Committee that residents have access to visitor permits.
- Officers reassured the Committee that attention was being given to safety and Active Travel in the Gwaelod y Garth area.
- Officers acknowledged that parking ticket machines need maintenance but stated that residents are increasingly paying by mobile phone. Machines are being progressively upgraded from 3G to 4G.
- A Member asked about plans to bring in efficiencies regarding parking enforcement. Officers advised that cameras and other technologies to support enforcement are being investigated.
- Officers advised that the removal of free parking will not be implemented until later in the year following the collection of updated survey data. Areas will be looked at in terms of local impacts, liaison with ward councillors and consultation with residents.

- A Member asked why the removal of free parking was designated as red/amber in terms of risk. Officers stated that this was due to it being necessary to consult on removal of free parking, that more investment might be required in some areas and that the full savings might not be achievable within the year. The change of parking tariffs into four zones is also identified as red/amber risk due to the requirement for consultation, TRO's and changes to traffic orders and the uncertainty about savings being achievable in-year.
- A Member asked about the risks to achieving the planning gains in the budget from Section 106 contributions and whether there are any performance targets. Officers advised that the level of contributions through the planning system did not reflect the full investment by developers into infrastructure. Contributions are phased according to completion of units so a weaker housing market could lead to contributions being extended over a longer period. There continues to be a considerable amount of inward investment into the city.
- A Member asked whether there any plans to make visible the level of Section 106 contributions available in wards and what they were being spent on. Officers stated that Section 106 contributions are monitored by Planning and Finance teams. The Council will move towards more visibility of community infrastructure and section 106 contributions on a ward basis.

RESOLVED: That the Chairperson writes to the Cabinet Member on behalf of the Committee to convey any comments, observations and recommendations made during the way forward.

52 : URGENT ITEMS (IF ANY)

No urgent items.

53 : DATE OF NEXT MEETING

Members were advised that the next Environment Scrutiny Committee is scheduled for 14 March 2024 at 4.30pm.

54 : MINUTES

The minutes of the meeting held on 11 January 2024 were approved by the Committee as a correct record and were signed by the Chairperson.

The meeting terminated at 12.35 pm