



Meeting: **Scrutiny Commission**

Date/Time: **Wednesday, 14 November 2018 at 10.00 am**

Location: **Sparkenhoe Committee Room, County Hall, Glenfield**

Contact: **Mrs R Whitelaw (Tel: 0116 305 2583)**

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Membership

Mr. S. J. Galton CC (Chairman)

Mr. D. C. Bill MBE CC Mrs. R. Page CC
Mr. M. H. Charlesworth CC Mr. A. E. Pearson CC
Dr. T. Eynon CC Mr. T. J. Pendleton CC
Dr. R. K. A. Feltham CC Mr. T. J. Richardson CC
Mrs. H. J. Fryer CC Mrs B. Seaton CC
Mr. J. Morgan CC Mr. M. B. Wyatt CC

A G E N D A S U P P L E M E N T

The following additional appendices have now been published, agenda item 8 of the main agenda refers.

<u>Item</u>	<u>Report by</u>	
8. The Development of a Unitary Structure for Local Government in Leicestershire.	Chief Executive	(Pages 3 - 30)
		<ul style="list-style-type: none">• Summary of Emerging and Recurring Themes from the Scrutiny Process• Appendix 1 – Minute Extract from Children and Families Overview and Scrutiny Committee• Appendix 2 – Minute Extract from Adults and Communities Overview and Scrutiny Committee• Appendix 3 – Minute Extract from Health Overview and Scrutiny Committee• Appendix 4 – Minute Extract from Environment and Transport Overview and Scrutiny Committee





**THE DEVELOPMENT OF A UNITARY STRUCTURE FOR LOCAL GOVERNMENT
IN LEICESTERSHIRE – SUMMARY OF EMERGING AND RECURRING THEMES
FROM THE SCRUTINY PROCESS**

Purpose

1. The purpose of this report is to summarise the key issues and recurring themes from the scrutiny process undertaken to date on the proposals for the development of a unitary structure for local government in Leicestershire

Background

2. The Cabinet at its meeting on 6 July requested officers to undertake work on the development of a unitary structure for local government in Leicestershire and to prepare outline proposals. These were subsequently presented to the Cabinet on 16 October, and approved for engagement with stakeholders.
3. The draft minute relating to each committee is set out in the Appendix as follows:-

Children and Families OSC	Appendix 1
Adults and Communities OSC	Appendix 2
Health OSC	Appendix 3
Environment and Transport OSC	Appendix 4

4. The views of the Overview and Scrutiny Committees, including the views of the Scrutiny Commission will be submitted to the Cross Party Working Party on Unitary Structure for Local Government in Leicestershire and to the Cabinet.

Summary of Themes

5. The key and recurring issues in the debates are grouped and summarised in the headings below

Overview

6. Engagement Process

The Cabinet was keen for the engagement process over the next few months to incorporate all stakeholders, including District Councils.

7. Letter from MPs

- (i) Various members queried why the process was continuing in the light of opposition from District Council Leaders and MPs. It was confirmed

that the County Council's view was that the democratic process should continue and the views of all stakeholders should be sought.

- (ii) Various members expressed disappointment with the MPs and District Leaders, and felt that they were suppressing debate.

8. Legal Position

The statement of the Secretary of State regarding that the 'sunset clause' in the Cities and Devolution Act 2016 would expire in March 2019 was noted. However there were other provisions in previous Acts which allowed the Secretary of State to invite bids. Should a decision be taken to make an application, it was intended to rely on the previous Acts of Parliament.

9. Strategic Alliance

- (i) It was possible to pursue the development of a Strategic Alliance without structural reform. However this would mean that there would not be a single voice for Leicestershire and this would slow down the decision making process.
- (ii) Whilst concern was expressed that planning, particularly for major transport infrastructure, was increasingly undertaken at a national and regional level, it was also noted that a unitary authority would have more power and influence over this type of planning than the existing local government structures.

Financial Situation

10. County Council's Future

Notwithstanding the recent budget, it was accepted that the financial future remained uncertain and there would be a continued challenge of achieving savings, estimated to be between £10 million and £15 million each year going forward. It was noted that structural reform was the Government's preferred option for struggling councils. Some members felt it would be better to take a decision about the Council's future voluntarily rather than have reorganisation imposed on it.

11. Council Tax

- (i) Whilst it would be a matter for the new Council, the proposals envisaged that council tax would be harmonised at the lowest level (i.e. the rate charged by Hinckley and Bosworth Borough Council). £8 million had been identified as the cost of doing so. The level of parish and town council precepts were not factored into the calculation as these bodies would continue to exist.
- (ii) Every effort would be made to maintain the quality of frontline council services, despite the harmonisation of council tax to the lowest level.

12. Proposed £30 million Annual Saving

- (i) The projected level of savings was based on evidence from recently created unitary authorities and a refresh of the figures used in the 2014 EY Report. Officers had confidence in the level of savings projected, particularly as £3 million contingency had been built in to the proposals. A detailed breakdown of how the savings would be achieved would be circulated to members.
- (ii) No cuts to front line services were proposed. The savings would be achieved through a reduction in management and back office staff. Increased efficiency and a reduction in duplication of back office services would also contribute to the savings. There was no evidence to support the assertion that restructuring would cost more than it saved.
- (iii) The Liberal Democrat view, given at the Children and Families Overview and Scrutiny Committee, was that the £30 million annual savings would be used to fund existing County Council services and would quickly disappear.

13. Implementation Costs

- (i) The projected implementation costs included redundancy costs, calculated at a higher than average level to take account of the expectation that a greater than usual number of senior staff would be affected.
- (ii) It might be necessary, as part of implementation, to break existing contracts. However, there was likely to be a period of transition as the new council was established and this would enable contracts to be harmonised and decisions taken about whether they were worth breaking or not.

Model Unitary Structure

14. Unitary Boundary

The proposals were based on the current municipal boundaries. There was no intention of looking at expanding the county boundaries nor was there any desire on the part of the City Council and County Council to look at boundary changes.

15. Role of Local Area Committees and Area Development Management Sub Boards

These would be Committees of the unitary authority and would be supported centrally, although meetings would be held in the relevant locality. The overall approach, including Local Area Committees, Area Development Management sub-boards and an enhanced role for parish and town councils was intended to strike a balance between achieving economies of scale and preserving the value of local decision making.

16. Role of Local Councillor

A view was expressed that this role seemed more like a business manager and it would be useful to explore with representatives of existing unitary authorities how the role had developed in their areas.

17. Role of Parish and Town Councils

Where parish and town councils wished to take on additional responsibilities, they would receive funding and support to do so. The offer was being developed as part of the engagement process, noting that it was voluntary and that some parish councils would not wish to take on any extra work.

Options Appraisal

18. Single Unitary Authority

Various members expressed the view that a single unitary authority would be better than two authorities, as two would split existing services which already worked well on a countywide basis, and there were benefits to being able to develop an overall, single strategic vision for services. In addition, it would enable the council to move closer to co-terminosity with other public sector bodies, offering opportunities for integration of services.

19. Status Quo

It was suggested that the status quo should have been explored as an option, however it was felt that this was an implicit option in the report.

20. Size of Authority

The number of councillors proposed for a single unitary authority was in line with that of existing unitary authorities, although it was acknowledged that Leicestershire would be larger than most. The Working Party had asked for analysis of the financial viability of existing unitary authorities, based on their size, to support their understanding of the best size for a unitary authority.

Services in a Unitary Structure

21. District Council Services

- (i) There would be no reduction in either statutory or discretionary front line services at the point of transfer. Although decisions would be taken centrally, there would be local delivery and a local focus for services.
- (ii) The economic impact of moving services out from towns and villages had not been assessed. The delivery point for services would be a matter for the new unitary authority to determine.

22. Children and Family Services

- (i) The Children and Family Services Department had a needs based approach to delivering services across the county and the current model, which could be built on, had services managed centrally but delivered locally.

- (ii) It was noted that the Community Safety Partnerships offered a good and thorough understanding of local need which it would be important to preserve through transition.

23. Adults and Communities

- (i) Whilst Lightbulb was provided in partnership across the County and district councils, and had achieved very good outcomes for service users, maintaining the partnership consumed a lot of energy and resources and the results were still variable across the county.
- (ii) The opportunity to have a single voice when bidding for external funding for heritage, leisure and arts was discussed and the benefits explained. These included reduced competition, single bids covering multiple areas, which could carry more weight, and the opportunities to employ professional bid writers.

24. Public Health and Health, Housing and Care Integration

There was a general theme of complexity and a lack in consistency in current arrangements, and missed opportunities to join up services and deliver better outcomes. It was felt that these issues would be resolved through a unitary structure of local government, which would be able to think strategically about service delivery across a wider range of services.

25. Environment and Transport

There was confusion regarding which authority was responsible for which part of the service, which could lead to inefficiencies. A view was expressed that generally, the County Council was best placed to resolve interfaces between organisations.



**CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY COMMITTEE:
5 NOVEMBER 2018**

**THE DEVELOPMENT OF A UNITARY STRUCTURE FOR LOCAL GOVERNMENT
IN LEICESTERSHIRE**

MINUTE EXTRACT

The Committee considered a report of the Chief Executive which had been submitted to the Cabinet on 16 October in response to the Cabinet resolution of 6 July 2018 to enable the Cabinet to consider outline proposals for the development of a unitary structure for local government in Leicestershire. A copy of the report marked 'Agenda Item 15' is filed with these minutes.

The Director of Corporate Resources was also present to introduce the report and made reference to the Chancellor's budget announcement the previous week, which had been more positive than expected. He suggested that the following caveats should be borne in mind:-

- Whether all Government departments would be treated the same, or whether services such as defence and the police would receive a greater share of funding;
- The Government's funding did not allow for changes in population or demand for services; there was a likelihood that these would increase, particularly for social care, and therefore increase funding requirements;
- The costs could increase at a faster rate than inflation.

The Director reminded members that, for Leicestershire County Council to achieve a balanced budget it would still need to increase council tax and meet its savings targets.

Arising from discussion the following points were raised:-

Overview

- (i) The Cabinet on 16 October had agreed to invite and encourage all stakeholders, including district councils, to take part in an engagement process. The Cabinet was keen for this to happen over the next few months.
- (ii) Following the publication of a statement by the Secretary of State the previous week that the clause in the Cities and Devolution Act 2016, allowing applications for unitary status to progress without full consent of the affected areas, was due to expire in March 2019, it was confirmed that the legal position set out in the Cabinet report indicated that Leicestershire intended to rely on a different Act of Parliament, should it decide to make an application.

The County Council would continue to work on meeting the Government criteria outlined in the report unless those were changed.

Financial Situation

- (iii) Equalisation of council tax was required so that it was the same across the unitary area. Most areas that had moved from a two tier model to a unitary structure tended to set council tax at the lowest district council charge. However, this would be a decision for the administration of the new unitary authority. Members made reference to the impact of new parish councils on council tax; this would have to be borne in mind.
- (iv) It was confirmed that work on the proposals for a unitary structure of local government for Leicestershire had been undertaken within existing resources. Some staff had been able to re-prioritise their workload to undertake the extra work and some staff had worked additional unpaid hours.

Model Unitary Structure

- (v) It was confirmed that the Local Area Committees would be decision making bodies. They would differ from district councils in that there would be no infrastructure beneath them; services would be managed centrally.
- (vi) It was acknowledged that, based on the comparative number of electors in existing unitary authorities, Leicestershire would be larger than most. However, the proposed number of unitary councillors was proportionately in-line with that of other unitary councils.
- (vii) The development of a unitary structure for local government in Leicestershire would provide an opportunity to revisit the role of the councillor and enhance the community leadership role. This proposal would be developed further through the engagement and consultation process.

Options Appraisal

- (viii) A member suggested that the options appraisal should include an analysis of the status quo. However, it was noted that the report implied that the County Council's financial situation was such that the status quo could not be maintained. It was therefore important that debates such as this took place now, when the local area was still in a position to influence its future.
- (ix) Another member queried why work on the proposals was continuing, given that a letter from Leicestershire MPs, who had met with the Secretary of State, had been sent to the Leader requesting that work on this topic ceased. However, it was noted that, since the letter had been received, the Secretary of State had announced the formation of a single unitary council for Buckinghamshire.
- (x) Although the £30 million savings had first been identified in the 2014 EY report, the figures had been updated. EY had set out a model for defining

savings; it was partly co-incidental that the figure was still the same. The estimated level of savings had actually increased since 2014 but a level of contingency had now been built in.

- (xi) EY had estimated implementation costs of £13 million. The County Council proposals had increased this to £19 million, using both EY methodology and looking at areas from elsewhere, but this remained an area of uncertainty. Allowance had been made for the cancellation of contracts but more work was needed to clarify these costs. The implementation costs included redundancy, calculated at a higher level than the County Council average as it was more likely that senior staff would be made redundant. It was suggested that future reports should make it clearer that the saving information had been updated since the EY report.
- (xii) Although council tax would be harmonised at the lowest level, every effort would be made to maintain the quality of council services. Savings would be achieved through a reduction in management and back office staff. No service cuts had been assumed in the savings calculation. Instead, consideration would be given to the best and most effective way of delivering services. This would ultimately be a matter for the new unitary authority to decide.
- (xiii) The proposals to date were based on projections and assumptions. For business cases previously submitted the Secretary of State had required an independent validation of the financial model as part of the process.

Services in a Unitary Structure

- (xiv) The Children and Families Department already had a needs based approach to delivering services across the county. The current model had services managed centrally but delivered locally. The Supporting Leicestershire Families and IMPACT Teams were good examples of the effectiveness of this model, which could be built on in a unitary structure. It was confirmed that the early help services provided by district councils were valuable. The opportunity though a unitary structure was for these services to be better aligned to County Council services.
- (xv) The current Community Safety Partnerships (CSPs) offered a good and thorough understanding of local need and it would be important to maintain this knowledge as part of a unitary structure. The proposed Area Committees would be able to pick up this role. A member expressed concern that the Police had mapped services to CSP areas and the model unitary structure did not appear to offer a better service than that which was already in place.
- (xvi) The specific area that would benefit from developer contributions was required to be named in Section 106 agreements. This would prevent money from being used anywhere in the county. However, for specialist provision such as Special Educational Needs or Early Years, a unitary structure would enable a countywide approach to Section 106 contributions to be taken.

There would also be a single Local Plan for housing and economic development.

- (xvii) A unitary structure would have benefits through allowing a single approach for housing policy. At the moment, if a family or child moved from one district council area it could be difficult for front line staff, who had to work with two different policies. It was acknowledged that there would be still be a requirement to work with Housing Associations in a unitary structure.
- (xviii) The Cabinet Lead Member for Children and Family Services believed that a unitary structure of local government provided opportunities for alignment of services and a reduction of duplication. It would also reduce the number of partners involved in service delivery. His major concern was that the Department's budgets were demand led and the level of need could be difficult to predict. The Department was already overspent and unless radical change, such as seeking unitary status, was undertaken there was a risk of further cuts to non-statutory services such as Children's Centres. The proposals would generate £30 million savings per year; if the status quo was maintained that £30 million would be spent on structures rather than frontline services.

Issues Not Already Covered

- (xix) A presentation on the concept of unitary status had been made by the Cabinet Lead Member to Parish and Town Councils at their annual meeting in July. The response had been mixed, with more information requested. Further events had subsequently taken place and the sector was helping to shape proposals. The Leicestershire and Rutland Association of Local Councils had written to all Parish Councils to seek representation for a focus group, which would address issues such as how they would be supported to take on additional responsibilities as well as how to engage with the sector as a whole. Officers would also attend Parish Council meetings if requested.
- (xx) The County Council had saved £200 million over the last 10 years, with some of the savings attributed to cost avoidance. Some concern was expressed that it would not be long before a new unitary structure also needed to make savings to achieve financial balance and that this could have a negative impact on discretionary services currently provided by district councils. It was suggested that the County Council should instead focus on its fair funding campaign. In response, officers confirmed that the proposals did not assume any benefit from the fair funding campaign. Unitary status would make a significant difference in terms of making the authority more sustainable.
- (xxi) The Cabinet Lead Member reminded the Committee of the context for these proposals. A recent meeting at the Home Office, which he had attended in his capacity as chair of the Regional Migration Board, had confirmed that nationally it was assumed that there was a single tier of local government; two tier areas were in the minority.

- (xxii) It was confirmed that the County Council would be able to set a balanced budget for the next two years and would look for new savings in the interim period. If a balanced budget could not be set, there was no prescribed pathway but it was clear from examples elsewhere in the country that no bailouts were available from central Government and structural change was likely to be imposed. A single tier of local government was most cost effective.
- (xxiii) Concern was expressed that the district councils had disengaged from the debate about a unitary structure for local government in Leicestershire and it would therefore be difficult to make progress.

The Liberal Democrat Group asked for its view that the £30 million annual savings would be used to fund existing County Council services and would quickly disappear to be placed on record.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments of the Committee be forwarded to the Scrutiny Commission for consideration at its meeting on 14 November 2018.



**ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE: 6
NOVEMBER 2018**

**THE DEVELOPMENT OF A UNITARY STRUCTURE FOR LOCAL GOVERNMENT
IN LEICESTERSHIRE**

MINUTE EXTRACT

The Committee considered a report of the Chief Executive which had been submitted to the Cabinet on 16 October in response to the Cabinet resolution of 6 July 2018 to enable the Cabinet to consider outline proposals for the development of a unitary structure for local government in Leicestershire. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

The Director of Corporate Resources was also present to introduce the report and advised that the majority of savings made by the County Council since 2010 had been efficiency savings, although there had also been a number of cuts to services. District councils to date had been relatively protected from austerity, but the national picture was one of increasing pressure on social services authorities and there was a risk that funding could be withdrawn from district councils to address the pressures in county budgets.

The exact implications of the Chancellor's announcement the previous week, that austerity was coming to end, were uncertain. The funding received by Leicestershire would depend on the outcome of the spending and fair funding reviews. It could mean that local government would receive a 'flat real terms' increase in funding, meaning that it would just match inflation. Although this was an improvement on the real terms reductions in government funding over recent years, it did not take demographic demand into account. This was expected to cause ongoing funding pressures and require the County Council to continue to save between £10 million and £15 million per year. This was a key driver for the proposals for a unitary structure for local government in Leicestershire.

The Cabinet Lead Member for Resources, Mr J B Rhodes CC, confirmed that there was a clear financial imperative behind the proposals for a unitary structure. However, the report also put forward a strong argument that it would provide better, more integrated services for the people of Leicestershire. A unitary Leicestershire would also be able to engage better with neighbouring authorities and seek to redress the balance between investment in the West Midlands and that in the East Midlands. He suggested that the workload of a unitary councillor was likely to be the same as that of an existing twin hatted councillors and therefore arguments that a unitary structure would create a democratic deficit were not valid.

Arising from discussion the following points were raised:-

Overview

- (i) The intention of the Cabinet was that engagement should be undertaken with all stakeholders, including district councils. Discussions were being led by the Leader and Cabinet. A letter had been sent to the Leader by Leicestershire MPs, asking for the work to cease, but it was confirmed that at this stage the County Council intended to continue the engagement process agreed by the Cabinet. The engagement process was still at a very early stage and the views of the public were yet to be sought.
- (ii) The sunset clause of the Cities and Devolution Act 2016 would expire in March 2019; however, the County Council intended to rely on the provisions of the Local Government and Public Involvement in Health Act 2007, which had recently been used in the case of Northamptonshire. This Act allowed the Secretary of State to invite proposals which demonstrated that a unitary council would be a more effective governance model for the area.
- (iii) It was queried whether the geography of Leicestershire, with the unitary authority of Leicester City in the middle, made it suitable for a unitary structure. However, this was a reality of current local government structures and the proposals were based on providing more effective and efficient governance and services for Leicestershire residents. The Cabinet had not asked nor was there any intention to ask officers to consider any proposals which incorporated the Leicester City Council area.
- (iv) It was technically possible to pursue the development of a Strategic Alliance for the East Midlands without structural reform, but Leicestershire would have a weaker position. The county would not be able to speak with a single voice and the County Council would need to seek district agreement to proposals, increasing the levels of complexity and bureaucracy.
- (v) The Cabinet Lead Member for Resources felt that there was a strong case for a single unitary authority, although he did not rule out the options of a dual unitary or maintaining the status quo. It was important for members to be aware that maintaining the status quo meant that £30 million a year would continue to be spent on local government structures rather than front line services. The Cabinet had not asked for the status quo to be examined as an option in the report because members were already familiar with it.

Financial Situation

- (vi) The basis for projecting the proposed £30 million savings had regard to the savings achieved by recently created unitary authorities, which were in the region of £25 million to £35 million per year and updating the figures and assumptions in the EY report of 2014. The County Council's assumptions had therefore been tested with a degree of accuracy and officers were confident with the figures used in the report. In addition, £3 million contingency had also been built in to meet any unexpected costs. Officers acknowledged that members would find a more detailed breakdown of how

the saving would be achieved and undertook to share these with members to allow for these to be scrutinised.

- (vii) In terms of the back office savings calculation, it was known that the back office functions of existing Leicestershire local authorities cost nearly £60 million per year. £17 million savings would be achieved by reducing the back office spend by 30%. This was based on reductions in duplication such as payroll systems, audit fees, preparation of a single budget and statement of accounts as opposed to eight and a reduction in the complexity of the partnership landscape. It had also been tested against evidence from existing unitary authorities.
- (viii) Implementation costs were estimated at £19 million and included costs related to redundancy, IT and back office integration. It was suggested that desktop analysis of contracts held by the district councils be undertaken to identify the likely costs of their termination. This could strengthen the accuracy of the projected implementation costs.

Model Unitary Structure

- (ix) It was suggested in the report that new parish and town councils could be established in areas such as Oadby and Wigston, which were currently unparished. These would be much smaller bodies than district councils. There was also no intention for them to take on functions such as waste collection as this would lose the benefits of economies of scale offered by a unitary structure and would create an inconsistent service across the county. However, there would be some local functions that could be developed to parish and town councils, along with appropriate funding and support. This offer to parish and town councils would be further developed as part of the engagement process.
- (x) It was suggested that the role of a unitary councillor appeared more like that of a business manager. It would be useful for members to understand from the representatives of existing unitary authorities who had agreed to attend the Scrutiny Commission meetings on 14 and 30 November how this role had been developed and worked in their areas.

Options Appraisal

- (xi) There was no national cap placed on the council tax precept which could be raised by parish councils. The parish council precept had also not been included as part of the calculations regarding the harmonisation of council tax. However, it was acknowledged that a degree of local choice was necessary and that parish council precepts, and indeed their level of activity, were inconsistent across the county. It was also noted that a number of parish councillors were elected unopposed.
- (xii) Council tax would be harmonised at the lowest level, resulting in a saving of £8 million for tax payers in six of the seven districts, to be funded out of the

£30 million annual saving. The parish council precept had been excluded as these councils would continue to exist in a unitary structure.

Services in a Unitary Structure

- (xiii) It was agreed that single points of contact needed to be accessible and effective, or people left struggling to contact the service in an emergency. However, the Committee was advised that the opportunities offered by a single point of contact included joined up services, reduced duplication and a better customer experience. Currently, 11,000 out of 200,000 annual calls to the County Council were actually meant for district councils.
- (xiv) It was acknowledged that some services, such as the Lightbulb Programme, were provided in partnership across the County and district councils and had achieved very good outcomes for service users. However, the Committee was advised that collaborative projects were essentially set up to find a way around a problem that would not exist in a unitary structure. The Lightbulb Programme did not provide a consistent approach across district councils and performance remained variable; particularly in terms of spend on Disabled Facilities Grants (DFGs). In a unitary structure, DFG spend could be more flexibly deployed to meet need across the county. Collaborative working on a voluntary basis often faced issues such as the unwillingness of partners to give up control and their maintenance took up a lot of energy and resources which would not be required under a unitary structure.
- (xv) Some concern was expressed that a single arts, leisure and heritage service across the county would lose impact for local residents and different areas of the county would end up competing with each other for external funding and grants. It was pointed out that this was already the case in the current local government structure for Leicestershire. Having a single voice to bid for funding could actually reduce competition and single bids could be put forward covering different parts of the county, thus adding weight to the application. Working at a larger scale would also make it possible for the new council to employ professional bid writers who were experienced in attracting external funding. It would be important to achieve balance when prioritising areas for funding bids and also to bear in mind that other community organisations were involved in bidding for grants.
- (xvi) There would be no reduction in either statutory or discretionary front line services. The challenge would be to ensure that no services would be lost in the transition to a unitary structure and to enhance services where possible. Although decisions would be taken centrally, there would be local delivery and a local focus for services. Unitary councillors would have an important role to play in this regard.
- (xvii) It was confirmed that the adult social care precept on council tax was due to cease after 2019/20.

Issues Not Already Covered

- (xviii) A member welcomed the positive tone of the proposals, which responded to the financial situation of the County Council and provided confidence that services would be maintained, modernised and made fit for purpose.
- (xix) The savings assume a reasonably large reduction in the number of officers earning £50,000 or above and a reduction in the very high earners. For example, the new organisation would only need a single senior management team. Front line services, however, would not be reduced. The new council would be able to decide whether some of the £30 million savings should be re-invested in front line services which had been cut in the recent past.
- (xx) Details regarding the pay scale of the new organisation had not been considered, but it was expected that it would be a member of the Local Government Pension Scheme.
- (xxi) The economic impact of moving council services out of towns and villages had not been assessed, as it was not clear where services would be based in a unitary structure.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments of the Committee be forwarded to the Scrutiny Commission for consideration at its meeting on 14 November 2018.



HEALTH OVERVIEW AND SCRUTINY COMMITTEE: 7 NOVEMBER 2018

THE DEVELOPMENT OF A UNITARY STRUCTURE FOR LOCAL GOVERNMENT IN LEICESTERSHIRE

MINUTE EXTRACT

The Committee considered a report of the Chief Executive which had been submitted to the Cabinet on 16 October in response to the Cabinet resolution of 6 July 2018 to enable the Cabinet to consider outline proposals for the development of a unitary structure for local government in Leicestershire. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

The Director of Corporate Resources was also present to introduce the report and made reference to the Chancellor's budget announcement the previous week, which had been more positive than expected. He anticipated that Government department outside of health would see a flat real-terms increase in growth and suggested that the following caveats should be borne in mind:-

- Whether all Government departments would be treated the same, or whether services such as defence and the police, education and welfare would receive a greater share of funding;
- The Government's funding did not allow for changes in population or demand for services; there was a likelihood that these would increase, particularly for social care, and therefore increase funding requirements;
- The costs could increase at a faster rate than inflation.

Although the pace at which savings were required might be slower, the County Council would still need to make savings. After making the maximum permitted increase in council tax, the County Council would still need to save between £10 million and £15 million per year to meet ongoing funding pressures.

The Cabinet Lead Member for Resources, Mr J B Rhodes CC, reminded members that the cost pressures in adult and children's social care were significant. The proposals meant that a single unitary authority in Leicestershire would have an extra £30 million per year, less if two unitary authorities were established, which would enable front line services to be protected. The County Council was reaching the point where further savings were difficult to make.

Mr Rhodes also advised the Committee that one of the drivers for seeking unitary status was strategic. Currently, when engaging with other councils across the region, the County Council did not have the power to act on behalf of the whole county and would therefore need to seek approval from the district councils, which could significantly slow the process down. The East Midlands did not attract investment on the same scale as the West Midlands; it was thought that was partly because of the fragmented nature of local government in the East Midlands. Being

able to speak with single voice on behalf of the county would strengthen Leicestershire's position.

Arising from discussion the following points were raised:-

Financial Situation

- (i) Leicestershire received less funding than Northamptonshire, on a per head basis. A rough estimate of the order of magnitude of £30 million was provided to the Committee *[it was subsequently clarified to be £16 million per annum]*. There were a number of inequalities in council funding, which was why the Government was undertaking the Fair Funding Review. It was hoped that the outcome of the review would be beneficial to Leicestershire, but the uncertainty around Brexit and Government commitment to provide the NHS with additional funding had to be borne in mind.
- (ii) Structural reform appeared to be the Government's preferred option for financially struggling councils. Northamptonshire County Council was the highest profile example but there were also instances of smaller district councils which had been encouraged to merge. It was noted that there were some examples of shared service arrangements within Leicestershire's councils, but these were not widespread or on a large scale.
- (iii) From a financial point of view, a unitary structure was more efficient. Savings could be generated from back office services and management, protecting front line services.

Model Unitary Structure

- (iv) The Cabinet Lead Member for Resources did not believe that a county unitary would be too remote for Leicestershire residents. 80% of local government services in Leicestershire were delivered by the County Council and a number of these were already managed centrally but delivered locally. Members were not criticised for being remote when handling casework.

Options Appraisal

- (v) It was suggested that the report could have included a wider range of options and queried whether the debate should continue, given the letter from MPs asking the Leader to cease work and the response from District Council Leaders, that they would acquiesce to the request. The Cabinet Lead Member for Resources advised that the status quo was an implicit option in the report and confirmed that a large part of the work to develop proposals for a unitary structure of local government in Leicestershire had already been completed. The District Council Leaders' response was therefore disappointing.
- (vi) Members expressed disappointment in the stance taken by District Council Leaders and local MPs, which, in their opinion, had sought to suppress

debate before it could be established whether a unitary structure of local government was in the best interests of Leicestershire residents or not.

- (vii) A view was expressed that the views of District Council Leaders and MPs should not be ignored; the Secretary of State would not approve proposals for unitary local government where there was significant local opposition. It was therefore suggested that the County Council should focus on its fair funding campaign. However, a number of members of the Committee suggested that, from their experience, District Council Leaders did not appear to have consulted with other members of their council before reaching their decision. A further view was expressed that it was better for the local area to make a decision voluntarily than be forced into it due to the financial situation of the council. Local Government should be allowed to debate its future and determine the best way of protecting front line services. The view was expressed that, if structural reform did not happen now, it would happen at some point in the future.
- (viii) It was suggested that as the option for a dual unitary would require the splitting of existing County Council services, which currently worked well on a countywide basis, it was likely to be less efficient and to add to the complexity of local government, particularly for partners and service users.

Services in a Unitary Structure

- (ix) It was felt that for both public health and health, housing and care integration there was a compelling case for the development of a single unitary authority for Leicestershire, as opposed to two unitary authorities. Leicestershire would benefit from an overall, single strategic vision for these services, with much greater power to deliver through a single organisation.
- (x) In terms of air quality, monitoring responsibility sat with district councils but both the County Council's Public Health and Environment and Transport departments had a role to play. Members felt that the two tier structure of local government created complexity and made it more difficult to have a coherent and consistent response across the county.

There was currently a lack of consistency across the county in terms of the health and wellbeing services provided by the district councils. This was not always in the best interests of Leicestershire residents. In terms of supporting people to be physically active, a unitary structure would allow a cohesive approach to sport and physical activity facilities, cycle ways, walk ways and green spaces. Public Health and the Environment and Transport Department currently had a joined up approach to cycle ways, but this did not include district council managed green spaces.

- (xi) It was felt that there would be benefits to a strategic, single approach to the development of assistive technology, and to the allocation of Disabled Facilities Grants (DFG), which would be better than the current arrangements, noting that some councils had not spent their full allocation. DFG resources could be utilised more flexibly across Leicestershire to match variable demand

better and support other aspects of housing services and support. It was also noted that the delivery of adaptation services, in terms of Occupational Therapist support and expertise, involved staff from both District and County authorities, and this could cause additional handoffs and delays to decisions being made.

- (xii) A view was expressed that, in their casework, members currently had to coordinate between district council and County Council issues and could therefore find that their impact was diluted. A single authority for Leicestershire would have more power and influence which could be better for local residents.
- (xiii) Members were reminded that the Clinical Commissioning Groups across Leicester, Leicestershire and Rutland (LLR) were likely to develop a single management structure in the near future. Services such as the Police and Fire Services were also LLR-wide. A number of members were of the view that it would be beneficial if local government boundaries in the area moved closer to being co-terminous with other public sector organisations.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments of the Committee be forwarded to the Scrutiny Commission for consideration at its meeting on 14 November 2018.



**ENVIRONMENT AND TRANSPORT OVERVIEW AND SCRUTINY COMMITTEE:
7 NOVEMBER 2018**

**THE DEVELOPMENT OF A UNITARY STRUCTURE FOR LOCAL GOVERNMENT
IN LEICESTERSHIRE**

MINUTE EXTRACT

The Committee considered a report of the Chief Executive which had been submitted to the Cabinet on 16 October in response to the Cabinet resolution of 6 July 2018 to enable the Cabinet to consider outline proposals for the development of a unitary structure for local government in Leicestershire. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

The Director of Corporate Resources was also present to introduce the report and made reference to the Chancellor's budget announcement the previous week, which had been more optimistic than expected. He anticipated that Government departments outside of health would see a flat real-terms increase in growth and suggested that the following caveats should be borne in mind:-

- Whether all Government departments would be treated the same, or whether services such as defence and the police, education and welfare would receive a greater share of funding;
- The Government's funding did not allow for changes in population or demand for services; there was a likelihood that these would increase, particularly for social care, and therefore increase funding requirements;
- The costs could increase at a faster rate than inflation.

Although the pace at which savings were required might be slower, the County Council would still need to make savings. After making the maximum permitted increase in council tax, the County Council would still need to save between £10 million and £15 million per year to meet ongoing funding pressures, especially in the light of future uncertainties such as Brexit.

Arising from discussion the following points were raised:-

Overview

- (i) It was queried why the County Council was continuing to work on proposals for a unitary structure of local government in Leicestershire, when the Leicestershire MPs, who had met with the Secretary of State, and District Council Leaders were opposed to any re-organisation. The Cabinet Lead Member for Environment and Transport advised that the County Council recognised the position of MPs and District Council Leaders but there were many other stakeholders who had not yet had a chance to make their views

known. A democratic process had been started by the Cabinet and it ought to be allowed to continue.

Financial Situation

- (ii) The County Council was confident that the projected level of savings generated annually by a single unitary authority for Leicestershire would be in the region of £30 million. This was based on evidence from recently created unitary authorities as well as a refresh of the figures used in the 2014 EY report. In reorganisations elsewhere, savings of approximately £4.5 million per year were generated for each organisation that was abolished. There was no evidence to support the assertion that restructuring would cost more than it saved, although it was noted that a one-off expenditure of £19 million was estimated for the implementation of a new unitary authority.
- (iii) The development of a unitary structure of local government for Leicestershire would deliver a level of savings which could not be achieved otherwise and would go a long way towards ensuring financial sustainability. Recent history had shown that organisations facing financial difficulties had had a unitary structure imposed on them. It was felt to be better to make a decision voluntarily and to manage the process. Indeed, the financial situation was one of the key drivers behind the proposals for a unitary structure of local government.
- (iv) The projected implementation costs included redundancy costs, calculated at a higher than average level to take account of the expectation that a higher than usual number of senior staff would be affected.
- (v) It might be necessary, as part of the implementation of a new unitary structure, to break existing contracts. However, the implementation period would last for at least 18 months and following this there was likely to be a further period of transformation where contracts could be harmonised and decisions taken about whether they were worth breaking or not.

Model Unitary Structure

- (vi) The intention was that, where appropriate, services would be managed centrally but delivered locally. The new authority would be responsible for determining how it delivered services. The overall approach, including Local Area Committees, Area Development Management sub-boards and an enhanced role for parish and town councils was intended to strike a balance between achieving economies of scale and preserving the value of local decision making. It would enable decisions which were best taken at a local level, including some highways decisions, to be taken at that level. Only members of the unitary authority representing electoral divisions within the area covered by the Area Committee would be eligible to serve on it, to guarantee a local focus.
- (vii) With regard to member allowances, a working assumption of £15,000 basic allowance had been made, although it was expected that this would be

refined through the engagement process. Attendance at the Local Area Committees had been taken into account when calculating the level of allowances. Both the proposed Area Development Management Sub Boards and Local Area Committees would be committees of the unitary authority and would be supported centrally. It was also intended that their meetings would be held in the relevant locality.

- (viii) There was no proposal to change social housing provision across the county. The future of the service would be determined by the new unitary authority once it had been established and the function had transferred over.
- (ix) Where parish and town councils wished to take on additional responsibilities, they would receive funding and support to do so. This would therefore not necessarily result in an increase to the parish council precept. It was important to note that the taking on of additional services was voluntary and that it was understood that some parish councils would not wish to do so. A view was expressed that parish and town councils were closest to local communities and that providing there was a clear distinction between their powers and the powers of the unitary authority, it would be good to see them take on additional responsibilities.
- (x) A view was expressed that bigger organisations could be more efficient but did not necessarily provide better services and there was no single approach that would suit all services. Some were best delivered at a regional level, such as major transport infrastructure. This was why the proposed Strategic Alliance for the East Midlands was important. Some services were best delivered on a smaller scale. It was confirmed that the Working Party had asked for analysis of the financial viability of existing unitary authorities, based on their size, to support their understanding of the best size for a unitary authority. It was understood that the Secretary of State would only consider proposals where the population was substantially in excess of 300,000.
- (xi) The area of Leicester City Council was not included in the proposals for the Cabinet report and there was no intention to consider it; the focus was on the best model of governance for the people of Leicestershire. It was also suggested that the edges of the county did not always associate closely with Leicestershire and perhaps a less rigid approach should be taken to the county boundaries. However, members were advised that the creation of a regional council was not a viable option; councils could not cross the boundaries of a Police and Crime Commissioner's area. There was also a requirement to take natural geographies into account and Leicestershire did have a longstanding and well-recognised border.
- (xii) A member expressed concerns that planning, particularly for major transport infrastructure to support economic growth, was increasingly being undertaken at a regional and national level. A further view was expressed that a unitary authority would have more clout than the current local government structures to influence issues such as planning of major transport infrastructure. A unitary authority would be a positive and enabling form of local government which would enable Leicestershire to work with regional colleagues to create

a better and more prosperous East Midlands. This would help combat the power of the West Midlands which has a more streamlined local government structure and was more organised as a region and consequently more successful at bidding for national funding.

Options Appraisal

- (xiii) The savings to be generated from back office services covered a range of services such as finance, HR, IT, property and legal services. As well as staffing reductions, estimated to be in the region of 400 – 500 full time equivalents, savings would be made from reductions in duplication, for example there would only need to be one statement of accounts prepared instead of eight. There would also be savings from the rationalisation of IT systems. It was confirmed that the savings from senior management referred to anyone earning over £50,000 per year.
- (xiv) The County Council generally paid managerial staff at a higher level than district councils, because of the scale of the organisation; it covered a greater area so staff had more responsibilities. The differentials reduced at operational level. In terms of which staff would transfer to the new organisation, the process would involve open competition to enable the best staff across the eight authorities to form the new unitary authority.

Services in a Unitary Structure

- (xv) A view was expressed that the County Council provided good customer service and, where services were provided by the County Council, district council and in some cases the private sector, the County Council performed best. A highly skilled and quality authority was needed to resolve the interfaces between organisations and experience had shown the County Council was best placed to do this. By way of example, a local resident tripped over a piece of metal on a footpath. This issue was referred to the local member because it was not clear where responsibility lay. Following contact with the County Council the issue was resolved and compensation was awarded. The key point from the example was that there was confusion between authorities; this would not be tolerated in a single, efficient organisation.
- (xvi) A further example of confusion between organisations was grass cutting, where the County Council was responsible for highway verges, the district council maintained its own green spaces and in some areas private developers were responsible. The County Council was praised for its comprehensive records which could resolve these issues, but it was acknowledged that confusion could create inefficiencies in service.
- (xvii) A member suggested that, to the lay person, there was a lack of clarity around who was responsible for parking enforcement. It could be complicated and time consuming for members to resolve issues and a more efficient and up-to-date system for local government in the county would be welcomed.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments of the Committee be forwarded to the Scrutiny Commission for consideration at its meeting on 14 November 2018.

