Leicestershire
County Council

DRAFT
A Vision for Local Government in Leicestershire:

Strategic Business Case

October 2019

Future Leicestershire
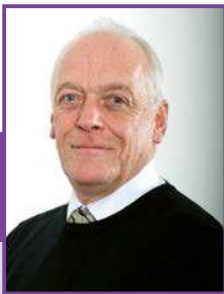
Foreword by the Leader of the Council

The long-term financial situation facing councils is bleak. A one-year cash injection is welcome but with service demands and national funding reductions ramping up, it's clear we must consider change. Across Leicestershire, local government is facing millions of pounds of savings, meaning we simply can't go on paying for old fashioned bureaucracy and duplication. Simply put, the financial position of local government in Leicestershire is unsustainable. The time is right to explore the possible solutions to save money and protect residents from Council Tax rises. This must be about services for residents, not structures.

This strategic business case demonstrates that a single unitary council would deliver £30 million savings per year, meaning we can put local government in Leicestershire onto a sustainable footing and protect vital front-line services.

Residents want easy access to joined-up, effective services and the ability to shape decisions that affect their communities. Ambitious town and parish councils want greater responsibility to support their communities and to represent their views on decisions that affect them. Integrating and simplifying local government services would reduce confusion over who does what and improve services. Creating area committees and devolving services would empower communities, with local councillors responsible and accountable for all their decisions - speeding up work to join up health, social care and housing services would improve support for vulnerable and older people.

Leicestershire is changing - with new homes, growing demand for social care and a rising population making planning for the future crucial. Having unity of purpose and a single strategic direction would mean we can establish a strong voice for Leicestershire with the Government, investors and partners to help secure funding, drive growth, create jobs, develop skills and build the right infrastructure.

For too long Leicestershire and the East Midlands has lost out to other regions when it comes to government support.

A new council, fit for the 21st century, delivers on all these fronts.

A single unitary council for Leicestershire would make a real difference...

For Residents

- Simplify and join up local government services - reducing confusion over who does what.

- Clear and simple access to all services - by phone, online, local area committees.

- Save at least £30m every year to benefit Council Tax payers - by reducing senior management and back office costs, more efficient use of buildings, fewer councillors and fewer elections.

- Local area committees - shaping local services and giving communities a stronger voice.

- Easier access to information and a greater influence over decision-making through area committees and empowered town and parish councils.

For Businesses

- Build a stronger local and regional voice for Leicestershire - with the Government, investors and partners including the Leicester and Leicestershire Enterprise Partnership.

- Strategic collaboration on issues such as use of business rates and skills.

- Single accountability for council services - such as planning, licensing, inspections, trading standards and business advice.

- Cut red tape, drive growth and boost jobs.

- Better infrastructure to help improve productivity.

For Parish and Town Councils

- Creation of more town councils - where areas want them.

- Devolution of responsibilities where requested and where a business case is agreed.

- Simpler single access for advice on unitary council services.

- Membership of area committees - strengthening their role in representing the views of their communities.

For Partners

- One council with boundaries covering the same areas (where possible).

- One set of strategic outcomes, unity of purpose from local government.

- Consistent service delivery.

- Speed up work to join up health, social care and housing services - improving support for vulnerable and older people.

For Central Government

- One powerful voice for Leicestershire covering local priorities, funding and strategy.

- Simplify planning for the future - by shaping growth locations, building new roads, schools and infrastructure required to support much-needed new homes and businesses.

- Improved local delivery of Government priorities.

- Value for money service delivery.

Nicholas Rushton

Nick Rushton CC
Leader of Leicestershire County Council

Executive Summary

Leicestershire's rural backdrop and bustling market towns and villages make it a great place to live and work and are a draw for tourism and recreation. It enjoys a central location in the UK with excellent transport links by road, rail and air.

Through supporting jobs, growth and infrastructure, boosting communities and keeping people healthy and safe, local government transforms lives. A growing population, rising demand for services and funding pressures pose current and future challenges.

This strategic business case makes the case for change to the structure of local government in Leicestershire. It sets out a modern, 21st century structure and describes the benefits and savings that change would deliver.

This strategic business case is part of an iterative exercise and further analysis and planning will be undertaken as the programme of change develops.

Vision

To modernise the structure of local government for Leicestershire and:

simplify delivery and improve services;

strengthen accountability;

cut bureaucracy;

reduce duplication and save money for investment in front-line services, people and outcomes;

save money for the taxpayer.

Case for Change

The principal driver for change is the challenging long-term **financial position** facing the County Council and the ongoing impact that this has on its ability to deliver front-line services. Without major change, the position is unsustainable.

Low funding for Leicestershire is a significant problem, making further savings difficult and making cuts in services or additional charges more likely. Demographic pressures, such as the continued growth in the number of elderly people and adults and children with increasingly complex needs, compound this situation. If no changes are made to the structure of local government in Leicestershire, residents can expect to see a further tightening of eligibility criteria for care and support services and cuts to valued services such as household waste sites, trading standards and road maintenance.

Introducing a unitary model of local government in Leicestershire would achieve significant savings on a recurrent basis through avoiding duplication, reducing management and back-office costs and the number of head offices and offices in the County. This streamlined approach would mean money spent on administration can be directed at front-line services and enable demographic pressures to be met without having an adverse effect on other local government services or Council Tax payers.

Residents would benefit from a simplified structure of local government. The current structure causes fragmentation in service delivery with multiple organisations being responsible for different parts of the same service. This leads to frustration and confusion for members of the public.

A single unitary council for Leicestershire would significantly improve **strategic decision-making.**
A single Cabinet with unity of purpose, setting a single strategic direction for Leicestershire, would provide the necessary certainty, stability and democratic accountability to give investors and the government confidence in Leicestershire's ability to deliver. Leicestershire would have a stronger negotiating position, both regionally and nationally, and would drive forward delivery of its strategic priorities.

A new approach to local government in Leicestershire provides an opportunity to reassess how a council can be meaningful to the lives of local residents by building **stronger relationships with communities** and the local voluntary sector and focusing on what is best for them. This would include devolving decision-making to a local level, both through the development of area committees and by strengthening the role of parish and town councils.

A single unitary council for Leicestershire would be **better for businesses** as it would be able to work in partnership with the Leicester and Leicestershire Enterprise Partnership to set a long-term economic direction, supporting businesses to thrive and delivering the housing, skills and infrastructure that form the basis for the county's future prosperity.

A change to the structure of local government in Leicestershire would **simplify working with partners,** reducing duplication of effort and ensuring that the messages coming from local government are clear and consistent. In turn, this would make it easier to deliver better outcomes for services delivered with other organisations.

Blueprint for the New Council

Service Delivery

The single unitary council for Leicestershire would have a fully integrated customer service approach which would involve a **single point of access** for all residents, underpinned by a common source of data.

A service delivery model where services are managed centrally but **delivered locally** would address concerns that a countywide unitary council would be too remote. Economies of scale would be achieved through changes to management and back-office staff, with all services sharing the same strategic direction and consistent policies. It would also mean that services continue to have a local presence, reflect the communities they serve and be close and accessible to them.

Services would be:

- Fit for the future - with the agility to adapt to financial challenges or government changes;

- Focused on outcomes for service users - supported by a robust evidence base;

- Continuing to offer value for money;

- Simplified – reducing the duplication that exists between the County Council and the seven district councils;

- Built on strengthened relationships with strategic partners and business - leading to more effective multi-agency decision-making and delivery of services;

- Contributing positively to eliminating discrimination - and advancing equality

Member Roles and Governance

New structures would be put in place to ensure that a single unitary council for Leicestershire strengthens accountability and demonstrates strong local and strategic leadership with unity of purpose. These arrangements are:

• A council comprising 110 elected councillors;

• 'Cabinet and Strong Leader' model of governance;

• Councillors will have a similar role to existing county or district councillors but with a higher profile community leadership role.

• Each councillor will have an individual budget of £5000 per year to spend on local priorities;

• Area committees, with delegated powers and corresponding budgets, would be set up to ensure that local decision-making is at the heart of the community and would provide a way for local people and organisations such as parish councils to shape the policies and services of the new unitary council and partners;

• Planning decisions would be taken locally (by councillors representing the area) in the vast majority of circumstances, in recognition of the importance of planning to local residents, the need for meetings to be accessible and the importance of decisions being made by those with local knowledge. Area planning committees would be set up, initially on the footprint of the seven former district councils. A countywide planning committee would also be established to consider the few exceptional applications which would have a significant impact on the whole county.

• Parish and town councils would be strengthened to help ensure that the new unitary council is connected to local communities and supports them to thrive and a framework for devolving services is already being developed. Areas of the county which are currently unparished would be supported to create new parish and town councils, should the local area wish to do so.

Savings

A single unitary council for Leicestershire would generate a **£30m net annual saving,** with implementation costs expected to be £19m.

Category	Savings Rationale
Members' Allowances	Fewer organisations will mean that the number of elected members can be reduced, but unitary councillors will have greater responsibility to support the Council's objectives.
Elections	Elections for district council and county council members are held in different years. Having one set of elections for fewer members will cost less.
Senior Management	A management structure is required to manage each organisation and the services within it. Having seven fewer organisations and joining up similar services will mean that significant ongoing management savings can be made.
Back-office	Joining up and running services in a similar way will simplify the back-office support requirements. Benefits will include: • Reduction in fixed costs and less duplication; • Standardised support through common systems, infrastructure, policy and process; • Greater ability for support services to become specialised; • Fewer staff in totality reducing the office space requirements.
Service management and administration	Joining up and running services currently delivered by eight different councils in a similar way will allow management and administration roles to be combined and the best practice from the current disparate services to be selected for the whole county. Further benefit will be secured from better purchasing power and contract management.

If two unitary councils were to be established, the net annual saving would be £18m, with implementation costs also totalling £18m. The key issues that reduce the level of saving for this option are:

• Countywide services need splitting to create two new services, resulting in additional senior and middle management.

• More organisations exist, which will require greater total level of back-office and infrastructure support, compared to a single unitary option.

• Two unitary councils would be smaller organisations than the existing County Council, resulting in a loss of purchasing power and influence.

• Salaries to attract the right people will not be materially lower in the smaller organisations.

Options Appraisal

The strategic business case sets out a range of options and tests them against the Government's criteria for change. The two options which meet those criteria, those of a single unitary council and of two unitary councils, are then explored in more detail.

Transition then Transformation

A change management programme setting out the transition to a new structure of local government in Leicestershire would ensure effective business and service continuity for local residents, elected members, council staff and partner organisations. Realising the significant opportunities and benefits that a unitary structure would achieve for all would then follow.

Conclusion

The option of a single unitary council for Leicestershire is the preferred option. It would strengthen the role of elected members, improving both strategic and local leadership. It would create opportunities to make savings in management and back-office costs and for these savings to be re-invested in front-line services, making key services more sustainable and protected against further funding pressures. More importantly, services across local government would be integrated to improve outcomes for residents and businesses.

1.0
Vision Statement and Case for Change

Vision Statement

To modernise the structure of local government for Leicestershire and:

- **simplify delivery and improve services;**

- **strengthen accountability;**

- **cut bureaucracy;**

- **reduce duplication and save money for investment in front-line services, people and outcomes;**

- **save money for the taxpayer.**

1.1   Introduction

1.1.1   This Strategic Business Case makes the case for change to the future structure of local government in Leicestershire, based on existing authority boundaries.

1.1.2   The main purpose of this Strategic Business Case is to articulate the benefits of the proposed change; to establish the need for investment; to appraise the main high-level options for future service delivery; and to set out a preferred way forward before further analysis and more detailed planning.

1.1.3   This Strategic Business Case is part of an iterative exercise which will see more refined analysis and planning developed as the programme of change develops. The level of detail included will therefore increase over the developmental phases of this business case for change.

1.2   Case for Change

Introduction

1.2.1   The current set up of local government in Leicestershire is no longer fit for purpose, is unaffordable and is holding back the ambitions of the area in terms of supporting our vulnerable groups as well as managing economic growth in a way that protects and enhances our place. The ongoing financial sustainability of the two-tier structure is increasingly challenging, with the County Council required to continue making significant savings. A new, streamlined structure would increase the amount of funding available to reinvest in front-line services.

1.2.2   The current two-tier structure of local government has been in place in Leicestershire since 1974. In 1997 Leicester City and Rutland became unitary councils while the rest of Leicestershire retained the two-tier county and district councils.

1.2.3   The two-tier structure of local government across England has been increasingly dismantled through reorganisation to the extent that only 26 county councils now exist in the UK.

1.2.4   Evidence across the UK shows that reorganisation can improve the financial situation for councils and this is particularly so where larger organisations are established that can benefit from economies of scale. The need to address the financial challenge is a real one across the UK.

1.2.5   Equally important drivers for change are the desire for modernisation, to create a council which is fit for the future and reflects customer demand, with improved service delivery, access and efficiency which reduces the confusion that arises from a two-tier structure of local government; to work better with our strategic partners and achieve greater influence. These can be achieved through simplified governance which will strengthen the county's role and voice both regionally and nationally.

1.2.6   This Strategic Business Case is based on existing authority boundaries. Due to the nature of Leicestershire's socio-economic structure, with major communities surrounding market towns, residents tend to associate primarily with their local town or village or with Leicestershire as a county, rather than having an association with a sub-Leicestershire region or the city of Leicester.

Leicestershire County and Districts

Summary of Local Government Councils in Leicestershire

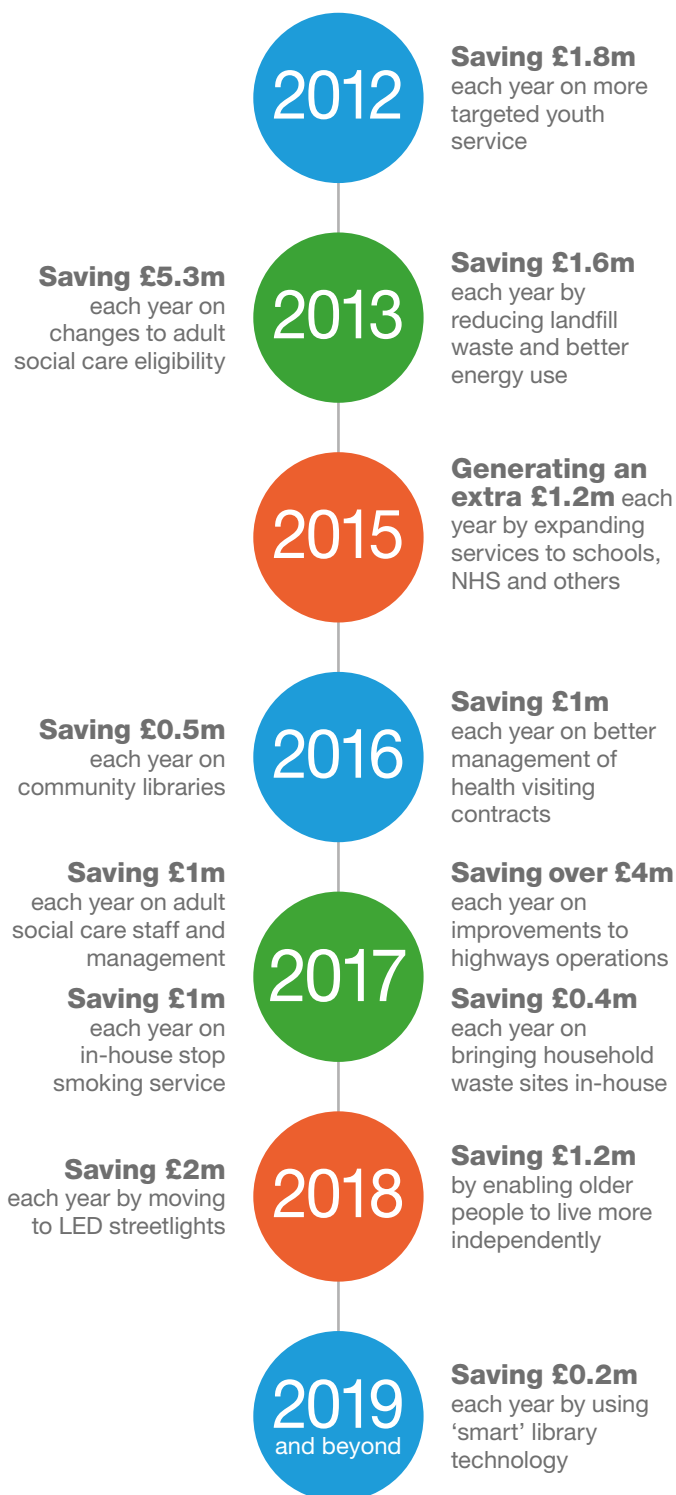| Leicestershire County Council	55 elected members
Blaby District Council	39 elected members
Charnwood Borough Council	52 elected members
Harborough District Council	34 elected members
Hinckley and Bosworth Borough Council	34 elected members
Melton Borough Council	28 elected members
North West Leicestershire District Council	38 elected members
Oadby and Wigston Borough Council	26 elected members
Total (district councils)	**251 elected members**
Parish and Town Councils and Parish Meetings	**222 local councils**

1.3   Financial Sustainability

> The principal driver for change is the challenging financial situation facing the County Council and the ongoing impact that this has on its ability to deliver front-line services.

1.3.1   The national picture is one of increasing pressure on councils providing social care services. The National Audit Office's financial sustainability report identifies a 49.1% real terms reduction in Government funding for local authorities between 2010/11 and 2017/18 (equating to a 28.6% real terms reduction in spending power, i.e. what the Government defines as the main sources of Government funding plus Council Tax) and warns that one in 10 English Councils (15 in total) with social care responsibilities will not be able to balance their budgets within three years. Last year, the BBC identified councils most at risk, publishing a list of 11 authorities. The list included eight County Councils, nearly one third of the total number of County Councils in England, demonstrating the disproportionate financial strain being placed on authorities such as Leicestershire.

1.3.2   The Government's announcement of additional funding, as part of the 2018 Budget, has improved the financial position for most local authorities. However, this is simply a delay to further financial crisis as the funding is temporary and no solution to service demand pressures is forthcoming.

1.3.3   Northamptonshire County Council is at the forefront of struggling councils. Poor leadership and financial management undoubtedly accelerated its decline, but the underlying issues of funding cuts coupled with rising demand for services and National Living Wage driven cost pressures are the same for all councils with social care responsibilities. This leads to the view that Northamptonshire County Council's experience is an insight into the future.

1.3.4   Financial pressures have not been spread evenly across the different tiers of local government organisations. District councils do not have responsibility for social care services and Government incentives for new homes and business rate growth have disproportionately benefited many districts. The result is that the savings requirement has not been on the same scale or had the same impact as for county councils. The Government has already signalled its intention to reform the New Homes Bonus (currently £18.2m p.a. for Leicestershire), with some reductions already implemented. In addition, the retained business rate growth (currently £15m p.a.) is expected to be removed from annual budgets as part of the national funding reforms in 2020/21. The combination of these two funding reforms is likely to increase the financial pressure on district councils.

1.3.5   At the end of the 2018/19 financial year, the County Council had delivered £200 million of savings since the start of austerity in 2010. The County Council has always prioritised efficiencies over service reductions, as a result significant savings have been found from: the review and consolidation of support services; reducing management and administration; better procurement; investment in technology such as LED streetlights and new income from commercial activity and shared services. With the magnitude of savings required inevitably there have been significant services cuts, for example: tightening of the eligibility criteria for social care; reduction in highways maintenance activity and other front-line services such as the youth services and children's centres.

Examples of Some of the Savings Since 2010

2012

Saving £1.8m
each year on more targeted youth service

Saving £5.3m
each year on changes to adult social care eligibility

2013

Saving £1.6m
each year by reducing landfill waste and better energy use

2015

Generating an extra £1.2m each year by expanding services to schools, NHS and others

Saving £0.5m
each year on community libraries

2016

Saving £1m
each year on better management of health visiting contracts

Saving £1m
each year on adult social care staff and management

Saving over £4m
each year on improvements to highways operations

2017

Saving £1m
each year on in-house stop smoking service

Saving £0.4m
each year on bringing household waste sites in-house

Saving £2m
each year by moving to LED streetlights

2018

Saving £1.2m
by enabling older people to live more independently

2019
and beyond

Saving £0.2m
each year by using 'smart' library technology

1.3.6   The majority of these savings have been reinvested to fund the rising cost of social care services. Despite these significant savings, which have not been achieved easily, the latest financial forecasts predict that a balanced budget will only be achieved for the next two years. Beyond this point significant new savings will have to be identified and maximum Council Tax increases implemented. This is clearly a worrying scenario requiring significant attention.

1.3.7   Low funding for Leicestershire is a significant problem, making further savings difficult and more likely to result in cuts or additional charges rather than efficiencies. Potential cuts are likely to include a further tightening of eligibility criteria, but would also primarily focus on the universal services that the majority of the population value, for example: household waste sites, trading standards, prevention services that promote wellbeing and road safety. In short, the County Council's financial position is not sustainable. If the financial pressures continue as expected, then the visible detrimental impact upon residents and partners will inevitably increase through service reduction.

1.3.8   Using published financial plans and an assumption that cost and funding pressures continue at a similar rate to the current planning period, an estimate has been made of the savings challenge in Leicestershire to the middle of the next decade. This fits with the Government's current aspiration for delivering a balanced budget.

Leicestershire Savings Forecast (£ millions)
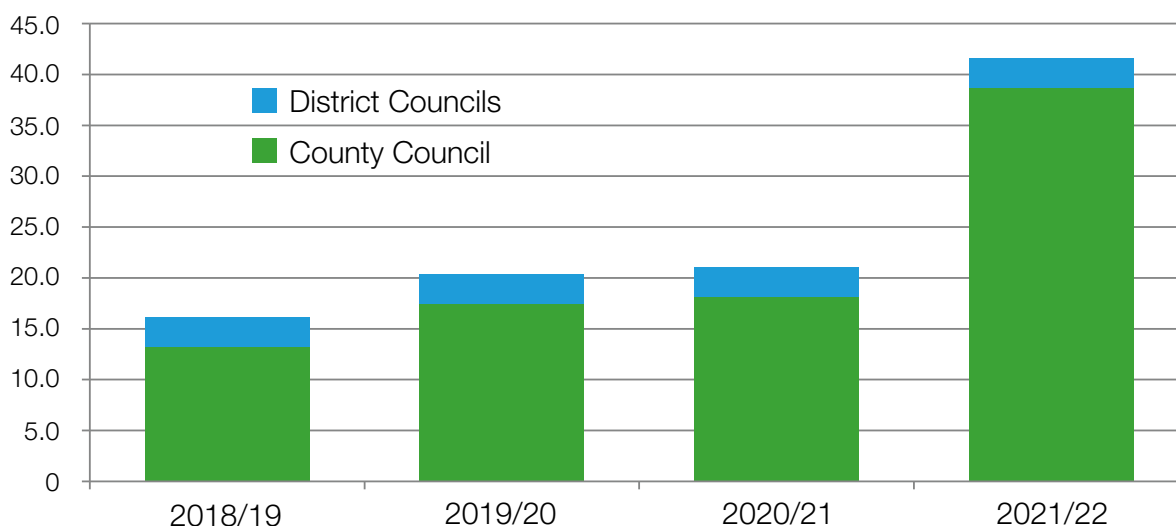
1.3.9   The chart above shows savings during the period 2018/19 to 2021/22. The figures are taken from the 2018/19 budgets of the councils in Leicestershire. The district council savings have been averaged, due to different planning periods and use of reserves that distorts the timing of savings. It should be noted that individual councils have taken different approaches to the potential changes in future funding.

1.3.10   The estimate is for £75 million of savings to be required over four years in Leicestershire (both County Council and district councils). This estimate already assumes that £47 million is raised through Council Tax increases, which continue to be capped by Government. Only two thirds of the estimated savings required across the County Council and district councils have been identified for action.

1.3.11   In addressing this scale of financial challenge, it is an assumption that demand-led services create a constant requirement for efficiency improvements to keep Council Tax at an acceptable level, but at the same time wider reform should focus on protecting and investing in front-line services, provided by both the County Council and the district councils.

1.3.12 A new, streamlined approach to local government in Leicestershire would offer an opportunity to directly address the financial challenge faced by the County Council. Evidence from existing, countywide unitary authorities demonstrates that a significant level of savings can be achieved on a recurrent basis through avoiding duplication, reducing management and back-office costs and the number of locations that services are delivered from. The table below shows that for most of the countywide unitary authorities created during 2008/9, savings exceeded the target set, based on whether the council took opportunities to redesign structures and services and deliver transformation or whether they simply reorganised and 'scaled up' current ways of working.

Unitary	Projected Saving	Estimated Savings Achieved
Cornwall	£17m per year	£25m per year
Wiltshire	£18m per year	£25m per year
Northumberland	£17m per year	£28m per year
Durham	£22m per year	£22m in year one
Shropshire	£20m per year	£20m per year

1.3.13 The savings from these historic reorganisations, in the table above, are the amounts saved at the time. Due to inflation, the benefits would be approximately 10% higher at today's values.

1.4 Sustainable Services

Demand

1.4.1 There continues to be a growing demand for social care services. Whilst all services can be made more efficient and effective, it is not always possible to put a cap on cost increases. Demographic projections predict continued growth in the number of elderly adults, with increasingly complex needs, requiring care and support. This is compounded by the fact that the average length of time for which people require care is increasing.

1.4.2 Children's social care, although a smaller portion of the overall County Council budget than adult social care, is the main driver of financial growth for the County Council. The looked after children population in Leicestershire is growing at a rate of eight percent per annum. The supply of interventions cannot keep pace with demand, further driving up costs. The provision of services for children with special educational needs and disabilities is another significant area where both costs and expectations are growing.

Streamlined Support Services

1.4.3 A new, streamlined approach to how local government is structured would see significant reductions in back-office and management costs, freeing up more resources to be directed to front-line services. This would likely mean that demographic pressures can be met without having an adverse effect on other local government services. Financial resilience would also be increased as a structure with fewer, larger organisations better placed to deal with financial uncertainties and able to deploy more resources rather than hold contingencies (currently the County Council has a reserve level of 38%; the district councils' reserve level is 97%).

Streamlined Service Delivery

1.4.4 Reorganisation also offers an opportunity to develop new approaches to service delivery which will better match and meet changing customer expectations. The development of a service delivery model which ensures that, as far as possible, there is a clear, single point of access, that services are delivered in localities and that there is a seamless and consistent customer experience across the range of local government services will help to make services more accessible, relevant, cost effective and sustainable. It will also improve clarity for local residents regarding which organisation provides their service as the current two-tier structure can cause confusion. The use and integration of digital services and access points, remembering that this may not be appropriate where services are provided for the most vulnerable Leicestershire residents, will also support the creation of services that are fit for the future. Services would also be co-designed with communities and delivered in a more co-produced way, moving from the council as 'provider' to enabler.

GOOD PRACTICE EXAMPLE: Online form for reporting road defects.

The County Council's website attracts around 1.5 million visits each year and more than 5 million pages are viewed.

The County Council has developed an online form for reporting problems or defects on roads or pavements in the county. The form is the most popular on the County Council's website, with around 18,000 submissions a year. It includes a street search tool to enable accurate reporting which in turn has improved service delivery by reducing the likelihood of crews turning up in misreported locations.

If local government services across the county were brought together, the form would become a single point of access for residents, meaning that they could also report problems such as graffiti, fly tipping and abandoned vehicles, which are currently dealt with by district councils. Customer experience would be improved by reducing confusion and simplifying access to services.

1.5   Strengthening Strategic Leadership

1.5.1   A single unitary council for Leicestershire aligned with key partnerships such as the Clinical Commissioning Groups, the City Council, Police and the Leicester and Leicestershire Enterprise Partnership (LLEP) would have the strategic capability to drive the county's outcomes for managed growth, strong communities and a joined up approach to keeping people safe.

1.5.2   A single unitary council for Leicestershire, working with neighbouring councils, the Midlands Engine and Midlands Connect would form a powerful alliance for the East Midlands ensuring that the region's contribution to the UK economy is properly reflected in funding opportunities.

1.5.3   A single unitary council for Leicestershire with unity of purpose would also be better for businesses, working in partnership with the LLEP to set the long term direction, supporting businesses to thrive and delivering the housing, skills and infrastructure that forms the basis for the county's future prosperity.

1.5.4   All eight councils in Leicestershire are involved in negotiations with government over funding in one form or another and for significant sums of money. This duplication of effort is exacerbated by the fact that there is no single, binding forum at which a long term view on policy and strategy can be taken. Without such clarity, evidence through comparing historic investment and funding between the West and East Midlands suggests that both Government and businesses are reluctant to make long term funding commitments in Leicestershire.

1.5.5   Having a streamlined structure of local government would provide the necessary certainty, stability, unity of purpose and democratic accountability to give investors and the government confidence in Leicestershire's ability to deliver. If Leicestershire was able to speak with a single voice on issues where negotiation with central government or other partners, such as the Midlands Engine, is required, its position would be strengthened.

1.5.6   The differential between funding allocations in the East Midlands compared to the West Midlands and other regions adds weight to the argument that the local government structure in Leicestershire and other East Midlands councils counts against the region when bidding for funding.

> Having a streamlined structure of local government would provide the necessary certainty, stability, unity of purpose and democratic accountability to give investors and the government confidence in Leicestershire's ability to deliver.

1.5.7   The creation of a single unitary council would significantly enhance the role of local councillors. Unitary Councillors would be responsible for all local government services across Leicestershire and as such would be able to influence the full range of local government responsibilities in their local area. They would have the resources and decision making authority to resolve local issues quickly as well as benefitting from stronger, clearer strategic leadership through having a single Cabinet with unity of purpose setting a single strategic direction for Leicestershire. This removes the conflicts of interest which can arise in decision making when a councillor is representing both a district council and the County Council.

1.5.8   The creation of a single unitary council for Leicestershire would provide the opportunity to strengthen the role of parish and town councils and to establish town councils in market towns where they don't currently exist. This would apply for example in the market towns of Loughborough, Coalville, Market Harborough and Hinckley, as well as the current Oadby and Wigston Borough area.

1.5.9   Towns and parishes in Leicestershire provide a vital connection to communities and some provide services to their areas. Through reorganisation of local government they would do more and be a louder voice for those that they represent, if that is what they want to do. These publicly elected bodies would be given devolved powers and budgets to make a real difference to the environment, quality of life and prosperity of residents and businesses.

1.6   A More Streamlined Partnership Approach

1.6.1   At the same time as, and perhaps partly because of, the challenging financial situation facing the County Council, there is an increasing focus on delivering services in partnership. This can be seen through a range of national drivers, such as the NHS Long Term Plan and the National Industrial Strategy. There are also a significant number of local drivers, around areas such as economic growth, health and social care integration, community safety and children and families services. Public services are becoming increasingly outcome focused and at the same time are recognising that outcomes such as 'keeping people safe' and 'a strong economy' cannot be delivered by one organisation alone.

1.6.2   However, the current partnership landscape in Leicestershire is extremely complex. The inter-related nature of local government, in a two-tier area, means that there are 22 partnership bodies across Leicestershire where the only partners are the County Council and one or more of the district councils.

Existing numbers of partnerships

County and District only – all seven districts involved	17
County and District only – involving one or more districts	5
Total County/District Partnerships	**22**
Multi Agency partnerships – Local Authority only	7
Multi Agency partnerships – where Health and/or Police are key partners	36
Multi Agency partnerships – where Health/Police are not key partners	37
Total Multi Agency Partnerships	**80**
Total Partnerships	**102**

1.6.3   For these partnership bodies to be effective, there not only needs to be an alignment of priorities and resources across the eight councils, but there also needs to be a willingness from all partners to cede control. There are examples of effective collaborative service delivery models between district councils; and between district councils and the County Council in Leicestershire. Whilst these should be recognised, it should also be accepted that they are the exception and not the rule.

1.6.4   There are a further 80 multi-agency partnerships in which both the County Council and the district councils are involved. The lack of a single strategic voice from local government in these partnerships can cause challenges and make it difficult for partners to engage in a co-ordinated way with local government services.

1.6.5   Leicestershire forms part of a wider geographic footprint, that of Leicester, Leicestershire and Rutland (LLR), for most of its partners. Often, this means that partners such as health, the police and fire all have to engage with ten councils in total. Rutland is not included in the Local Enterprise Partnership so the number of councils that local businesses have to work with is reduced to nine.

1.6.6   A change to the structure of local government in Leicestershire would not eradicate the need for partnership working, but it would simplify the landscape for partners, reducing duplication of effort and ensuring that the messages coming from local government were clear and consistent. In turn, this should make it more achievable to deliver outcomes which cut across organisations.

1.6.7   An independent study into local government reorganisation by Shared Intelligence found that "partnership working and collaboration between public bodies has become more important since the last two rounds of local government reorganisation. Collaboration is considerably easier where the boundaries of the relevant organisations are the same: co-terminosity matters! Interviewees with experience of the 1990s unitary councils have pointed out that in some cases partner organisations operating across a small geography suffer from a lack of capacity and critical mass and are being reorganised to secure economies of scale.[1]"

1   Learning the Lessons from Local Government Reorganisation: An Independent Study by Phil Swann for Shared Intelligence
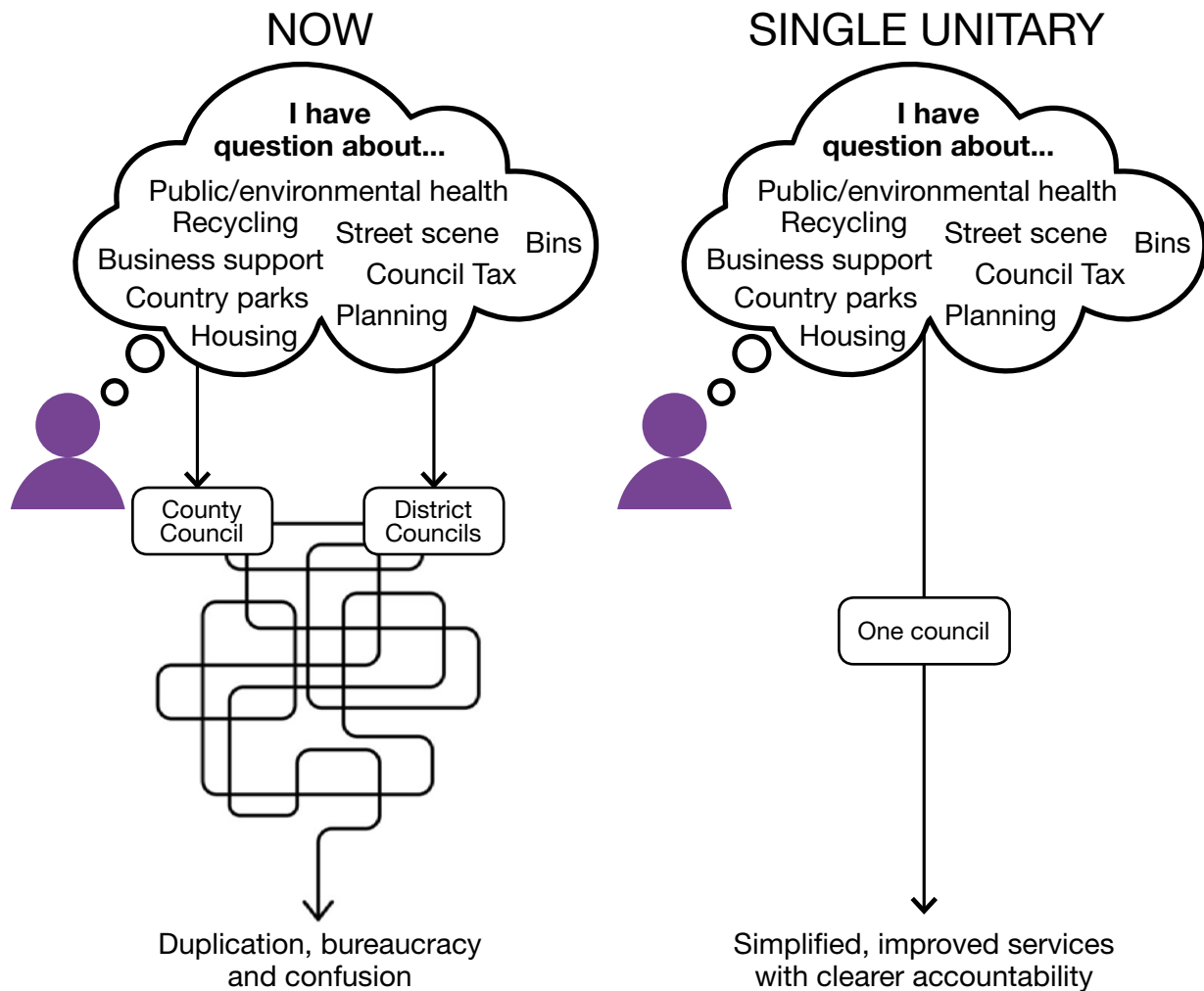
1.7 Better for Residents

1.7.1 Streamlining the structure of local government in Leicestershire would reduce the number of times that people are passed between different organisations, with a consequent impact on the timeliness of service delivery.

> There is a good case to be made that the current structure causes fragmentation in service delivery with multiple organisations being responsible for different parts of the same service. This can lead to frustration and confusion for members of the public.

1.7.2 An example of the confusion that residents face is evident by looking at council websites. There are eight different websites for councils across Leicestershire. Despite this, many people still don't know which council is responsible for which services.

1.7.3 Many residents use search engines to find information and because district council websites rank lower down the page, people often come to the County Council website first. This can be frustrating if they are actually looking for a district service.

1.7.4 Sometimes people aren't referred to the right page on the website, landing on a homepage, which causes more confusion and they can waste time bouncing between district and county web pages.

1.7.5 The people who visit the County Council website but end up leaving to go to a district council page are most likely to be looking for waste and recycling, environmental health, Council Tax, planning, leisure, parks and outdoor activities, and parking.

1.7.6 The people who visit a district council website but end up at the County Council's website are generally looking for waste and recycling, roads, registrars, drop kerbs, road markings, parking, footpaths, schools, bus passes and libraries.

1.7.7 Many people who visit the County Council website after visiting a district council website, go on to visit other district council websites. This suggests potential confusion with people moving back and forth between the websites.

1.7.8 During 2017 the County Council recorded more than 130,000 web visits where someone was confused between the county and district council services. Similarly 11,000 out of 200,000 calls to the Customer Service Centre at the County Council were redirected to district councils. This is inefficient in terms of time and money and also slows down the response to the public. A unitary structure would address public enquiries more effectively and make transactions quicker and clearer.

GOOD PRACTICE EXAMPLE:
Lightbulb is an award-winning example of how working together can improve residents' lives.

The programme is a collaboration between the County Council, district councils and other partners designed to help older and vulnerable people stay safe and well in their own home for as long as possible.

Lightbulb brings together, through one point of contact, a range of support such as aids and adaptations, energy advice, home safety and home maintenance to help people stay safe and independent. Before Lightbulb, housing services were too fragmented.

Identifying housing problems earlier can prevent or reduce hospital admissions and a move into residential care.

Jim was discharged from hospital following aortic valve replacement surgery and required assistance with bathing.

Previously, it would have taken 14 weeks, five separate phone calls or emails and cost councils £400 to provide support. Through Lightbulb, it took six weeks, required just two contacts and cost £200.

The tangible benefits are clear – and these would be amplified under a unitary structure.

The process of designing and delivering an integrated service currently requires agreement from all seven district councils – a time-consuming and challenging process.

Barriers to information sharing add to this and also mean there are missed opportunities when planning services. Simplified governance arrangements would remove these barriers, speeding up the creation of integrated services.

There is clear evidence that a two-tier structure of local government and the split in functions between the tiers causes confusion for some members of the public. Simplifying the structure would improve their experience in terms of accessing services, querying issues and speeding up transactions.

1.8 Better for Local Communities

1.8.1   The two-tier system of local government can feel confusing and unresponsive to the wishes of local communities. Parish and town councils can have a key role to play in supporting local communities to thrive, but only where communications are clear and there is capacity within organisations at all levels to deliver and to support delivery.

1.8.2   The current structure of local government in Leicestershire also lacks opportunities for communities to become directly involved in decision making and identifying priorities for investment within their area. Often, involvement is limited to responding to consultations or making representation at a council meeting and there are no opportunities to sit round the table with local decision makers and contribute to their discussions.

1.8.3   A new approach to local government in Leicestershire provides an opportunity to reassess how a council can be meaningful to the lives of local residents by building stronger relationships with communities and focusing on what is best for them. This would include devolving decision making to a local level, both through the development of area committees and by strengthening the role of parish and town councils.

1.8.4   By ensuring that parish and town councils have a clear channel of communication across the range of local government services in Leicestershire, and by supporting parish clerks to develop their capacity, a devolution offer would be developed for those parish and town councils who wish to take on more responsibility, which enhances service quality and responds to the wishes of the community.

GOOD PRACTICE EXAMPLE: Tackling social isolation

Loneliness can affect people's independence, their happiness and quality of life – and the most vulnerable can be hit hard. The County Council is supporting partners to combat loneliness and explore how communities can secure Government funding.

The Friendly Bench in Bottesford is an example of how residents can help people become better connected. The community group provides volunteering opportunities, events and other sessions for those who are older, socially isolated and those with limited mobility.

Working closely with their Local Area Coordinator[1] and housing association, the group is also setting up an innovative gardening project, bringing primary school children and elderly residents together to build stronger communities.

Helping people become better connected generates a sense of value and belonging – and building on this work is a priority. By combining services, reducing the number of organisations and streamlining funding for communities, a unitary council would make it easier to forge these initiatives.

1 Local Area Co-ordinators work to improve the health and wellbeing of individuals and communities. This helps to reduce demand on public services (mainly health and social care), preventing people from reaching crisis, and requiring costly care and support services.

2.0
Services in a New Unitary Council

2.1 Introduction

2.1.1 This section of the business case explains how a single unitary council for Leicestershire will work and what it will look like. It is recognised that there is much more work to do on the design of a new organisation, with input from other councils, service users and partners. This is based on the vision for a modern local government structure for Leicestershire which will simplify and improve services, strengthen accountability, cut bureaucracy, reduce duplication and save money for investment in front-line services, people and outcomes and save the taxpayer money.

2.2 Services and Service Users

2.2.1 Consideration of a single unitary council for Leicestershire would be an opportunity to redesign local government service delivery and structures. The focus would be on how better outcomes can be delivered for residents, local business and partner organisations, and how local government can best work with those organisations recognising the challenging times ahead as a result of public sector finance restraints. The paragraphs below set out the opportunities that a unitary structure would afford to each service, particularly in terms of integration.

2.2.2 The following paragraphs describe how existing council services in Leicestershire would be delivered in a unitary council. 80% of spend in the county is on County Council services and 20% on district council services. It is therefore inevitable that any description of services will give greater emphasis to County Council services. However, the importance and benefits of integrating County Council and district council services into a new innovative and modern approach to service delivery for Leicestershire cannot be overlooked.

Children and Families

2.2.3 The two tiers of local government in Leicestershire have different responsibilities: the County Council is responsible for the delivery of children's services, underpinned by statutory guidance, including delivering services to looked after children, children in need of protection and in need of support, early help services, education quality and sufficiency, special educational needs and disabilities and safeguarding children. District councils are responsible for housing services and some districts choose to deliver non-statutory services directly to children and their families.

2.2.4 The opportunities for children and families presented by integrating local government services across the county are:

- Alignment of county and district services and the ability to develop a single referral route;

- Greater flexibility and access to a range of housing to meet the needs of care leavers, children and their families with a special educational need or disability and other vulnerable families;

- A consistent benefits offer to vulnerable families and care leavers.

GOOD PRACTICE EXAMPLE: How can a unitary authority improve life for young people leaving care?

Every year, around 250 young people aged 16 to 25 are supported to leave care.

Taking your first steps as a young adult can be daunting and through its social care function, the County Council provides wide-ranging support helping care leavers to find a home, move into work, education or training and secure benefits, plus other vital practical and emotional advice and guidance.

A new 'promise' launched recently bolsters this by clearly spelling out how care leavers should be treated and what support they should expect to receive.

Navigating the current two-tier system is particularly challenging in terms of housing – and to combat this, a new housing protocol has been established with the district councils.

This joined up approach is driving simple yet important improvements. It's helping young people move into their long term home before they're 18 and preventing unnecessary homeless applications – reducing delays and costs, avoiding care leavers facing unfair taxes and providing greater stability. Increased partnership working also generates better, more co-ordinated support, preventing crises.

But there is still more that could be done. Simply put, a single system would mean that across all services, care leavers are treated the same as our own children – the goal of all children's services professionals.

Community Safety

2.2.5 A unitary council would present significant opportunities for efficiencies in community safety through the pooling of community safety funding, reduction of duplication in roles, clarity of reporting pathways, consistent services for communities and realignment of governance.

2.2.6 A unified Community Safety Partnership would provide the capability to simplify and strengthen the inter–relationship with the Safeguarding Children Partnership and Health and Wellbeing Board. Having a simplified structure would be more conducive to promoting enhanced partnership working on cross-cutting issues such as child sexual exploitation, serious organised crime and health and wellbeing.

2.2.7 Across Leicestershire, community safety functions at the locality, including anti-social behaviour, management of CCTV and crime prevention advice, are primarily delivered through the district councils under the governance of six separate Community Safety Partnerships (CSPs) and six separate Community Safety Strategies; Blaby and Hinckley and Bosworth have merged. Each CSP requires attendance from a number of key countywide partner agencies, including the Police, the Fire and Rescue Service, Leicestershire County Council services and Probation services.

2.2.8 Furthermore, as a two-tier authority there is a statutory requirement to have a strategic Safer Communities Strategy Board at a countywide level to bring together all CSP chairs with a County Community Safety Agreement sitting at the top tier. The County Council holds the responsibility for the strategic leadership of Community Safety through the Leicestershire Safer Communities Strategy Board (LSCSB). Significant officer resource is required to manage interactions between the district councils and County Council and to co-ordinate other partners who deliver services across the County.

2.2.9 The County Council provides a co-ordination, policy and commissioning function across a number of issues including domestic abuse, hate crime and anti-social behaviour. The County Council also has a pivotal role through the Youth Offending Service including the team of street-based youth workers (IMPACT) working in anti-social behaviour hotspots, Social Care Services, Early Help for managing and supporting vulnerable individuals, perpetrators and offenders in localities.

2.2.10 A unitary council would allow a single strategic community safety partnership across Leicestershire and local identification of need and actions delivered through area tactical committees. It would have a single community safety team and a single point of contact for residents irrespective of the issue and irrespective of where they live. More importantly communities across the county would receive the same consistent level of service to a high standard.

2.2.11 For example, a unitary council would have a single Anti-Social Behaviour (ASB) team incorporating the direct delivery services (IMPACT and ASB workers) and the anti-social behaviour officers, currently in districts. This would not only rationalise spend, including management overheads, but would also lead to a far better joined up approach to tackling anti-social behaviour. The rationalisation of spend would allow greater investment in front-line services and prevention, tackling anti-social behaviour in communities before it becomes entrenched. The service would work with other current County Council services such as social care, youth offending and early help, ensuring that vulnerable people are identified and supported at an early stage; staff would have access to the same ICT systems enabling swift responses to issues at the locality.

2.2.12 A commonality between many offenders involved in Serious and Organised Crime is their history of behaviour, as many have committed low level crimes such as anti-social behaviour and petty theft which have progressed into more serious and violent crimes. Research has determined that this snowball effect is due to early interventions not being implemented. Every effort should be made to ensure that the early signs of this snowball effect are recognised and effective interventions are put in place as soon as possible. The ability to do this is with the countywide services.

2.2.13 In addition a single unitary council would allow single co-ordination of practical functions such as CCTV. Currently Police and other authorities requiring access to CCTV are required to make requests to the seven different CCTV operatives. A single unitary council would allow greater join up of resources as well as better targeted use of CCTV for strategic cross-Leicestershire purposes.

Adults and Communities

2.2.14 The County Council currently commissions and provides adult social care and wellbeing services as required to meet the needs of the local population. The district councils have responsibility for related functions such as housing, local plans and some matters connected to benefits. In some areas, such as assistive technology and equipment to support people to remain in their own home, there is a duplication of effort between councils. This creates ambiguity and bureaucracy for local residents resulting in delay and confusion and increased cost to local government.

2.2.15 Some of the main opportunities and advantages of unifying the services currently provided by eight councils are:

- The ability to develop a coherent, universal place-making strategy incorporating many elements currently delivered across several councils for the planning, coordination and delivery of accommodation based care services.

- A co-ordinated approach across the wide range of place-based initiatives to create an enhanced model for improving community capacity across Leicestershire. There is strong evidence that loneliness has a major impact on older people's use of health and care services and a unitary council for Leicestershire would develop and deliver a more co-ordinated approach to tackling this.

- Flexibility in the provision of housing to people with learning disabilities, mental ill health and autism. A single strategic housing authority, which also commissions social care, has planning responsibilities and delivers wider infrastructure would allow the new council to prioritise the development of housing to meet the needs of older adults, people with disabilities and those who have frailty. It would also create opportunities to develop housing solutions to improve delayed transfer of care from hospital; this is a known barrier, particularly for mental health in-patients.

- Bringing together assessment, funding and delivery of assistive technology, adaptations and equipment is also key. Building on the Lightbulb project, a unitary council would adopt a more strategic approach to funding and resource allocation to reflect the needs across the County. Through a single unitary council, governance processes would be simplified and new services could be implemented in a much more timely and efficient fashion.

- A unitary council would better direct and deliver the full range of service provision that enhances wellbeing. This is a duty for county and unitary councils in the Care Act 2014; however in two-tier areas it is more challenging as wellbeing cannot merely be met through the provision of adult social care or public health services as district councils also have many functions and services which contribute to the wellbeing of individuals and communities.

More people are going home from hospital when they're ready to leave, thanks to county council and NHS staff working together. There are many complex reasons for delays leaving hospital, so the council and its partners work together to run community-based neighbourhood health and social care teams. This joined up approach has improved the situation for Leicestershire residents leaving the main hospitals - as well as community hospitals and mental health facilities

Partners began work on this in October 2017 - and the effort is paying off. Delays in 2017/18 were reduced by between 21 per cent and 24 per cent. Since last April, the downward trend has continued, with delays well below target.

Making sure that people leave hospital when they're ready, with the support they need, is a top priority. Not only does it free up vital beds in hospital, it's also better for the patient. This 'home first' approach helps people to stay independent for longer and reduces the risk of going back into hospital.

A unitary structure could bolster this by creating one authority with responsibility for housing, public health and social care – leading to reduced duplication and more joined up, targeted support.

Housing Services - Managing retained council stock

2.2.16 A new council for Leicestershire would enable management of council owned housing to be brought together to improve services for council tenants, tenant and resident associations and leaseholders through the reinvestment of savings into frontline services realised through economies of scale/reduced administration. There is a legal requirement for any savings to be reinvested for the benefit of current and future tenants. This reinvestment will allow the service to be improved, for example through reduced waiting lists, greater choice of stock, and opportunities to maximise capital and revenue investment and scalability of benefits, particularly the support of people who are vulnerable or most in need. The new unitary authority would therefore be able to act as a streamlined and efficient landlord for the retained stock.

2.2.17 It is recognised that changing responsibility for managing retained council houses and assets may cause a short period of uncertainty for existing council tenants, leaseholders, those individuals and families who are currently on a waiting list, tenant associations, and contractors, partners and suppliers. However, it is expected that there would be a focus on improvement when the new council for Leicestershire is created. Every effort will be made to keep disruption to an absolute minimum with the expectation that existing services would migrate to the new council without significant change. Tenants would then see benefits from a streamlined service which would provide a consistent offer across the County and would also be more strongly linked to services such as adult social care and public health.

A Better Service

2.2.18 A single planning function would allow more co-ordination between housing growth and infrastructure to ensure that developments meet all the needs of the local area. The current two-tier structure can be difficult for local people and developers to navigate as district councils decide how many new homes should be built, whereas the County Council provides the roads, schools and high-speed broadband to ensure those developments are sustainable.

2.2.19 Area planning committees in the unitary council would oversee the delivery of existing district level Local Plans. Working together, the new unitary council would ensure that more of the right sort of houses are built, lining up housing and planning strategies to make sure housing is provided to meet the needs of specific groups. This includes social housing, for service users with support needs and solutions for older people, and maximising use of Section 106 and Community Infrastructure Levy funding recognising that Section 106 funding is used in the local area where the development is taking place.

GOOD PRACTICE EXAMPLE: Positive opportunities to offer an improved customer experience

Mr A (70) lives alone in a council flat. He has recently had several health-related problems and is socially isolated but is keen to stay in his own home. A new unitary council for Leicestershire will support a joined-up person-centred approach where Mr A will only need to explain his issues once to his support worker, who is able to assess him for all his housing, health and social care needs. As a result, Mr A will be supported to remain independent by:

- Having his house adapted to help him move about more easily.
- Being introduced to local community activities and new friends with the help of the Local Area Coordinator.
- Having access to Home Care support to stay in his own home.

GOOD PRACTICE EXAMPLE: Positive opportunities to offer an improved customer experience

Mrs B has learning difficulties and is a single parent living in a council property. She has trouble with reading and writing so had been ignoring correspondence and has got into debt. Joined-up services based around the individual and their strengths is central to unitary delivery. This will mean that Mrs B has a single point of contact and gets the right level of support at the right time. It will ensure that Mrs B is helped with a tailored action plan focused on:

- A financial assessment and work with Rent Officers to apply for housing benefit to cover the shortfall in rent and help avoid further debt.
- Keeping her home warm through First Contact Warm Homes support with saving money.

- Adult Learning support to develop her literacy skills and employment options.
- Long-term tenancy sustainment support with regular appointments to help prevent a similar housing crisis in future and enable her to remain debt-free.

Community Services

2.2.20 Culture, leisure and learning are examples of services currently provided by both tiers of local government in Leicestershire. There are a wealth of country parks, museums, leisure centres and healthy lifestyle programmes – but with different priorities and outcomes. Other unitary councils including Cornwall have seen real success by joining up these services with some creating a 'leisure passport'.

2.2.21 Developing one, over-arching approach - which is joined up with public health - offers the opportunity to create an integrated approach with one point of access, simplify routes into volunteering and maximise funding for adult learning. Given that some of the community and wellbeing offer is non-statutory, the move to a unitary structure would enable economies of scale and future-proof services which contribute towards thriving communities and are valued for wellbeing.

This case study illustrates how a range of cultural and leisure services could be brought together to improve health and wellbeing.

Jennifer is 50 years old and has suffered a bereavement which has resulted in mild depression and a sense of loneliness. Her GP has suggested exploring a range of leisure activities that help her maintain her physical and mental wellbeing. He has introduced her to a 'healthy mind and body' passport organised through the local authority's cultural and leisure service. This enables her to access a variety of free and low cost activities that are local to her.

From the range of offers available, she chooses to join a reading group at the library specifically targeting people experiencing mental health issues. There she meets a small group of people every month and they discuss books that they recommend to each other. She is a keen walker, so she sees that the passport offers her reduced prices to membership of the local leisure centre offering weekly winter walks exploring the countryside near to where she lives.

Public Health

2.2.22 The Public Health Department undertakes a wide range of services to fulfil the County Council's statutory duty to take steps to improve the health of the population. These include: commissioning sexual health and substance misuse treatment services, the provision of smoking cessation and weight management services, information and advice services and community capacity building services. It also improves health by action, on its own or in partnership with others such as Clinical Commissioning Groups and district councils, on issues such as air quality.

2.2.23 Under the current two-tier system of local government, a number of these functions sit entirely with the County Council; however, district councils have a number of functions that affect public health. These include roles in housing, environmental health, sport and leisure services, planning and community engagement.

2.2.24 A unitary structure presents a number of opportunities for integrating and improving service delivery:

- Clear accountability for public health issues which are currently split across authorities. Across the range of lifestyle behaviours there is currently a split between service responsibility (County Council) and broader policy responsibility (district councils). For instance, the County Council is responsible for the provision of substance misuse treatment services whilst district councils are responsible for alcohol licensing matters. The County Council is responsible for the provision of weight management services, with district councils responsible for planning in relation to fast food outlets. There is a clear opportunity here to enable a more cohesive public health system for Leicestershire bringing together policy and services in one organisation.

- Maximising the benefits of infrastructure or improvement schemes by taking a 'Health in All Policies' approach and considering health and wellbeing outcomes as part of the design stage. Currently, the County Council works on a 'coalition of the willing' basis, advising and working with those district councils who are open to undertaking Health Impact Assessments on their Local Plans and specific developments. A unitary council would improve co-ordination between the planning, housing and economic development functions with improved ability to consistently apply this approach.

GOOD PRACTICE EXAMPLE: One-stop support

A one-stop online resource helps residents navigate complex support routes – and changing lives. First Contact Plus helps residents find information about a range of services – housing, independent living, money advice, work, security and more - all in one place. It brings together around 300 services run across districts, the county council and the NHS.

Examples include a resident who lived alone and was feeling anxious since his wife passed away. Referred by his GP, he felt harassed by youths sitting on his wall but worried calling the police would lead to repercussions. Consent was gained to refer the issue to the local anti-social behaviour team who supported him to resolve the problem.

Thousands of residents have benefited from cheaper energy bills and improved health thanks to the Warm Homes service,

also part of First Contact Plus. The service supported more than 1,000 households with free, impartial advice to help them stay warm at home.

Currently there are 84 pathways which referrals are routed along – each district council alone has four different internal routes. A unitary structure for Leicestershire would reduce this complexity

Environment and Transport

2.2.25 The Environment and Transport Department undertakes a wide range of services, many of which impact on the lives of all Leicestershire's residents. Under the current two-tier system of local government a number of these functions sit entirely with the County Council however in some cases different elements of the same service are delivered by both tiers. For example, district councils collect waste and carry out fly tipping enforcement, while the County Council disposes of it. District councils pick up litter and clean streets, while the County Council maintains the roads. In some cases, such as grass cutting, both the County Council and the district councils cut the grass that falls within their responsibility e.g. highway grass by the County Council and parks by district councils.

2.2.26 Opportunities exist to explore the combination of services currently delivered by several councils; for example street scene services currently provided by the district councils such as fly tipping, street sweeping and dog fouling would be combined with other environmental services currently provided by the County Council, such as grass cutting, forestry and gully emptying; leading to more streamlined, efficient and cost effective service delivery.

2.2.27 A unitary council would improve services for residents by providing a single point of contact, easier access to local authority services, one set of service standards and clear expectations. The economies of scale offered by a unitary council would provide a much stronger buying position, enabling better contract negotiation to achieve best value for Leicestershire residents.

2.2.28 A unitary council would also improve the efficiency of approval and delivery processes – often highway schemes and proposals are linked to wider objectives and may be delivered by the Highway Authority (County Council) on behalf of the district council. This often requires two sets of approval processes or complex and time consuming legal agreements. A unitary council would remove the need for this, saving time and money that would be used to enhance frontline services.

Waste Management Services

2.2.29 In Leicestershire, the seven district councils, as Waste Collection Authorities, are responsible for providing kerbside collections of waste and recyclables. The County Council, as the Waste Disposal Authority, is responsible for the disposal and treatment of the waste collected by the districts. The County Council also provides the network of recycling and household waste sites and waste transfer stations.

2.2.30 In reality this means seven different kerbside waste and recycling collection systems operating across Leicestershire. There is variety in collection frequencies (weekly or fortnightly), sizes and types of containers (bins, boxes and bags) and charges (for green, trade and bulky waste collections).

2.2.31 This can be confusing to the public and makes the provision of clear, consistent communication messages on a countywide basis much more difficult and inefficient. At present, there is no single point for residents to access information on waste services; the County Council, the seven district councils and the Leicestershire Waste Partnership all provide information on waste services on their websites and each authority has a different telephone customer service line.

2.2.32 A unitary council would deliver consistent kerbside collection services for residents (e.g. collection frequencies, containers and charges), as well as trade waste services for businesses. It would allow clear, simple communications and access to initiatives which support waste ambitions, maximising participation through ease of use and branding, simplifying waste services for Leicestershire residents.

2.2.33 An example of a waste service offered by a unitary council (Durham County Council) is shown in table 1. In contrast to the confusing variety of services currently operated in Leicestershire, the unitary council offers a streamlined service across the County area.

Table 1 Durham County Council Waste Collection Service.

Residual	Recycling	Green Waste	Bulky Waste
Standard Bin	Standard Bin and Box	Standard Bin or Bag	6 small items £16
Fortnightly	Fortnightly	Fortnightly £30	Each additional small item £2.50
			2 large/DIY items £16
			Each additional large item £5
			Exception items £32 per item

2.2.34 Residents would also benefit from a single point of access for all core waste services which would reduce duplication of effort on their part and be easier to understand.

2.2.35 For example, the Durham County Council website's waste 'home' page provides a single point of access for residents for both waste collection and disposal services, including:

- Bin collections;
- Recycling;
- Household waste recycling centres;
- Garden waste collections;
- Missed bins;
- Bulky waste collections.

> This compares to nine different websites in Leicestershire – the County Council, the seven district councils and the Leicestershire Waste Partnership – which all contain information on waste services.

2.2.36 Waste policies (for example in relation to missed bins, assisted collections, side waste etc.) would be the same across the unitary council area, reducing duplication, simplifying communications and providing consistent services for residents.

2.2.37 A unitary council would also give opportunities to deliver a whole system approach to waste services offering value for money through optimising the configuration of waste collection rounds, making efficient use of infrastructure by rationalising waste depots, utilising co-location opportunities and maximising contractual buying power.

2.2.38 There would also be opportunities to integrate other tasks such as litter, fly tipping and enforcement into the waste service provided by the unitary council allowing the services to be flexible and responsive to residents' needs.

2.2.39 A holistic waste service would enable decisions across the whole spectrum of waste management functions, delivering savings through the streamlining of management, back-office systems, procurement, direct service provision and contract management functions, and a better customer service experience.

Public Amenities and Public Realm

2.2.40 Well-designed places create healthier, safer and more cohesive communities and can breathe life into villages and town centres.

2.2.41 In Leicestershire, a range of organisations are already committed to making the county vibrant and welcoming for those who live, work and visit it. However, collaboration between these organisations is limited. Each organisation can have their own priorities for an area, resulting in no shared vision and no single point of leadership. This is limiting local government's ability to maximise outcomes for residents and optimise available budgets.

2.2.42 Currently, the organisation with responsibility for community engagement and planning is not necessarily the one responsible for service implementation and delivery. This makes it harder to manage public expectation and resource availability; opportunities are sometimes identified and public expectation raised only for the organisation with the responsibility for delivery not to have the money to fulfil the implementation or being left with an unsustainable on-going maintenance burden. Further to this, ownership and responsibility for assets such as street furniture, bus shelters and grit bins can be owned by district, parish/town and the county council depending on their location, when they were installed and what agreement was in place at the time. This creates an unnecessarily complicated environment for the public (and Councillors) to navigate. For those seeking to make improvements to their area or request services, it is far from clear who to contact and can result in the public being passed around from organisation to organisation.

2.2.43 Some indicative examples are included in the table below. Public amenities and activities associated with the public realm are amongst the most universal services local authorities provide, experienced by the majority of people on a daily basis but must be some of the most complicated and frustrating to interface with; the ability to deal with one organisation would significantly improve this.

	Customer Request	The Reality
	"I am the Parish Clerk…and I am struggling to find out who is responsible for the four street lamps leading up to the church. The Parish Council are responsible for a number of the lamps in the village but these four are not on our inventory or contract with Eon. I would be grateful if you could advise if they are the responsibility of (the District)."	The lights in question could be owned by either county, district or parish/town council. The customer is likely to be passed around until they find the council who is responsible for the lights or someone takes ownership of the situation to find out for them
	"Footbridge covered in graffiti, footpath rarely cleaned, never gritted in winter. The whole footbridge is an eyesore; this is the gateway … from the south of the town and quite frankly is an embarrassment. This has been reported to Network Rail who informed me (a District) Council are responsible. (The District Council) tell me LCC are responsible". Member of the Public	Graffiti removal – Footpath cleaned • could be a public right of way so county council responsibility • could be district or parish who are responsible for street cleaning Winter Gritting • county council responsibility The bridge itself • could be Network Rail • could be County Council

	Customer Request	The Reality
	"Customer called to attempt to find out who is responsible for the grass cutting at the corner of …. Customer was advised that my systems show that LCC is only responsible to the inside edge of the footway and could not give a definitive answer to her. Advised that it will the responsibility of the owner of the land and suggested a land registry search or to query with district and parish/town council." Member of the Public	Depending on where it is … First 1m swathe • could be mowed by the county council Remaining grass area • could be owned by any of the local councils but may not be mowed at all • could be maintained by either the parish/town or district council • could be the responsibility of a private landowner
	Numerous requests: • To report fly tipping • To report missed bins • For information on what can be recycled	Requests are referred back to the relevant district council County council provide waste re-use initiatives
	Requests likely to be made to parish/town and district councils: Requests regarding recycling and household waste site opening times and what can be disposed of	This is a County Council function

> "It must be somebody's responsibility…
> who is responsible for keeping Leicestershire clean?
> It's a disgrace that you can't give me a simple answer."
>
> Member of the public

2.2.44 As well as benefits for our communities, a unitary authority would provide other benefits including:

- Opportunities to deliver a whole system approach offering value for money through optimising the configuration of services, making efficient use of infrastructure by rationalising depots, utilising co-location opportunities and maximising contractual buying power;

- Holistic service provision would enable decisions across the whole spectrum of functions, delivering savings through the streamlining of management, back office systems, procurement, direct service provision and contract management;

- Opportunities to integrate tasks such as litter, fly tipping and enforcement into the waste service provided by the unitary council allowing the services to be flexible and responsive to residents' needs;

- Opportunities to trial more innovative or digital approaches for both service delivery and customer service.

Economic Growth and Development

2.2.45 The growth agenda is important for both the County Council and district councils who have sought to develop a unified approach through the establishment of a Strategic Growth Plan. Unlike Local Plans, this plan has no basis in statute. However, it was developed jointly across Leicester and Leicestershire by the district councils, as local planning authorities, the County Council, as the highway authority and the City Council as a council with combined planning and highways responsibility. It was decided that long term strategic planning would be more effective if undertaken across city and county. The Strategic Growth Plan supports partners to plan effectively for the future, giving Local Plans a consistent framework, helping to make decisions on infrastructure and secure government funding.

2.2.46　The Strategic Growth Plan will also give some control over accommodating and supporting future growth and help to protect and enhance environmental assets. It will provide confidence to the market, the Government, local businesses and residents that the local councils and the Leicester and Leicestershire Enterprise Partnership are working together to manage the growth of the area in a plan-led and co-ordinated manner.

2.2.47　In a unitary council, this approach would be strengthened through having a single Statutory Local Plan. It should be noted that the complex governance and approvals process for the Strategic Growth Plan meant that it took three years to produce. Similarly, each of the existing eight Local Plans (including the County Council's Minerals and Waste Local Plan) are all at different stages of preparation and will all take different amounts of time to go through individual processes and governance arrangements, all with different political challenges. A unitary arrangement would streamline this to a single set of processes and a single decision making framework. Equally the non-statutory Strategic Growth Plan needs to retain the support of nine separate councils, not a straightforward task given the complexities of the multi-layered political environment.

2.2.48　A unitary arrangement would also make it easier to navigate the 'duty to co-operate' national planning policy requirements as there would be less parties involved. This would speed up the preparation of the single Local Plan for Leicestershire and reduce examination time. Ultimately, this would create a more resilient and effective local planning service.

2.2.49　Further benefits and opportunities to unifying the activities of eight councils would be achieved through:

- Simplifying the arrangements for Section 106 funding (recognising that Section 106 funds can only be used in the local area where the development is taking place), with one organisation negotiating with developers and ensuring that the use of funding is in line with the strategic vision for Leicestershire.

- An integrated planning function with strong and effective links to housing, transport, regeneration and public health services, providing a single point of access for developers and the community with streamlined decision making.

- Simplifying local government services provided to businesses, employees, trainees and those out of work in the county providing easier access to services;

- Consistency of economic development policies and services;

- A rationalised, resilient and effective economic development service would be created, facilitating the employment of more specialists (e.g. in relation to skills, or business support) in place of individual authorities employing generalist Economic Development officers;

- A more streamlined local government interface with the Leicester and Leicestershire Enterprise Partnership, the Midlands Engine, the Government, potential investors and developers, and local businesses;

- Increased prospect of significant devolution of funds and powers from the Government. Greater chance of governance arrangements being agreed which would enable effective strategic decision-making and investment prioritisation across the Leicester/Leicestershire functional economic geography;

- Working with Leicester City and the Leicester and Leicestershire Enterprise Partnership, local business rate pooling would be simplified with a more streamlined decision-making process to re-investing these funds in to council services and to support economic growth, in line with the Strategic Growth Plan and Local Industrial Strategy;

- Coherent, unified place-making strategies incorporating many elements currently delivered across several councils. Maintaining and improving existing key locations such as employment, retail and community centres as well as designing new growth areas which promote green and health initiatives and support the challenges of an ageing and growing population. A unitary structure would maximise the benefits of infrastructure and/or improvement schemes by considering a wider set of outcomes at the design stage;

- A unitary structure would simplify the promotion of priorities for public funding to major funding bodies, such as The Department for Transport and the Ministry for Housing, Communities and Local Government, with equal resource and experience available across the area.

The County Council is committed to delivering growth in the county, demonstrated through its role in driving through the East of Lutterworth proposals which would see 2,750 new homes, including around 1,000 affordable homes, retail and business space creating 2,500 jobs, two primary schools, a community centre as well as all the infrastructure required in land adjacent to the M1.

The County Council is the landowner and developer, but the district council is the planning authority and the housing authority. This means complicated legal agreements are required between the two councils which are slow, expensive and time consuming. It also means that different councillors are making decisions on different aspects of the proposals whether that's a commitment to building the new roads and bridges or decisions about land use planning in the district. Having one authority making all of the decisions will make the decisions more effective and transparent for the public.

Having the authority that makes the planning decision being the one who is responsible for implementing the decision, will make that authority more accountable. It will also ensure that long term decisions are made in the best interests of the whole county and not just in one particular area.

Furthermore, a single countywide authority would be responsible for providing all the services needed for the communities that will move into the new houses rather than having one authority looking after bin collection and another looking after the roads, or one looking after education and

another housing. It would be all in one place and more joined-up and more answerable for its decisions to the public as well as being cheaper to run and so saving Leicestershire residents money every year.

Regulatory Services

2.2.50 Public protection services delivered by local authorities encompass trading standards, environmental health, licensing, planning and building control.

2.2.51 Reorganisation into a unitary council would create the following opportunities for the services:

- Prioritisation of Resources: A unitary council would be better placed to make intelligence-led decisions on prioritising different elements of these services based on local circumstances and need. When visiting or advising businesses, officers who are competent in one aspect of public protection would be in a position to identify issues straddling licensing, environmental health, trading standards and licensing. This joined up approach would be of more use to businesses and is aligned to Government policy. A number of regulatory consultations are underway, for example, the Food Standards Agency Regulating our Future Programme, all of which aim to reduce the regulatory burdens on business. A unitary council would provide a more holistic and risk-based approach to inspection and advice to Leicestershire businesses.

- Removal of Current Enforcement Overlaps: There are regulatory overlaps that currently exist within district council and County Council public protection services. For example, trading standards tackle food safety issues around product description whereas district environmental health services are concerned with food hygiene. Both services report their findings to the Food Standards Agency. Trading Standards is engaged in age restricted sales enforcement which by implication has strong links to the licensing of premises and the registration of food premises, both administered by the district councils.

- Efficiencies: In the context of substantial funding cuts, all local government services are under pressure. However, there are additional challenges specific to public protection services, which have a huge range of statutory responsibilities, are relatively low profile, and have not been prioritised or protected. There is an increasingly urgent need for councils to think seriously about the key priorities for these services, and the most effective ways of delivering them in the future. A unitary council regulatory service would be more able to respond to local priorities and have more influence in terms of liaison with the national regulatory bodies.

- Income Generation: Whilst Leicestershire Trading Standards currently receives funding from National Trading Standards to monitor the safety of products entering the market place via East Midlands Airport, there would be greater opportunities for a unitary regulatory service to bid for other similar funding streams. A unitary council regulatory service would be far better placed to generate income from a second tier business support service, in effect a one-stop-shop for Leicestershire businesses.

GOOD PRACTICE EXAMPLE: 'The old bank and vaults'

Premises previously occupied by a high street bank in a Leicestershire market town, which have been empty for some time, have recently been sold to new owners, a small business which aims extend and use the premises, a period building, as a restaurant and late-night drinking establishment.

Becoming the owners of a restaurant and bar is a new direction for those behind the business who have no significant experience of operating this type of venture. For regulatory services particularly, to be located within a single local authority, would offer benefits to the business in that the following advice, registration and consents could be provided by one council:
- Licensing of the premises and of the individuals having responsibility for the sale of alcohol (Licensing);
- Registration as a Food Business Operator (Environmental Health - EH);
- Compliance with food safety and hygiene legislation and potential access for to food hygiene training for employees (EH);
- Health and Safety requirements at the premises (EH);
- Compliance with food standards legislation, including ensuring menu descriptions are correct and accurate information about allergenic ingredients is available to customers (Trading Standards- TS);
- Compliance with legislation detailing the requirements to disclose the identity of the owner of the business and other laws to ensure the business trades fairly and customers are not misled (TS);
- Ensuring that measuring equipment used to serve alcoholic drinks has been approved for trade use and that the required signage/ information about the quantities in which certain drinks are sold is displayed / made available to customers (TS);
- Planning services and building control with regard to any development of the premises themselves (Planning and Building Control);
- Assistance to access advice from organisations and initiatives such as Better Business for All, which may also include growth hubs, grants and business coaching (CEX);
- The opportunity to seek a Primary Authority Partnership with a single authority to cover the activities of the business (TS);
- One-stop-shop for issues that pose a threat to the wellbeing of local business or provide growth opportunities, e.g. economic development grants, town planning matters, anti-social behaviour, street crime, unfair or rogue trading;
- Option of seeking additional consultancy regulatory compliance and associated services offered as a local authority traded service.

Corporate and Support Services

2.2.52 There are a number of support services which are delivered across the County Council and district councils. As well as the obvious advantages achievable through economies of scale, a consolidated service has many potential non–financial benefits which could be explored including:

- Tackling recruitment and retention issues through the creation of organisational structures which offer a variety of career paths, training and development opportunities and working arrangements;

- Development of specialist subject experts able to offer high quality support services;

- Greater integration and harmonisation of support service delivery to help achieve greater consistency in front-line service delivery ;

- Greater resilience and ability to respond to peaks and troughs in workload to deliver a better service for residents;

- Ability to invest in infrastructure and ways of working to enhance productivity;

- Reduced expenditure through a combination of staffing efficiencies and greater purchasing power. The pooling of resources and expertise would reduce dependency on agency staff, high cost interim staff and consultancy expenditure;

- A single corporate and support services team which would eliminate competition between the existing councils for traded services;

- A single online portal to access details about the unitary council's formal decision making process;

- A single webcasting provider providing online access to all Council meetings;

- A more strategic approach to procurement and a single relationship with the market;

- Greater clarity to local services users: one place to go, consistent advice, wider combined promotion channels and increased capacity to respond to local requests.

Business Intelligence

2.2.53   The economies of scale achieved by a single unitary council for Leicestershire would also mean that a single business intelligence service would be created. This would be a larger, more multi-disciplinary team than any of the business intelligence teams that currently exist, with the necessary expertise to provide an evidence base to support decision making across all local government services. The team would also be able to analyse intelligence from a range of sources to provide advice and inform how decisions are made and implemented.

2.2.54   The Business Intelligence team would support the area committees with a profile of each area that would be used to inform how the areas set their priorities and spend their budgets.

2.2.55   A single unitary council for Leicestershire would also see a reduction in the number of data controllers and data sharing agreements required between organisations. This would make processes much simpler and less time-consuming as the issue of different data sets being held by different local authorities would be eliminated. This in turn would give access to a much richer picture of the needs of Leicestershire residents.

2.3   Creating a Single Local Government Estate in Leicestershire

2.3.1   Removal of the duplication of property functions and facilities whilst either avoiding or mitigating any impact on front-line services will allow for more streamlined and effective asset management and strategic land use planning.

2.3.2   Currently there are a large number of assets across the county with duplication of functions and others that are under-used. These pooled assets owned by the County Council and district councils would be reviewed and rationalised, releasing land for more appropriate uses. This resulting programme of asset release would continue to generate a stream of capital receipts and reduce maintenance and operating costs. This in turn supports the county's ambitions to support responsible housing and employment growth.

2.3.3   The combined portfolio would then be restructured allowing under-used or uneconomic sites to be released for housing or other more beneficial uses, thereby generating capital receipts or providing wider community benefits.

2.3.4   Analysis of the need for "transactional" in-person service provision will form the basis of any portfolio rationalisation decisions. Whilst digital self-services can potentially reduce the need for contact centre resources, there are situations where face-to-face advice for those in greatest need will still be necessary and this will require property solutions where the service need exists. Existing front-line service provision will be reviewed to determine the most suitable property solution in each area to act as the focal point for public contact.

2.3.5   Furthermore analysis currently being undertaken into improving the way that staff work (not just their location) may lead to greater efficiencies (for both property and staffing). By ensuring that staff can choose the best working environment for them, this should afford them greater flexibility and can enable more productive and engaged employees.

2.3.6   This would improve wellbeing and ultimately provide a better level of service to customers/service users and the people of Leicestershire. Encouraging colleagues to work flexibly would, over time, reduce costs by enabling the effective use of office space, as well as removing the need for unnecessary travel, thus reducing the unitary council's carbon footprint.

2.3.7 The work being undertaken will test various worker styles (desk based, car based, home based or a combination), technology, and working locations. This will enable the impact of workplace changes on demand for car parking and office space to be understood.

2.3.8 It is anticipated that the results of the research will help to understand hard and soft benefits. For example, the opportunity to free up space at County Hall and other locality offices, increased productivity, improved colleague retention and will inform future decisions around corporate ways of working.

2.4 Service Alignment and Organisational Design – Outline design considerations

2.4.1 In considering the optimum functional design for the new council, a number of design principles would be taken into account. These, set alongside other broad aims and objectives set out in the remainder of the business case, can be summarised as follows:

- Fit for the future, with the agility to adapt to the changing landscape of local government;

- Focus on outcomes for service users, supported by a robust evidence base;

- Continued value for money;

- Simplified service provision, ensuring no duplication of service delivery;

- Strengthened relationships with strategic partners and businesses, leading to more effective multi-agency decision making and delivery of services;

- The new council will contribute positively to the elimination of discrimination and the advancement of equality for all.

2.4.2 These high level principles would be informed by a number of practical principles, which would lead to the creation of a target operating model for the new council:

- Consideration of optimum number of departments and services;

- Analysis of breadth, scope and complexity of management roles;

- Consideration of the commissioning/delivery model, and how this will work in practice;

- Logical groupings of services - clustering complementary services together, and considering the extent of integration/merging that will be achieved;

- Maximising commercial opportunity;

- Creating clear and transparent contact methods and customer routes i.e. simplified and unified access to reduce confusion, with clear explanations as to what each service does;

- Optimising digital channels;

- Creating career pathways within and across services to attract and retain key talent;

- Devolution so that decisions and activities are undertaken at the lowest appropriate level with corresponding delegation of responsibility and decision-making;

- Local access and service delivery with communities at the centre of the design;

- Cultural change – one council: one team, speaking with a single voice.

2.4.3 The opportunity to build the right capacity for each service would be taken. Whilst it is clear that overall costs need to reduce, with a number of functions and structures streamlined as services come together, it would also be important to invest where needed to ensure the quality of service delivery. There would undoubtedly be the need for additional capacity at the start, and this would reduce as the new council moves into its transformation phase beyond vesting day.

2.4.4 The above principles would apply equally to front-line and back-office/support services and to services currently provided by the County Council and district councils. In relation to the support services, these encompass a wide range of services across people, process and technology, many currently delivered in each council. Savings would be maximised for the new council through taking advantage of economies of scale, driving process efficiencies, and rationalising IT systems. This consolidation of support services would help to protect front-line service resources.

2.4.5   To exemplify this, there would be opportunities to consolidate and reduce expenditure on services such as ICT, Human Resources, Finance, Communications, Procurement and Property Services. The positioning of support services in the new council would be aligned to a more strategic approach to commissioning and procurement, as well as strengthening the council's commercial/trading activity.

2.4.6   For front-line services, the application of design principles and a target operating model would ensure that ultimately, redesigned services are delivered in a way which is better for residents, local businesses and partner organisations, as well as producing financial savings. Locality presence would continue to be important and the strength of the council's connection with local communities is vital. Centrally managed and co-ordinated, locally delivered services would sit at the heart of delivering greater community benefits.

2.4.7   Each of the services within the new council would have equal importance, whether these are existing County Council services, those run solely by district councils, or services where there is current commonality and/or duplication in delivery.

GOOD PRACTICE EXAMPLE: Single locality offer

The locality prevention offer of First Contact Plus and Local Area Co-ordination (countywide services) and the locality offer (provided by districts) have been embraced as the locality prevention offer for Integrated Locality Teams and as the social prescribing model for GPs.

In reality, this means seven different locality offers across Leicestershire. There is variation in the local health improvement 'offer' provided by districts, which is additional to the countywide core offer. Duplication also arises. First Contact Plus has been established as the 'single front door' to prevention services across Leicestershire within the existing model, but there remain several district points of access to information, advice and health improvement services.

This can be confusing to the public and other public bodies and makes the provision of clear, consistent communication messages on the availability of service on a countywide basis more difficult. Additional, significant officer time, across local government and the NHS, is required to manage interaction between the County Council and the district councils at both a strategic and operational level.

A unitary council would deliver a consistent model for broader public health services for all residents. Residents would benefit from a single point of access to information, advice and access to services through First Contact Plus. This would include information across the unitary council area on the opportunities provided by the voluntary sector for support.

Simplified partnership working arrangements would enable the unified prevention offer to work closely and seamlessly with health and social care partners in Integrated Locality Teams. The same simplified working arrangements for services such as Local Area Coordination would enable more consistent referral pathways by health and other professionals for those individuals in need of help.

A unitary council would also allow clear, simple communications and access to initiatives which would support the prevention model, maximising participation through ease of use and branding.

There would also be other opportunities to integrate other areas, such as healthy public policy initiatives around alcohol and food licensing or smoke free zones, into the overall approach of a unified service.

2.5   Organisational Structures

2.5.1   Reflecting on senior structures in the single unitary councils created in 2009, a number of different solutions have been put in place. Some have a small number (three or four) of Executive or Strategic Directors reporting to a Chief Executive (Wiltshire being the exception, as the Head of Paid Service responsibilities sit with the Director of HR and Organisational Design), leading and managing large front-line service departments. Others have a model of five or six Corporate Directors across front-line services and corporate functions.

2.5.2   At a more detailed level, decisions would need to be made about how services are clustered, and which links make most strategic, economical and operational sense.

2.5.3   The new council would need to consider numerous key design decisions such as the positioning in the council of Public Health, links between economic growth and the local 'place' agenda, and where the housing function would best sit in a new structure.

2.5.4   The right senior structure logically leads to decisions about how individual or groups of services would be led and managed, and the overall cost of investment in the senior structure needs to be balanced with the overall quality of service. The prevailing employment market would also be a factor – the new unitary council would need to ensure that the best talent is retained, but also if necessary, attracted.

2.6   Service Delivery Model

2.6.1   One of the key advantages of the creation of a single unitary council for Leicestershire would be creating a fully integrated customer service approach which would involve a single point of access for all residents underpinned by a single common source of data.

2.6.2   A service delivery model where services are managed centrally but delivered locally would mitigate against the perception that a countywide unitary council would be too remote. It would enable economies of scale to be achieved in terms of management and back-office staff, with all services sharing the same strategic direction and consistent policies. It would also mean that services continue to have a locality presence and be close and accessible to the communities they serve.

2.6.3   Councils are committed to delivering service to their residents and to provide those services in a way that meet their needs. This means making sure they continue to provide access to council services in communities making use of existing and new facilities.

2.6.4   The council is also an important employer. Where people work, how they travel and the businesses that support those employees are also important considerations in how and from where services are provided.

GOOD PRACTICE EXAMPLE: Support on the doorstep

A wide range of County Council services are delivered locally – either in people's homes, hubs or town centres.

In Children and Family Services, social care, early help and community safety are managed centrally but delivered by teams based in key locations across the county.

Every day, adult social care staff based in hubs across Leicestershire are providing life-changing support boosting people's independence and quality of life, and helping them live for longer in their own homes.

Heritage and library staff based at museums and sites across Leicestershire enrich people's lives by bringing culture and the past to life, and highways teams work out of a number of depots to keep the road network up and running. This commitment would not be affected by unitary council proposals.

Supporting residents and improving lives is local government's fundamental role and a unitary structure offers the opportunity to build on this – by embedding even stronger links with communities and improving services through single points of contact.

3.0
Member Roles and Governance

3.1 Introduction

3.1.1 This section of the business case describes the governance arrangements that would be put in place to ensure that a single unitary council for Leicestershire strengthens accountability and demonstrates strong local and strategic leadership. This includes the role of elected members and the area committee structure that would be put in place to a close relationship with local communities so that local services reflect their needs. There is also a detailed description of how the planning governance arrangements would work.

3.2 Governance and Member Roles and Responsibilities

Size of Council

3.2.1 It is proposed that a single unitary council for Leicestershire would have 110 councillors; twice the size of the existing County Council but reducing the overall number of councillors across the current county and district councils by 196. The Boundary Commission would be invited to conduct a review at a later stage in the process to confirm the council size.

3.2.2 Whilst the role of the councillor is not wholly related to the responsibilities of the councillor's particular local authority, it is noted that in two-tier areas, the number of district councillors significantly outnumber the county councillors. In the case of Leicestershire, the County Council (55 members) is currently responsible for 81% of local government expenditure and the district councils collectively (251 members) are responsibility for 19% of that expenditure. This suggests that an overall reduction in the number of councillors would be reasonable.

3.2.3 Analysis has been undertaken to compare council size and number of electors for single tier local authorities, and a 'line of best fit' developed. That analysis suggests that a council size of 110 would be in line with the council size of other unitary councils comparable in size. This is illustrated in the chart below.

Electorate vs. Council Size (Single Tier Local Authorities exc. London Boroughs)

Source: Local Government Boundary Commission for England, 2017
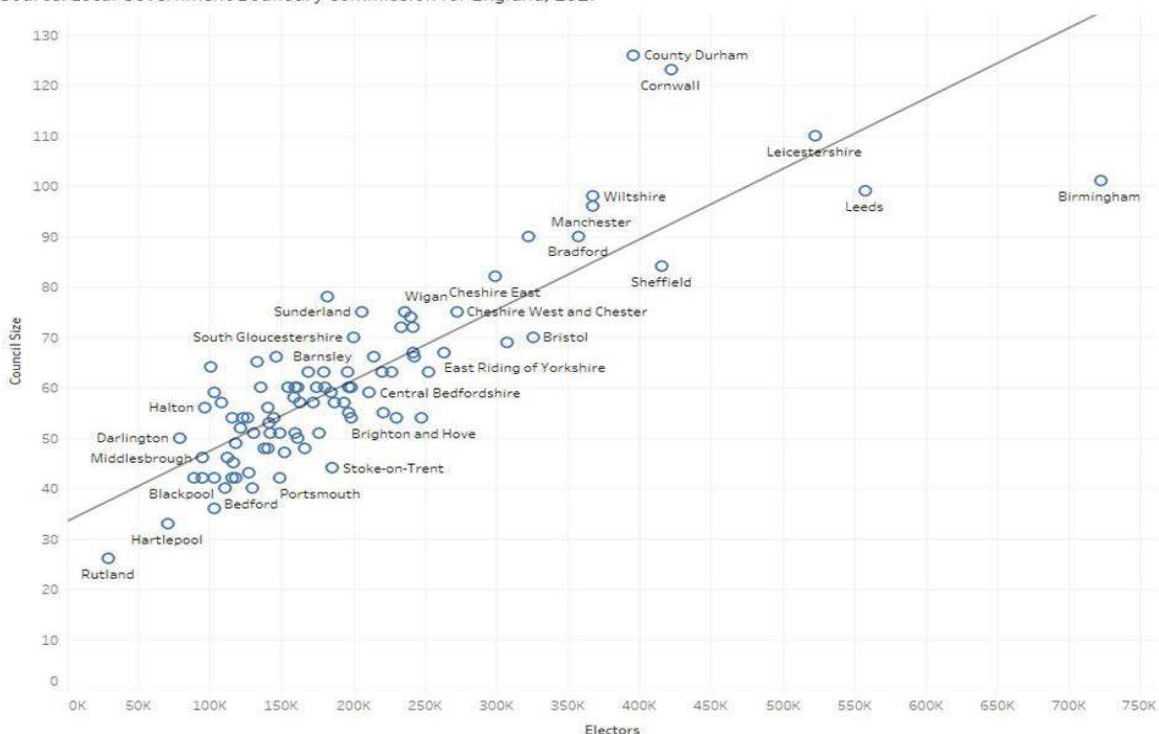
3.2.4 The Boundary Commission, when it undertakes its electoral review, would decide how many councillors should be elected to the new unitary council for Leicestershire in the future. By doing so it would focus on ensuring the efficient and effective operation of the council as well as the effective representation of local residents.

3.2.5 Its decision would be based on the evidence it receives from the local authority itself and political groups in the area. It would take a view on the council size for a local authority by considering four factors:

• The governance arrangements of the council;

• The council's scrutiny functions;

• The representational role of councillors;

• Future trends and plans for the council.

3.2.6 In some cases, at the Commission's discretion, it may ask the public for their views on councillor numbers.

3.2.7 It is proposed that there is a doubling up of members for each electoral division prior to the undertaking of a boundary review. Such an approach has been adopted in many of the other unitary transformations in England. This would mean that there are two elected members for each electoral division, except for the divisions of Oadby and Glenfields, Kirby Muxloe and Leicester Forests, which would each be represented by four elected members.

3.2.8 The Boundary Commission has undertaken a number of reviews for the unitary councils established in 2008/09. These are set out in the table below:

Council	Date of Review	Number of Councillors	Electorate
Wiltshire Council	2008	98	345,436
	2019	98	367,686
Cornwall Council	2011	123	411,430
	2018	87	425,514
Durham County Council	2011	126	407,527
Northumberland Council	2011	67	244,832
Shropshire Council	2008	74	230,935
Cheshire East Council	2011	82	286,942
Cheshire West and Chester Council	2010	75	251,270
	2018	70	264,815

Member Roles and Responsibilities

3.2.9 The role of a unitary councillor would be similar to the existing role of a county or district councillor. However, in recognition that there would be an overall reduction in the number of local elected members, it is proposed that the unitary councillor would be supported to undertake an enhanced role in supporting the council's strategic direction and a higher profile community leadership role.

3.2.10 The proposed role description for a unitary councillor is set out below:
Role as a member of the unitary council:

• Collectively be the ultimate policy makers and set the strategic direction and budget for the authority.

• Ensure that the council's strategic vision is understood and supported by partners so that, wherever possible, there is a unity of purpose across the local public sector.

• Have the ability to effect change across the full range of local authority activity.

• Contribute to the good governance of the county by participating in the decision making process and maintaining the highest standard of conduct and ethics.

• Encourage community participation and citizen involvement in decision-making.

- Represent local communities at council and committee meetings and act as an advocate for local residents.

- Be professionally supported, with access to training and facilities where required.

- Be a 'corporate parent' for looked after children.

- Represent the council on other bodies.

Role as a Community Leader:

- Support, encourage and enable citizens to build capacity within their communities and to make the most effective use of that capacity, encouraging innovation and new ideas where possible.

- Build and maintain relationships with local partners and facilitate their involvement in the local community.

- Develop and support community cohesion, in collaboration with other community leaders.

- Where appropriate, work with or secure support from the local MP on community matters.

- Provide a voice for those who struggle to represent themselves.

- Be a member of the area committee for the local area and through this role take decisions which benefit the local area and facilitate the involvement of the community and local partners.

Representative Role:

- Communicate to the local community the responsibility and decisions of the council and other public service bodies with which the council works in partnership.

- Be accessible, deal with individual casework and act as an advocate for constituents.

- Balance the different interests identified within the electoral division and be an advocate for the electoral division as a whole.

- Respond to constituents' enquiries and representations fairly and impartially.

3.2.11 Some of the savings generated by the reorganisation would be invested in providing each unitary councillor with an individual member budget of £5000 per annum which would be spent on local priorities, mainly through the awarding of small grants. Robust criteria would need to be in place to ensure that the local priorities were linked to those identified by the local area committee.

Governance Framework

3.2.12 To deliver the strongest strategic and local leadership, it is proposed that the new unitary council for Leicestershire adopts the following approaches:

- To employ the 'Cabinet and Strong Leader' model of governance;

- To ensure that all councillors act as community leaders and bring that experience to strategic decision making for the benefit of the county.

- To have a clear and simple structure for local partners to engage with.

3.2.13 A proposal for the decision making structure for a new unitary council for Leicestershire is set out below .

FULL COUNCIL

Regulatory

- Countywide Planning Committee
  - Area Planning Committees
- Licensing Committee
  - Area Licensing Sub Committees
- Local Pension Committee
  - Investment Sub Committee
- Audit Committee
- Standards Committee
- Employment Committee

Executive

- Cabinet
  - Area Committees
  - Partnership Bodies
  - Consultative Bodies

Overview and Scrutiny

- Overview and Scrutiny Management Board
  - Service Specific Overview and Scrutiny Committees
  - Leicester, Leicestershire and Rutland Health Overview and Scrutiny Committee
  - Time Limited Review Panels

Executive Functions

3.2.14 The Cabinet would be responsible for taking the decisions required to give effect to the budget and key policies set by the full Council. The Cabinet would be made up of the Leader of the Council and up to nine other members of the majority political party. The maximum size for a Cabinet permitted by legislation is 10 members.

3.2.15 The Cabinet would be able to delegate certain decisions and the corresponding budget to area committees. The arrangements for area committees are explained in detail elsewhere in this business case.

Overview and Scrutiny Functions

3.2.16 Those members of the unitary council who are not members of the Cabinet would be able to serve on overview and scrutiny bodies. These bodies would be cross party, reflecting the political balance of the council as a whole. Overview and scrutiny would not be "decision making" but would comprise several bodies which monitor and influence those that are, such as the Cabinet. The overview and scrutiny role would be designed to support the work of the council in the following ways:

- By reviewing and scrutinising decisions taken by the Cabinet, also known as acting as a "critical friend";

- By considering aspects of the unitary council's performance;

- By assisting in research, policy review and development;

- By involving itself with external organisations operating in the county to ensure that the interests of local people are enhanced by collaborative working;

- By providing a means of involving the community in the unitary council's work.

Regulatory Functions

3.2.17 These bodies would take decisions in areas outside the responsibility of the Cabinet. In the main this refers to decisions of a quasi-judicial nature or which should not be subject to political considerations. These bodies would all be cross party, reflecting the political balance of the council as a whole.

3.2.18 There is a statutory requirement for an audit committee and for the pensions committee arrangements as illustrated in the structure chart. A recent report from the Committee on Standards in Public Life recommends that councils establish a standards committee to oversee issues relating to member conduct.

3.2.19 The unitary council would be required to have a licensing committee and it suggested that, given the likely volume of work, area licensing subcommittees are set up. These would meet in the relevant local area and determine licensing applications that have been delegated by the main licensing committee.

3.2.20 It is suggested that an employment committee is established as there is a requirement for members to be involved in such matters as the appointment of Chief Officers. This committee would also determine the terms and conditions for employees of the new authority. The unitary council could decide to set up further regulatory committees, for example the current County Council has a Constitution Committee responsible for reviewing the council's constitution.

3.2.21 The planning governance arrangements are explained in detail elsewhere in this business case.

Partnership Arrangements

3.2.22 The new unitary council would be represented on statutory partnership bodies, such as the Health and Wellbeing Board, Police and Crime Panel and Safeguarding Adults Board. The new unitary council would ensure it has the same level of representation that local government in Leicestershire currently has on these bodies.

3.2.23 The new unitary council would continue to engage with the range of voluntary partnerships that the current County Council and district councils are involved with. Arrangements would be made for Area Committees to provide representatives to serve on partnerships to ensure that the new unitary council is engaged in and able to influence the partnership agenda.

3.2.24 The Leader of the Council or other members of the unitary Cabinet would represent the views of the unitary council on sub-regional and regional bodies. This would enable the unitary council to exercise influence over matters affecting the wider region, such as economic growth and development. This is a crucial role for local government.

3.3 Area Committees

3.3.1 The development of a new unitary structure for local government in Leicestershire provides the opportunity to look at how communities help shape decisions taken by local government and how local government ensures they are delivering the right services in the right way. In looking at this challenge, best practice from unitary councils elsewhere in the UK has been captured and assessed, and a new model that meets the unique strengths and challenges in Leicestershire has been developed. This is set out in the following paragraphs.

3.3.2 The new unitary council for Leicestershire would ensure that local people are fully involved in decisions that affect them and their local area.

3.3.3 The creation of area committees would ensure that local decision making is at the heart of the community and would provide a way for local people to shape the policies and services of the new unitary council and partners.

3.3.4 Area committees would be formally constituted with some delegated executive powers and corresponding budgets. The unitary council's Cabinet would determine the powers to be devolved and set the budget. This would deliver visible and transparent decision making at a local level and strengthen local leadership. The ability for local people and partners to participate in and influence decision making would be key to the area committees' success.

3.3.5 Whilst area committees would have an oversight role to ensure that services are being delivered effectively to the local area, they would not be responsible for service delivery as this would not provide value for money. Indeed, it is proposed that there would be a consistent core service offer across the county, with services being managed centrally and delivered locally by unitary council staff. Where area committees identify a priority or a particular need for the local area, this would be funded over and above that core offer, provided it is within the Council's policy framework.

3.3.6 Area committees will meet in each local area to ensure that they are accessible to members of the public and local partners.

3.3.7 The proposed role and function of the area committees is set out below, along with details of membership, voting arrangements and budget.

Purpose

3.3.8 The purpose of area committees should be to give local communities a voice and the opportunity to shape policies and services to benefit their local area through:

- Efficient, transparent and accountable decision making;

- Effective engagement and collaboration with the public and local partners, including parish and town councils and the voluntary and community sector;

- Enabling and supporting communities to develop capacity;

- Focusing on issues of local importance.

Functions

3.3.9 The functions for area committees, to be discharged following consultation and/or engagement with the local area, are:

(i) To maintain an overview of the effectiveness of the public services provided to the local area by the Council and other agencies and to advocate the interests of the local area in relation to those services;

(ii) To consider insight, performance and other data relevant to the local area and use it to support decision making and the identification of priorities;

(iii) To influence the Cabinet with regard to the allocation of resources and delivery of service priorities within the local area;

(iv) To provide input to service reviews and policy development affecting the local area and to respond to relevant consultations on behalf of communities, enabling their local priorities and concerns to be taken into account;

(v) To work collaboratively with local communities, the voluntary sector and stakeholders to agree local priorities and develop action plans for the area and to ensure effective service delivery in line with local priorities;

(vi) To allocate funding to identified local priorities from the revenue budget allocated by the Cabinet, inclusive of the award of existing grants such as community grants, providing that they support the policies and strategic direction of the unitary council as a whole;

(vii) To set up task and finish groups involving residents, local voluntary and committee groups and organisations as appropriate to take forward local priorities and actions included in the action plan for the area;

(viii) To promote and develop community capacity through:
(a) Supporting the voluntary and community sector to ensure it is in a strong position to provide relevant services in the community that work with and complement public sector services; and
(b) Bringing together different groups and community interests and manage competing demands;

(ix) To take decisions on matters which have been delegated by the Cabinet, such as minor highways improvement schemes;

(x) To consider and respond to public questions, petitions and issues referred to the area committee by town and parish councils, partners and the public and to escalate issues as required;

3.3.10 Area committees could also choose to be involved in the development of neighbourhood plans for localities within their area.

Composition of Area Committees and Voting Arrangements

3.3.11 Membership of each area committee should comprise the elected unitary councillors representing the electoral divisions covered by that area committee. Only these members will be able to vote on matters involving the discharge of executive functions within the scope of the delegation to area committees. Each area committee will be able to choose one of these members to act as chairman.

3.3.12 In addition, representatives from local partner organisations including the Clinical Commissioning Groups, local neighbourhood policing team and relevant voluntary sector organisations should participate in meetings of the area committee, along with representatives from local parish and town Councils and members of the public. These representatives will not be able to vote on matters but area committees should seek to reach decisions by consensus and involve all participants.

Budget

3.3.13 Budgets such as community grants that are better managed at a local level would be controlled by area committees. This would be supplemented by some of the savings generated by reorganisation to support local priorities and delegated functions. Subject to agreement on the number of area committees, the annual revenue budget for area committees could be up to £100,000 to spend on local priorities and delegated functions.

The diagram below provides an illustration of how an area committee could choose to identify local priorities.

STEP 1

The area committee would hold an annual 'big conversation' or 'state of community area debate', inviting members of the public, partners, parish and town council representatives and unitary councillors.

STEP 2

A document setting out the agreed priorities for action would be created.

STEP 3

The area committee would then use this document to inform its funding decisions, including the awarding of community grants.

STEP 4

Meetings of the area committee during the rest of the year would include an agenda item where progress against delivery of the priorities for the area is monitored.

EXAMPLE: Funding highways improvement schemes

This section provides an illustration of how an area committee could discharge a delegated function in relation to minor highways improvement schemes.

The area committee would set up a specific group or forum to enable local people to have their say about highways issues and priorities in the local area. This would include the submission of proposals, either by the public or by town and parish councils.

The group or forum would then consider the proposals that have been submitted and recommend which schemes would be taken forward. There will need to be criteria in place to support the prioritisation of schemes, such as a requirement to improve safety, increase accessibility or sustainability.

The type of schemes which the area committees would be able to determine and commit funding to include zebra crossings, footways and traffic calming measures and other small scale projects.

EXAMPLE: Improving health and wellbeing

This example provides an illustration for how the area committees would contribute towards improving the health and wellbeing of residents in Leicestershire.

Across the unitary council, a core level of prevention services would be delivered effectively and efficiently. This would include lifestyle change support, access to information and advice services such as First Contact Plus and Local Area Coordination and referral to specialist prevention services.

The area committee structure would complement this by using their budgets to make positive improvements within each area. They would, for instance, award funding to projects in local neighbourhoods to improve the life of residents and tackle local issues such as: sports activities for children and young people, community events, loneliness benches and community gardens.

Funding would be given in line with action plans, setting out the priorities for each area committee. The priorities for health would draw on advice from officers, underpinned by data on health and public health, support from front line prevention workers such as the Local Area Coordinator and the important role of members own knowledge of their community.

Area committees would also act as a focus for local partnership action on health and health inequalities. An area committee may choose to respond to data for a particular health or health inequalities concern in their area, by convening a summit, or annual conversation, including NHS organisations, the voluntary and community sector, and council departments to consider local responses to highlighted issues. Examples may range between consideration of the impact of specific conditions (lung cancer, for example), lifestyle behaviours (substance misuse) or broader issues such as air quality. This broader area committee partnership action plan would encompass actions suggested by summit attendees and overseen by the area committee.

Area committee members would themselves be powerful advocates for good health within their communities drawing on, and building strong links with, area based public health workers such as the Local Area Coordinator.

Officer Support

3.3.14 Officer support would be provided from centrally managed teams. These would be:

- A Director or Assistant Director, assigned to each area committee to advise and assist the Committee and to ensure that actions are followed up.

- The Communities Team, which would assign a named officer to each area to manage the consultation and engagement process, the administering of grants and local area budgets. An officer would have responsibility for more than one area committee.

- Democratic Services, which would assign an officer to support the governance and democratic processes. An officer would have responsibility for more than one area committee.

- Relevant service departments as appropriate. For example, where highways improvement schemes are being discussed, an officer from the Highways Team would be present.

Proposed Number of Area Committees and their Geography

3.3.15 Area committees would be designed around the following building blocks:

- Reflect natural communities in terms of economic and local interest and identities;

- Electoral divisions;

- Local delivery arrangements such as the health and social care integrated locality teams, primary care networks and neighbourhood policing units;

- Parliamentary constituencies;

- Need for broadly similar sized populations.

3.3.16 It would be essential for the new unitary council to design the geographies for area committees in conjunction with local communities. They are particularly well placed to advise on what constitutes a natural community and whether areas have similar local interest and identities or not.

3.3.17 It will be important to co-design the geography of area committees with local residents. However, for the purposes of illustration, three options have been developed. These will then be the subject of consultation and further development, in conjunction with local communities. Two of the options propose the establishment of 10 area committees. The rationale for this number is that it would reflect a scale at which local decision making; joint working and localised service delivery would be effective and would be cost-effectively supported. This would also mean that each area committee comprised between 10 and 12 elected members which is a sensible size for a committee to enable it to discharge its functions effectively.

3.3.18 The first option for a model with 10 area committees consists of five 'main town' area committees, including the surrounding areas and five 'rural' area committees. The population size for each area committee ranges between 48,000 and 82,000. The methodology used to create this option is:

- Areas are coterminous with Integrated Locality Team areas (ILT);

- Areas are aggregated to create approximately equal population, address issues around sense of community, common sense of place etc.;

- Main towns are wholly within one area wherever possible.

An illustration of what the area committees would look like in this option is set out below:

3.3.19 A second option for a model with 10 area committees has been developed using the following methodology:

- Areas are coterminous with current Leicestershire County Council Electoral Divisions;

- Aggregated to create approximately equal population (approx. 70,000, with a range between 65,000 and 75,000), address issues around sense of community, common sense of place etc.;

- Main towns are wholly within one area wherever possible.

An illustration of what the area committees would look like using this model is set out below:

3.3.20 A third option has been developed, proposing the development of 18 area committees. The population size for each area committee in this option ranges between 30,000 and 49,000. The methodology used to develop this option is as follows:

- Coterminous with Integrated Locality Team areas (ILT);

- ILT areas were developed by the County Council for the delivery of adult social care Help to Live at Home (HTLAH) services, using the following criteria;

- Built from Lower Level Super Output Areas (LSOA);

- Aggregated to create approximately equal population, and HTLAH service users, packages, costs etc.;

- Equal urban/rural split where practical;

- Takes into account travel distances across area related to delivery of home care packages.

3.3.21 Each area committee would comprise six elected members. Although some of the benefits such as cost-effectiveness of supporting joint working and localised service delivery would be lost through having 18 Committees, this option would create a stronger connection to, and a greater opportunity to hear from, the range of groups which make up each local community. It is possible that the smaller number of elected members on each area committee would reduce the range of voices contributing to decision making, but this could be compensated for if this size of committee facilitated greater community involvement.

An illustration of what the area committee would look like using this model is set out below:

Relationship with the Planning Function

3.3.22 Area committees must not be directly involved in deciding planning applications. However, they should be involved in the following in relation to their area:

- Consideration of the benefits of larger development;

- Pre-application discussions relating to major developments;

- Development of the single Local Plan for Leicestershire and other Local Development Framework policies.

3.4 Planning Governance Arrangements

3.4.1 Planning decisions which need to be made by a Committee would be taken locally in the vast majority of circumstances. This is in recognition of the importance of planning to local residents, the need for meetings to be accessible and the importance of decisions being made by those with local knowledge.

3.4.2 Based on the consistent approach to the governance arrangements for planning applied across existing county unitary councils in England, it is proposed that area planning committees would be established, initially on the footprint of the seven current district councils. These would determine the majority of planning applications, with a few exceptions considered by a countywide planning committee. This would determine applications likely to have a significant impact on the county as a whole. There would also be a scheme of delegation to officers.

3.4.3 Using the footprint of the current district councils for the area planning committees allows for the fact that planning policy (set out in Local Plans) will continue to be based on district geographies until such time as a single, countywide Local Plan is developed. In the meantime the delivery of existing Local Plans, as well as keeping them up to date in line with any changes to national legislation would be overseen by the area planning committees. Although it is recognised that it could take a number of years to create a single, countywide plan, Leicestershire is already in a strong position due to the development of the Leicester and Leicestershire Strategic Growth Plan which would form the framework for an ambitious commitment to delivering growth in the county. Area planning committees would continue to exist once the countywide Local Plan has been adopted; at this stage there would be scope to change their boundaries, if the new unitary council considered this to be appropriate.

Planning Policy

3.4.4 Planning policy is an executive function and as such would be set by the new unitary council's Cabinet, with final approval by the full Council where appropriate. The unitary council's constitution would stipulate that area planning committees will be a required consultee for major planning policy developments, as will the area committees. This will ensure transparency and enable the new council to hear the views of local communities when it is setting policy.

3.4.5 The planning policy functions that will be carried out by the Cabinet, following consultation with the area planning committees and, where appropriate, the area committees, are as follows:

- Development Plans:

  - Single Local Plan (strategic and non-strategic policies, minerals and waste, mineral safeguarding, infrastructure plan);

  - Adoption of Neighbourhood Plans;

- Local Transport Plan;

- Supplementary Planning Documents, which will be geographically aligned to the area planning committees (housing, energy, historic environment, biodiversity, design, green space, landscape);

- Section 106 policy and/or Community Infrastructure Levy acknowledging that Section 106 funds can only be spent in the relevant local area;

- Other Policy Documents such as Conservation Area Appraisals and Development Briefs.

3.4.6 Documents such as the Single Local Plan and Local Transport Plan will require the approval of the full Council.

3.4.7 The Cabinet will also have an important role to play in influencing regional policy around planning and major infrastructure through bodies such as Midlands Connect and Midlands Engine.

Planning Applications

3.4.8 The consideration of planning applications is a regulatory function and as such would usually be considered by the relevant area planning committee, having regard to the Council's agreed planning policies above. If it meets certain exceptional criteria, the application would be considered by the countywide planning committee.

Countywide Planning Committee

3.4.9 Membership of the countywide planning committee will reflect the political balance of the unitary council as a whole and should also include at least one member from each of the seven area planning committees, preferably the chairman. The countywide planning committee would be required to consult with the relevant area planning committee(s) before exercising its functions.

3.4.10 The countywide planning committee will have the following role and functions:

- To respond to the impact of major developments outside Leicestershire on county residents;

- To determine planning applications for:

  - Developments that are a significant departure from planning policy;

  - Planning applications for mineral extraction or waste disposal, other than small scale works connected to an existing site;

  - Significant applications by the Leicestershire unitary council to develop its own land;

  - Some large-scale major developments, if they will have

    (a) significant impact on communities across more than one area planning committee area and/or

    (b) strategic implications for the county as a whole.

3.4.11 Large-scale major developments are defined by the Government's planning application statistical returns as those of 200 houses or more or 10,000 square metres of non-residential floor space. It is proposed that such developments will be determined by the area planning committee unless it meets the criteria outlined above, i.e. it raises issues of importance for the whole county and/or affects a wider area than that under the remit of a single area planning committee.

3.4.12 Where a large-scale major development, or development that is a significant departure from planning policy, meets the criteria for it to be considered by the countywide planning committee, it is proposed that the meeting to determine the planning application would be held in the relevant local area to make the meeting more accessible for members of the public.

Area Planning Committees

3.4.13 Membership of the area planning committees would be a matter for the new unitary council to determine but should reflect the political balance of the area covered by that area planning committee, rather than the political balance of the council as a whole. Members would be selected from unitary council wards wholly or partly falling within the area covered by that area planning committee.

3.4.14 The role and function of the area planning committees would be as follows:

- To consider planning applications not within the remit of the countywide planning committee and not delegated to officers, except where the relevant officer has decided not to exercise delegated powers based on the strength of public feeling or representations from local members;

- Act as a consultee for applications being considered by the countywide planning committee which affect its area;

- Designation of and amendments to Conservation Areas;

- Public Rights of Way;

- Tree Preservation Orders where the relevant officer has decided not to exercise delegated powers based on the strength of public feeling or representations from local members;

- Other matters of local importance that may be identified from time to time.

3.4.15 Area planning committees would always meet in the relevant local area.

Delegation to Officers

3.4.16 There would be delegation to officers to deal with routine planning matters. This is currently the case for most district councils in Leicestershire and is also reflected in the planning governance arrangements for all existing countywide unitary councils. As is currently the case, there are circumstances in which officers may decide not to use their delegated powers, in which case the matter will be referred to the appropriate member body. A code of practice and scheme of delegation would be agreed by the new unitary council, including the following areas:

- Determining planning applications;

- Dealing with enforcement matters;

- Dealing with all types of appeal;

- Making and confirming Tree Preservation Orders;

- Determining applications made under the high hedges provisions of anti-social behaviour legislation.

3.4.17 A consistent call-in process across the unitary council would also apply, whereby a local member could request for a planning application within their electoral division to be determined by the area planning committee instead. A weekly list of planning applications would be circulated to elected members who would have a specified time period in which to make their request.

3.5   Parish and Town Councils

3.5.1   Strengthening parish and town councils would help to ensure that the new unitary council for Leicestershire is connected to local communities and supports them to thrive. Leicestershire County Council has already been working closely with the Leicestershire and Rutland Association of Local Councils and a sub-group of parish and town council representatives to develop a devolution framework for Leicestershire. The document aims to define the future relationship between a new unitary council for Leicestershire and parish and town councils in Leicestershire, and is not necessarily dependent on the outcome of the unitary proposals.

3.5.2   The devolution framework would set out the scope and principles to be achieved, lessons learnt from elsewhere in the UK and provide an opportunity to be ambitious, bold and risk aware in service devolution. This necessarily includes both County Council and district council services. The devolution framework looks to identify a number of services that parish and town councils are asked to consider supporting.

3.5.3   The principles underpinning the devolution framework are as follows:

- Opportunity to empower local councils;

- Services that reflect the demands of local communities;

- Devolve when value for money can be demonstrated (i.e. services can be delivered at least as effectively at a local level) and a business case is agreed;

- Support town and parish councils to achieve the qualifications and access the training and support required to take on more responsibility;

- Learn from other town and parish councils and other unitary councils;

- Co-design at all stages of the process;

- Be ambitious, bold, risk aware (not risk averse).

3.5.4   The new unitary council would support and encourage areas of the county which are currently unparished to create new parish and town councils, should the local area wish to do so. However, where an area chooses not to become parished, services would continue to be delivered by the unitary council. Area committees would be recommended to have greater regard to the needs of unparished areas to ensure that these communities are not disadvantaged or facing a democratic deficit.

3.5.5   Parish and town councils would be free to choose the level of involvement that they have in delivering devolved services through a menu of options, including the option of not being involved at all. Any additional services which parish and town councils deliver on behalf of the unitary council would need to be in line with its policies and priorities. It is also recognised that the unitary council would need to provide funding and support.

3.5.6   Appropriate governance and monitoring arrangements would be put in place. This would include a greater willingness to devolve services to Councils which are accredited through the Local Council Award Scheme run by the National Association of Local Councils. This recognises good practice in governance, community engagement and council improvement. Service Level Agreements would also be put in place when services are devolved.

GOOD PRACTICE EXAMPLE: Cornwall Council

Cornwall Council adopted 'A Framework for Town and Parish Councils and Community groups to have an increased role in service delivery' in May 2014, with a review agreed by Members in April 2015. This sets out how town and parish councils and community groups in Cornwall can work with Cornwall Council at a level that suits them, from service monitoring and influencing contracts through to taking on and delivering local services and assets. Subsequent work with the Council's Neighbourhoods Overview and Scrutiny Committee in October 2017 has examined and supported a review of the devolution work programme, based on criteria to allow the large number of proposals to be prioritised. Officers are now working on the delivery of that programme with many local councils and community groups.

4.0
Savings Methodology and Findings
– Single Unitary Council for Leicestershire

4.1 Summary

4.1.1 The table summarises the financial implications of moving to a single unitary council for Leicestershire.

£30 million	£100 million	£19 million
Net annual saving	4 year MTFS saving	Cost of Implementation

4.1.2 The appraisal sets out the methodology used to calculate the savings arising from a unitary council. It draws on the considerable evidence around the country of the savings achieved from establishing unitary councils. This has been used to both validate savings levels and ensure a robust methodology has been adopted.

4.1.3 The key financial changes resulting from the adoption of unitary status are expected in the following areas
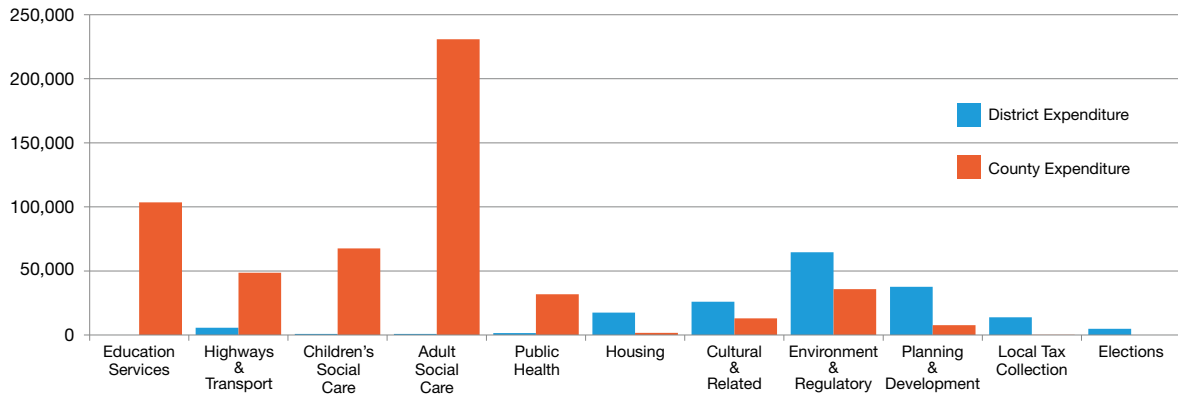
Category	Savings Rationale
Members' Allowances	Fewer organisations will mean that the number of elected members can be reduced, although those that remain will have greater responsibility.
Elections	Elections for district council and County Council members are held in different years. Having one set of elections for fewer members will cost less. The operations to maintain the register of electors can also be combined.
Senior Management	A management structure is required to manage each organisation and the services within it. Having fewer organisations and joining up similar services will mean that management savings can be realised.
Back-office	Joining up and running services in a similar way will simplify the back-office support requirements greatly. Information technology and property services are the largest back-office services; finance and HR are also significant undertakings. Combined with the benefit of only having one set of back-office services rather than one in each organisation, this will allow a dilution of fixed costs as organisation size increases, a reduction in the number of disparate operations, thus allowing standardised support in terms of common systems, infrastructure, policy and process. A larger single organisation also enables support to become specialised, resulting in operational benefits and benefits to decision making. Finally, benefit is enhanced by fewer staff in totality reducing the office space requirements.
Service management and administration	Joining up and running services in a similar way will allow management and administration roles to be combined and the best practice from the current disparate services to be selected for the whole county. Further benefit will be secured from improved procurement and contract management.

Dieconomies of scale

4.1.4   A commonly cited concern of the merging of organisations is that by becoming excessively big they become more inefficient. These diseconomies of scale tend to centre on communication problems of the bigger organisation resulting in either a reduced service or additional management. In a county unitary scenario the diseconomies are unlikely to be significant, due to the nature of the change proposed:

- The geographic area is not changing and the County Council already offers countywide services

- The services that will combine are the smaller services, as shown in the column chart below.

- The single unitary council is a significantly sized organisation, but not excessively so. In comparison to the largest businesses in Leicestershire the single unitary council would be placed eight, between Dunelm group and Caterpillar UK. This comparison excludes maintained schools expenditure.

Leicestershire Service Expenditure (£'000s)

Annual Sales - Top 10 Leicestershire Companies + Local Government

Samworth Brothers £991m

Aggregate Industries £1,179m

Triumph Motorcycles £1,442m

Dunelm Group £956m

Next £4,097m

New Unitary £731m

Caterpillar £731m

Barrat Developments £4,650m

Breedon Group £652m

Leicestershire County Council £587m

Sytner £4,812m

Aurum Holdings £561m

Largest District £43m

2 New Unitaries £372m

Leicestershire Districts £173m
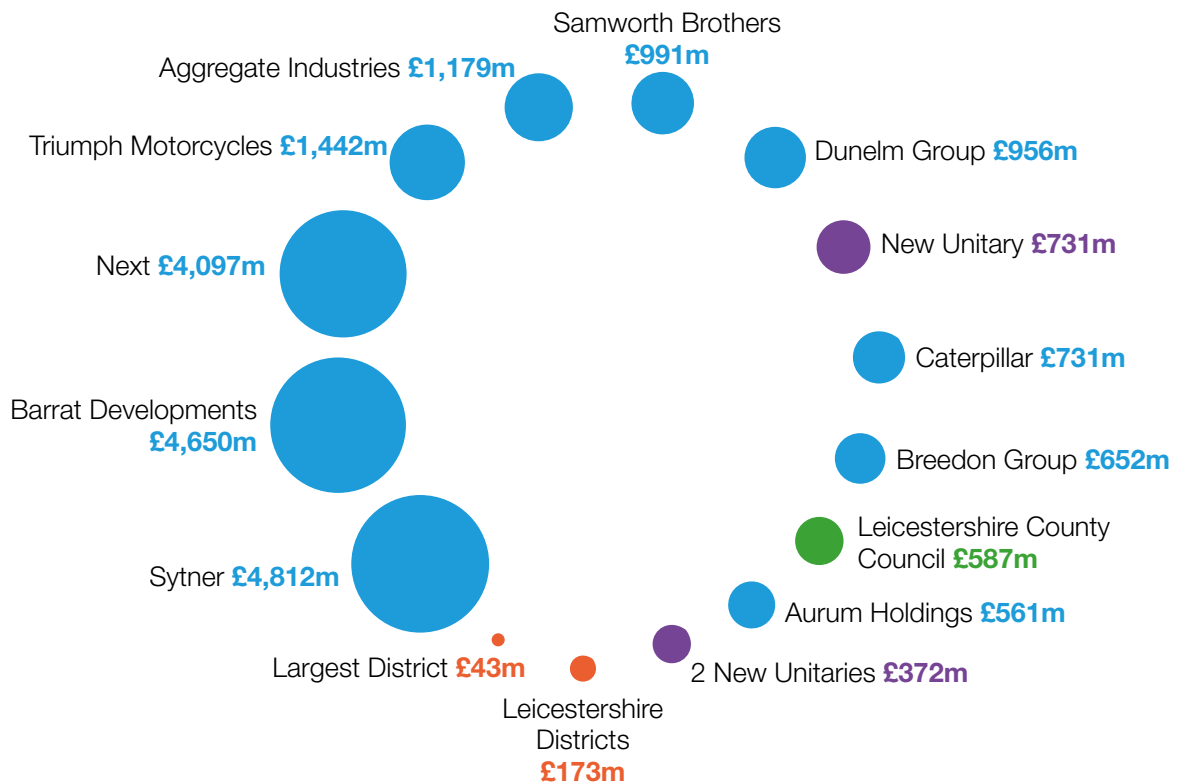
4.1.5   Following this analysis no adjustment has been made for potential diseconomies of scale.

Summary of areas from which savings would be achieved

Annual Savings	Single Unitary Council £ million
Members' Allowances	0.4
Elections	0.9
Senior Management	5.6
Back-office	17.4
Service management and administration	8.5
Contingency	(2.8)
Total	30.0
Saving % of gross budget (excluding schools)	4.2%

Comparison with other proposals for Unitary Status in the UK

4.1.6   The savings achievable by a single unitary council are in line with recent applications for unitary status that have been submitted to the Secretary of State, per the table below:

	Leicestershire (1 / 2 unitary)	Buckinghamshire (1 / 2 unitary)	Oxfordshire	Dorset* (2 unitary)
Saving target (£m)	30.0 / 17.6	18.2 / 10.3	20.5	27.6
Organisations disbanded	7 / 6	3 / 2	5	8
Saving per organisation (£m)	4.3 / 2.9	4.6 / 3.4	4.1	3.9

*note this proposal involved one county area plus two existing unitary authorities; hence the savings proposed are closer to the level seen in single unitary proposals. The risks of splitting county functions are partially mitigated by the existence of these functions in the unitary organisations.

4.1.7   The savings proposed for the Leicestershire reorganisation are also within the range of the savings targeted and delivered from the unitary organisations created in 2009.

	Organisations Abolished	Savings Target £ million	Saving Target Per Organisation £ million	Estimated Savings Achieved £ million	Estimated Savings Achieved Per Organisation £ million
Cornwall	6	17	2.8	25	4.2
Wiltshire	4	18	4.5	25	6.3
Northumberland	6	17	2.8	28	4.7
Durham	7	22	3.1	22	3.1
Shropshire	5	20	4.0	20	4.0
Average	6	19	3.5	24	4.4

4.1.8   The savings target per organisation is lower than more recent proposals due to a combination of cost inflation, over the past decade, and a greater necessity for savings to be made by Local Government organisations.

4.1.9   Inflation over the ten year period, as measured by the Consumer Price Index (CPI), has been 24%. If costs increased in line with inflation the savings target per organisation would increase to £4.3million. The cost base of local government over this time will not have behaved exactly in-line with CPI, but it does give assurance that the savings are in the right order of magnitude.

4.1.10 This necessity for local government to make savings is likely to be the key reason for the significant increase in the actual savings achieved, shown in the table above. When the business cases for the 2009 reorganisations were produced no-one could have anticipated the depth of cost reductions required by austerity or the significant increase in social care costs. Post reorganisation all of these councils will have been under similar financial pressure to that experienced in Leicestershire.

4.1.11 If it is assumed the savings from reorganisation were completed within five years, using CPI, the estimated savings achieved per organisation at 2018 prices would be £4.7million. This is 10% higher than the savings targeted in the proposal of a single unitary council for Leicestershire. This supports the evidence from organisations that have been through reorganisation that more savings than were originally anticipated are achievable.

4.1.12 The financial case for change makes reference to an article by the BBC that identified councils under financial strain. It is worth noting that although eight of the eleven organisations identified were county councils none of these were councils involved in the 2009 reorganisation. This is not to say that these councils are immune from the pressures facing local government and it is possible that they could enter difficulties, but they do appear to have an advantage in dealing with the current level of savings.

4.1.13 Overall the high level comparisons are supportive of the latest savings estimate produced.

4.1.14 The level of savings is consistent with the 2014 EY report which calculated the annual savings from unitary local government in Leicestershire as £30.5m for one unitary council and £18.5m for two unitary councils.

4.1.15   Savings have been phased as follows:

Category	Phasing Rationale
Members' Allowances	The creation of the new unitary council will coincide with the abolition of the existing ones. Shortly after this point elections will take place to appoint new members. For simplicity it has been assumed that the newly elected councillors benefit from all allowances from the first day of the new council. Hence the savings would accrue in full from the first year.
Elections	Following formation of the unitary organisation an election will take place to appoint the reduced number of members. Although all of the savings would be delivered in the first year the costs are normally spread across four years and the saving is presented on this basis.
Senior Management	The new senior management structure would be designed before launch of the new organisation. This would allow the restructure to be completed in advance of the launch, including the serving of notice periods. Therefore the full savings would occur from the first day of the new unitary council. This has the added benefit of managers knowing their responsibilities as the design phase is completed and transition commences. Certain key posts are likely to be filled early, but this expense would form part of the transition budget.
Back-office	A significant amount of the work to achieve this saving would be carried out in the pre-launch phase. However it is assumed that only around 50% of the saving will be achieved in the first year. This is to reflect that some activities relating to the disbanded councils will continue after the establishment of the new unitary organisation, for example completion and auditing of the final accounts. The phasing of the savings also allows harmonisation of processes/ systems and increases the proportion of contracts that will naturally expire. Further work will be required during the first year to achieve the remaining savings, with a further 25% assumed to be delivered in the second year with the remaining 25% achieved in the third year.
Service management and administration	A significant amount of the design and planning work to achieve this saving would be carried out in the pre-launch phase. However, to allow the changes to front-line services to be de-risked, by keeping the pace of change manageable it is assumed that no savings will be delivered in the first year. By implementing changes at a slower pace than for the back-office more support is available for implementation. It is assumed the first 25% of the savings will be achieved in the second year with the remaining savings delivered in the third year. Similarly to the back-office the phasing of the savings allows harmonisation of operations and increases the proportion of contracts that will naturally expire.

Phasing of Savings

4.1.16   The phasing of the £30 million saving is shown in the chart and table below. With a pay-back period of slightly over two years the Net Present Value (NPV) analysis is supportive of the project, even with a very prudent phasing of transition costs.
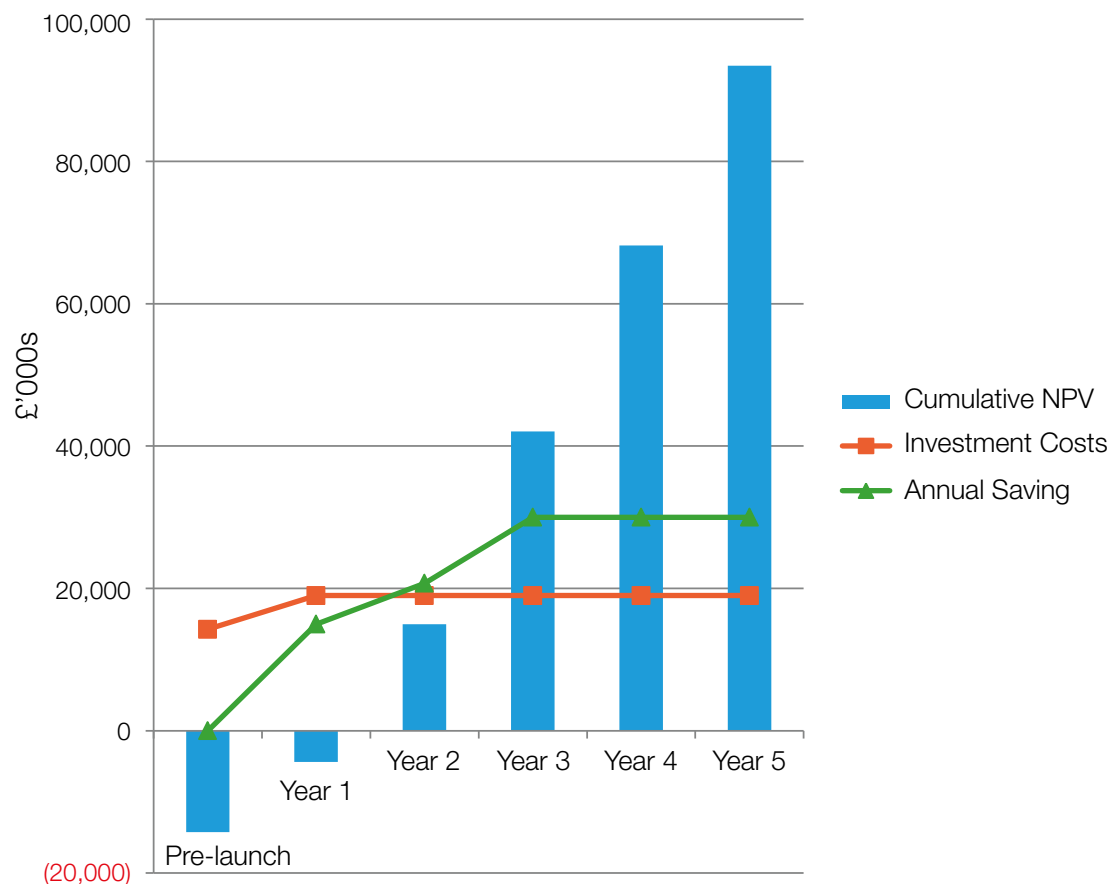
	Pre-Launch £000	Year 1 £000	Year 2 £000	Year 3 £000	Year 4 £000	Year 5 £000
Transition costs	(14,250)	(4,750)				0
Annual savings		14,975	20,725	30,000	30,000	30,000
Net annual	(14,250)	10,225	20,725	30,000	30,000	30,000
NPV factor (Discount 3.5%)	1	0.966	0.934	0.902	0.87	0.842
Discounted net present saving	(14,250)	9,879	19,347	27,058	26,143	25,259
Cumulative NPV	**(14,250)**	**(4,371)**	**14,976**	**42,035**	**68,178**	**93,437**

4.1.17   It is important to note that investments costs only occur once, whereas the savings reoccur on an annual basis. Therefore over a medium to long term horizon the investment is paid back multiple times.

Beneficiaries of Savings

4.1.18   Austerity will dictate that the majority of savings will go towards ensuring the ongoing sustainability of services. This would allow existing services to be protected from cuts that would otherwise be inevitable. Ultimately which services are protected will be a matter for the unitary council, but this would be informed by public consultation.

4.1.19   Adoption of a unitary council would mean that some of the direct financial benefit would naturally be shared with residents through the harmonisation of Council Tax. Residents in a unitary council's geography would all pay the same level of tax, which is usually set at the level of the lowest district council charge. For a single unitary council, up to £8 million of the savings would be used for reduced Council Tax bills, although the final number would depend upon the impact on town and parish councils and actual level of charges.

4.1.20   The future financial situation is very uncertain, but the proposed scale and speed of savings delivery should create the ability for some investment in services. This would include devolved revenue budgets to area committees to support delivery of local priorities and members of the unitary council having a small amount of discretionary funding each year for similar purposes. Capital investment, for example for leisure facilities or improvements to roads, is another option that could be used to improve local services in a targeted way. There should also be sufficient resources to invest and improve some countywide services. Gaining the views of Leicestershire residents would be vital in targeting investment at the right areas.

4.2   Members' Allowances

4.2.1   The basic premise of the saving is that fewer organisations will mean that the number of elected members can be reduced, although those that remain will have greater responsibility. The table below shows the number of elected members at Leicestershire County Council and each of the district councils. The cost per member is also illustrated; this takes account of basic allowances, special responsibility allowances and other expenses (such as travel).

	Leicestershire County Council £ million	District Councils £ million	Total Leicestershire £ million
Basic Allowance	0.6	1.1	1.6
Special Responsibility Allowances	0.3	0.6	1.0
National Insurance	0.1	0.1	0.2
Other expenses	0.0	0.1	0.1
Total Cost	1.0	1.9	2.9
Number of Members[1]	55	254	309
Average Cost per Member (£000s)	17.7	7.4	9.3
Population (000s)	690	690	690
Average Cost per resident	1.4	2.7	4.2
Gross Expenditure (incl. schools)	719.8	173.4	893.2
Expenditure per Member (£ millions)	13.1	0.7	2.9

4.2.2   The existing democratic structure results in over 200 full council, board and committee meetings across local government in Leicestershire. Many of these meetings are duplicated, for example:

• Cabinet;

• Scrutiny Committees/Panels;

• Corporate Governance/Audit Committees;

• Other regulatory meetings such as Planning/Development Management and Licensing.

4.2.3 A single unitary council for Leicestershire would see a reduction of 196 elected members; down to 110 from the current 306. There is a recognition that elected members would need to deal with a wider range of services than they do currently, although the number of residents each councillor works with would be the same as for the existing County Councillors. Hence a basic allowance of £16,000 is proposed.

4.2.4 The reduction in the number of organisations would reduce the number of members receiving special responsibility allowances. For example there would only need to be one Cabinet and Corporate Governance/Audit Committee. It has been assumed that special responsibility allowances reflect the wider range of services performed by a unitary organisation. The assumed increase has been calculated based upon the current County Council Leader's allowance plus 50% of the average district council allowance. The proportionate percentage increase has been applied across all special responsibility allowances.

4.2.5 The assumptions for the proposed new Locality Level committees are for the chairman of each area committee, area planning committee and area licensing committee to receive a special responsibility allowance. Members of these planning, licensing and area committees would not receive an additional allowance due to the increase in the basic allowance.

4.2.6 The estimated savings are shown in the table below:

	Current Leicestershire £ million	Single Unitary Council £ million
Basic Allowance	1.6	1.8
Special Responsibility Allowances	1.0	0.4
National Insurance	0.2	0.2
Other expenses	0.1	0.1
Total Cost	2.9	2.5
Saving versus current	-	0.4
Number of Members[2]	309	110
Average Cost per Member (£000s)	9.3	22.5
Population (000s)	690	690
Average Cost per resident	4.2	3.6
Gross Expenditure (incl. schools)	893.2	863.2
Expenditure per Member (£ millions)	2.9	7.8

4.2.7 The main driver of the savings is the reduction in special responsibility allowances; this is driven by the number of organisations disbanded. The increase in average cost per member is to be expected with the significant reduction in the number of elected members proposed. Although the expenditure per member has increased significantly compared to the current average this is still significantly lower than the current County Council level.

4.2.8 The assumptions made for members' basic and special responsibility allowances are intended to be reasonable estimates. If reorganisation proposals are progressed an Independent Remuneration Panel will be formed, at the appropriate time. The Panel will assess proposals and recommend the level of individual allowances. Similarly, the number of members will be determined by a boundary commission review.

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2 Based on the position up to May 2019. Harborough District Council has undergone a Boundary Review which sees a reduction of three elected members from the 2019 election onwards.

4.3 Elections

4.3.1   This saving has two parts:

- Elections for district council and County Council members are currently held in different years. By only having one set of elections, which would also include parish and town council elections, the costs incurred would be reduced significantly.

- The maintenance of the register of electors is largely an administrative exercise. Combining the activity for the unitary area is expected to yield savings.

Election Savings

4.3.2   The County Council holds elections every four years, with the latest being in 2017. District council elections are also held every four years (latest in 2019), separately for each organisation. Due to the four yearly cycles local elections do not coincide, although occasionally a benefit is received when there is alignment with a general election or European elections, both five-yearly.

4.3.3   The unitary proposals would result in a single election every four years rather than the current two elections per district area. This is the significant driver of the savings. Further benefits are to be expected, as the activity can be co-ordinated for the entire unitary area rather than by individual organisations. This will be of a lower order of magnitude, as the certain activities will be unchanged, e.g. the number of votes to be counted, or continue locally, e.g. polling.

4.3.4   The cost of conducting local government in Leicestershire, for the most recent four-year period, is summarised in the table below:

	Cost of Conducting Elections £ millions	£ Per Head of Population	£ Per Member Elected
District Council*	3.6	5.4	14,283
County Council	0.8	1.3	15,351
Total Leicestershire	4.5	6.6	14,473

* net of recharge to parish councils

4.3.5   The majority of the activity for County Council elections is undertaken by the seven district councils, hence the similar £ per member elected is not surprising. Using this measure alongside the proposed reduction of 196 elected members would generate an estimated saving approaching £3 million, every four years. Intuitively this is higher than expected. The saving should be at least £0.8m, from the elimination of the 'cheapest' election, but to assume costs scale perfectly with the number of elected members does not take into account that factors such as the number of votes cast and polling locations may not change.

4.3.6   A comparator set of unitary authorities were identified to help refine the saving calculation. The results are set out in the table below:

	Cost of Conducting Clections £ millions	£ Per Head of Population	£ Per Member Elected
Total Leicestershire	4.5	6.6	14,473
Unitary Comparators (average)	2.3	4.5	20,061
Difference	2.2	2.1	(5,587)
Calculate saving	-	Difference X population	110 members X Unitary average
Saving Estimate (£ million)	-	1.5	2.3

4.3.7   The lower saving generated by the population estimate has been chosen, due to the higher number of members per head of population in the comparator group. This is felt to overstate the benefit.

4.3.8 The saving of £1.5 million appears reasonable considering:

- £0.8 million relates to the abolition of the County Council elections

- £0.7 million relates to cost improvements in district council election activity

4.3.9 The cost improvement equates to 17% of the current cost of district council elections. The unitary council elections would be for 196 (64%) fewer members and would be co-ordinated by one organisation rather than the existing seven.

4.3.10 The £1.5 million saving only accrues every four years; hence a quarter of this saving £375,000 has been used to calculate the annual benefit.

Other Factors

4.3.11 Elections to unitary councils normally take place in the May after their formation. Depending upon timing this could be in close proximity to a scheduled district council (i.e. 2023) or County Council election. When previous unitary councils have been created there has been the flexibility to vary the terms of both existing two-tier councils and new unitary ones. This avoids members being elected for very short periods.

4.3.12 It has been assumed that the new unitary council elections continue to coincide with parish council elections. This is an important consideration so that the cost recharge to parish councils does not increase. It would be a decision for the new council as to whether it wished to charge parish councils for elections or offer them for free. Due to the flexibility outlined in the paragraph above it is expected that this alignment will be achieved.

Register of Electors

4.3.13 The district councils and County Council both have a role in promoting people's entitlement to vote. District councils maintain the electoral register. The County Council benefits from the maintenance of the register but is not involved in the activity.

4.3.14 The current cost for Leicestershire is set out in the table below, alongside a comparison to some existing unitary authorities.

	Annual Cost £ millions	Cost Per Head of Population
Leicestershire District Councils	1.2	1.8
Unitary Comparators (average)	0.5	1.1
Difference	-	0.7

4.3.15 Using the population estimates, at the time, combined with the £0.7/head of population from the table above, the annual saving would be £0.5 million. This is equivalent to a 40% reduction in the base cost. Although public facing the activity is largely administrative and would benefit from standardisation and co-ordination as an activity across a unitary area.

4.4 Senior Management

4.4.1 Senior management is defined as all employees earning a basic salary in excess of £50,000 per annum. The operations of each organisation in Leicestershire are managed separately, although some sharing of services does exist. The basic premise of this saving is that with fewer organisations similar activity can be brought together into a unified service. Reorganisation will present opportunities for:

- Horizontal integration, where operations performing similar functions are brought together and

- Vertical integration, where different stages of the same process are brought together.

4.4.2 Waste management is a good example of this with the horizontal integration of the disparate collection services and the vertical integration of waste prevention, collection and disposal activity.

4.4.3 Reducing the number of similar organisations in Leicestershire and consolidating operations allows the new unitary organisation to operate effectively with a lower level of management.

4.4.4   A high level analysis (excluding schools) suggests that there is significant potential to make savings from economies of scale.

	Staff earning above £50,000 p.a.		Gross Expenditure £ millions	% of Gross Expenditure
	£ millions	FTE		
District Councils	7.2	80	173	4%
County Council	10.4	114	587	2%
Difference	3.2	34	414	2%

4.4.5   The County Council employs 34 (43%) more senior managers than the combined district councils. However, on a gross expenditure basis the County Council is in excess of three times the size of the combined district councils. Hence from a pure organisational efficiency basis the additional number of staff is more than justified. In simple terms more than twice as much is spent, by district councils, on senior management for every £1 of front-line service delivered compared to the County Council. The expectation is that should a single unitary council be adopted the proportion of expenditure on senior management would be even lower.

4.4.6   The senior management saving has been created by analysing the corporate management teams separately to the other senior managers.

4.4.7   The table below summarises the cost of the Chief Executive and Directors for the eight councils in Leicestershire:

	Corporate Management		Gross Expenditure	
	£ millions	FTE	£ millions	%
County Council	1.2	7	587	0.2%
District Councils	2.9	25	173	1.7%

4.4.8   The district councils tend to have smaller teams at a lower salary cost; this reflects the relative size and that the organisations are less complex. However, there are seven district councils with a combined expenditure significantly smaller than the County Council's expenditure. Hence the overhead burden, on an expenditure basis, is nine times higher in district councils.

4.4.9   At this very senior level costs are relatively fixed, with significant changes required to alter the structure. Due to the close linkages between the services offered by the different tiers it is a reasonable assumption that services would be integrated in a combined organisation rather than requiring a separate departmental structure. It has been assumed that seven posts within the Corporate Management Team should be sufficient to manage the new single unitary council. This has been substantiated through comparison to existing county unitary councils.

4.4.10 The rates of pay have been assumed to remain at the level of current County Council managers, despite the new unitary being 24% larger on an expenditure basis. Expenditure alone is not a sufficient reason to increase salary levels. The key driver is the ability to attract the right staff, with the Directors for adult and children's social care the most often cited as difficult to recruit posts. The change to the responsibility of these posts would not be significant compared to the scale of the areas currently managed (see chart below) even if new service categories were integrated within social care. If anything there would be a simplification of operations, as working across multiple organisations would no longer be required.

4.4.11 Note the Director of Children's Social Care is also responsible for Education Services. Similarly the Director of Adult Social Care is responsible for the majority of cultural services at the County Council.

4.4.12 The saving estimates are shown in the table below:

Leicestershire Service Expenditure (£'000s)
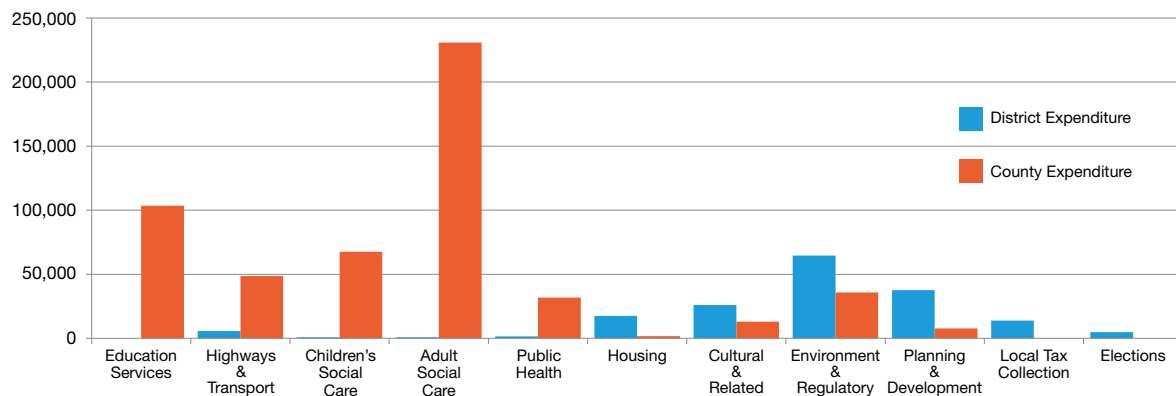
	Corporate Management £ millions	FTE	Gross Expenditure £ millions	%	Saving £ millions
Current Leicestershire	4.1	32	761	0.5%	-
Single Unitary Council	1.2	7	731	0.2%	2.9

4.4.13 The result is one Chief Executive and six Directors to manage the new unitary council compared to eight Chief Executives and 24 Directors currently.

4.4.14 Outside of the senior team £13m is spent on staff earning over £50,000, this is summarised in the table below:

	Senior Management £ millions	FTE	Gross Expenditure £ millions	%
County Council	9.1	107	587	1.6%
District Councils	4.3	55	173	2.5%
Current Leicestershire	13.4	162	761	1.8%

4.4.15 Due to the overriding assumption that services would be integrated and not managed separately there should be no reason that the new, larger, unitary council cannot achieve the same overhead rate for senior management as the existing County Council.

	Senior Management £ millions	FTE	Gross Expenditure £ millions	%
Current Leicestershire	13.4	162	761	1.8%
Unitary Council at County Council rate	11.8	139	761	1.6%
Change	1.6	30	-	0.2%

4.4.16 The saving is further enhanced when the savings from reorganisation are taken into account. Local government in Leicestershire will be smaller by £30 million post reorganisation into a single unitary council. Hence the senior management should reduce reflecting the reduction in staff and contracts.

	Senior Management £ millions	FTE	Gross Expenditure £ millions	%
Unitary Council at County Council rate	11.8	139	761	1.6%
Single Unitary Council	11.3	133	731	1.6%

4.4.17 The final element to be considered is whether the overhead rate for senior managers should be changed to reflect the larger single unitary council. The savings above assume that an organisation approximately 24% bigger than the existing County Council would spend 24% more on senior management. For any organisational 'merger' of this scale this is an overly pessimistic position. Hence a conservative 5% efficiency target has been introduced. The results are shown in the table below:

	Senior Management £ millions		Gross Expenditure £ millions		Saving/(Cost) £ millions
	£ millions	FTE	£ millions	%	
Single Unitary Council	10.8	126	731	1.5%	0.6

4.4.18 A summary of the savings in this area is shown in the table below:

Savings £ millions	Single Unitary
Corporate Management Saving	2.9
Adopt County Council Overhead Rate	1.6
Reflect Reorganisation Savings	0.5
Reflect Unitary organisation size	0.6
Total Senior Management Saving	2.7
Total Saving	5.6 (32%)

4.4.19 Despite the significant level of savings in terms of absolute numbers the single unitary council would still have more senior management than the existing County Council. This equates to £1.6 million (16%). The actual management structure would be designed at the appropriate stage of the proposals development. The example above is simply to illustrate that the assumptions made are reasonable. The key enablers of the reduction are:

• Duplication of posts and services with the existing Local Government arrangements in Leicestershire. For example similar back-office activities (HR, legal etc.) and front-line services (waste, cultural etc.);

• Economies of Scale – Managers can look after larger services, benefiting from combined contracts and unified decision making;

• Simpler working arrangements – district/county interactions would be eliminated.

Other considerations

4.4.20 Further, unquantified benefits, would be expected in this area. For example:

• Simplified working with other common partners, for example health;

• Pooling of expert resource, for example joining up homelessness and mental health;

• Retention of talent, through greater opportunities in an enlarged organisation.

4.5 Back-Office

4.5.1   All organisations incur costs that are not directly related to the provision of goods or services that the organisation exists to provide. These costs are related to the running of the organisation and are often referred to as the cost of being in business. A common organisational efficiency measure is the proportion of total organisation expenditure (or sales) that is spent on these overhead costs. There is not a common definition of overhead costs for Local Government, but information contained in the statistical returns to the Ministry of Housing, Communities and Local Government can provide a useful proxy. For Leicestershire this is summarised in the table below:

£ millions	Overhead proxy	Gross Revenue Budget	%
County Council	8.4	587	1.4%
District Councils	8.0	173	4.6%
Total Leicestershire	16.4	760	2.2%

4.5.2   This high level analysis shows that district councils spend a far higher proportion of their budget on overheads, reducing the amount that can be directed to front-line services. Taken on its own this is not a measure of the efficiency of individual processes, but it does demonstrate the significant economy of scale benefits that are possible. All organisations have to undertake certain basic activities regardless of size; although the level of cost can be influenced it cannot be eliminated entirely.

4.5.3   The act of bringing services together under common management simplifies back-office support requirements, although local differences in services may persist. Further benefits are gained by only having one set of back-office functions rather than one in each organisation. This allows support to converge on common systems, infrastructure, policy and process. Financial benefits are enhanced further by having fewer staff in totality, directly reducing office space requirements.

4.5.4   Partnership working, or shared services, do offer the opportunity to make some of the efficiency savings envisaged in the unitary proposal. Aligning processes, pooling expertise, utilising common systems and shared management are the typical benefits quoted for the adoption of a shared service. These benefits will always be lower than what can be achieved through merging organisations.

4.5.5   Shared services arrangements do not eliminate the underlying activity; it is just performed more efficiently. For example, in a financial shared service, key transactional processes such as payroll and invoice payment would be performed at a lower cost. However, there would still need to be eight separate payroll runs performed using eight different terms and conditions; similarly eight different service contracts would require eight different invoices to be paid.

4.5.6   Shared services rarely, if ever, achieve the goal of complete standardisation. Individual customers have their own views on what service should delivered, compromising the ability to maximise efficiency. This is reinforced by the public sector's preference for equal partner governance models, for shared services, rather than the more streamlined customer-supplier relationship the private sector adopts. To enable this approach a greater investment in governance arrangements are required. Creation of a single organisation, as the recipient of back-office services, instantly resolves these matters.

4.5.7   Longevity can also be a difficulty for shared services. Unitary councils can take a long term view; shared service agreements often have a finite life and can be subject to individual partners changing their mind.

4.5.8   The weakness of the proxy overhead calculation above is that it does not cover all of the overhead costs incurred by the councils. Further analysis has been undertaken to broaden the scope of the savings to incorporate the entire back-office. Information Technology and Property services are the largest back-office services; Finance, Human Resources and Legal Services are also significant undertakings. Taking each in turn the table below contains examples of the type of savings enabled by reorganisation:

Function	Efficiency examples
Property	An immediate benefit will be achieved through the reduction in the total number of back-office and management staff related to the reorganisation savings; this will yield reductions in office space requirements. Further benefits would be possible by forming a single team that can make strategic decisions for the county. This would allow elimination of duplicate sites and estate management activity; this is not predicated on withdrawal from localities.
Information Technology	The use of technology to support the running of back-office and front-line services has become increasingly important and will undoubtedly continue to do so. Even where separate organisations have chosen the same system supplier the total cost of running the system will be lower when the same system is being provided to a single, larger, organisation. Volume discounts for equipment and licenses are a well-established and a significant factor in procurement activity. Activity configuring, maintaining and supporting technology only needs to be undertaken once. Infrastructure can be consolidated and simplified, for example a reduction in the range of interfaces with other systems. The implementation risk can be reduced significantly by the new council adopting the 'best' from the existing set of systems rather than introducing a new system.
Finance	A significant part of the operation of the Finance function relates to activity that must be undertaken. Regulatory requirements such as statistical returns or the annual statement of accounts can be combined and run from one system. Specialist functions such as taxation (local and national) would be combined reducing the total level of activity, but also strengthening expertise. On the discretionary support there would be a significant reduction in the number of Budget Holders to support, through unified management of services. The volume of transactional activity would reduce and there would be greater scope to make automation investments, with the cost-benefit appraisal more likely to succeed.
Human Resources	The operation of the Human Resources function would benefit in a similar way to Finance. Common policies for the new organisation would be created; such as pay and benefits, sickness and performance management. Specialist areas such as Health and Safety would benefit from having to work with one set of operational practices for the same service, not multiple ones across organisations. Another benefit would be the greater ability to undertake training courses in-house. Courses would be targeted at a greater number of staff, hence are likely to be run closer to capacity.
Legal	Legal services would benefit from a reduction in the number of interactions with external organisations. There would be fewer contracts to agree with suppliers and agreements between different local government organisations, in the unitary area, would be eliminated. The activity to ensure the organisation is compliant with legislation only happens once and a single response to currently joint matters, such as development control, is possible.

4.5.9   In summary by bringing support services together the unitary council would benefit by:

- Adoption of best practices and systems employed in the county;

- Dilution of fixed costs as the organisation size increases;

- Reduction in the number of disparate operations, that allows standardised support;

- Specialisation of support benefiting the back-office operationally and decision making.

To realise the financial benefits envisaged in the business case, in full, it will be essential that staff do not just transfer to the new organisation but adopt the new structures and ways of working.

4.5.10   The proxy above has been expanded to create a comparator for the full back-office costs, as shown in the table below.

	Back-office Expenditure £ millions	Gross Expenditure £ millions	% of Gross Expenditure
District Councils	25	173	15%
County Council	34	587	6%
Difference	9	414	9%

4.5.11   The cost relating to staff earning in excess of £50,000 has been removed from this analysis. This has already been accounted for in the senior management saving calculation above. Income relating to trading activity and investment income has been removed to ensure a like-with-like comparison is made.

4.5.12   The level of back-office expenditure is £9 million, or 32% higher, for the County Council than the combined district councils. However, on a gross expenditure basis the County Council is in excess of three times the size of the combined district councils. Hence from a pure organisational efficiency basis the additional expenditure is more than justified. In simple terms more than twice as much is spent, by district councils, on back-office functions for every £1 of front-line service delivered compared to the County Council. The expectation is that for a single unitary council the economies of scale would make the proportion of expenditure even lower.

4.5.13   Back-office functions would be integrated in a similar way to the front-line services that they support. There should be no reason that the new, larger, unitary organisation cannot achieve the same overhead rate for back-office functions as the existing County Council.

	Back-office £ millions	Gross Expenditure £ millions	%
Current Leicestershire	59	761	8%
Unitary Council at County Council rate	43	761	6%
Change	15	-	2%

4.5.14   The saving is further enhanced when the savings from reorganisation are taken into account. Local Government in Leicestershire will be smaller by £30 million post reorganisation into a single unitary Council. Hence the back-office expenditure should reduce reflecting the reductions. For example less people to train or call help desks for support.

	Back-Office £ millions	Gross Expenditure £ millions	%
Unitary Council at County Council rate	43.5	761	6%
Single Unitary Council	41.8	731	6%
Difference	1.7	30	-

4.5.15 The back-office saving calculation so far equates to 29% of the starting overheads. Although this is a significant figure, £42 million of overhead costs are still incurred. The savings calculation above assumes that an organisation approximately 24% bigger than the existing County Council would spend 24% more on back-office functions. The next consideration is whether the overhead rate for the back-office should be reduced to reflect the larger single unitary organisation.

4.5.16 For any organisational 'merger' of this scale no improvement would be an overly pessimistic position. For the senior management saving an estimated 5% improvement was assumed. It is reasonable to expect that the senior management of the new organisation would be tasked with achieving a similar improvement for back-office functions. Through combining the back-office function of eight organisations it is reasonable to expect that the pooling of best practice and selection of the best people allows an improved performance compared to the current County Council. The single unitary council would have greater scale than the existing County Council, providing another reason why a lower back-office rate should be expected.

4.5.17 With an organisational merger of this scale it would be unlikely that all benefits can be delivered immediately. The phasing of the reorganisation savings have been constructed with back-office reductions largely preceding the service optimisation and administration changes. The back-office functions will combine supporting the organisation with supporting the ongoing organisational change. The optimisation of back-office is likely to take place when the other merger activity is nearing completion. To keep the savings activity within a three year period only a 'placeholder' saving of 1% has been included in this appraisal. This savings and an illustration of the 5% optimised level are shown in the table below:

	Back-Office £ millions	Improvement	Saving £ millions
Single Unitary Council - included	41.3	1%	0.4
Single Unitary Council - optimised	39.7	5%	2.1

4.5.18 Further analysis to determine the right target will be conducted, as the proposals progress.

4.5.19 The current reorganisation proposal makes reference to the establishment of area committees and area planning committees. At this early stage of developing these local governance arrangements the additional costs are not certain. It may be possible that costs can be contained within the back-office costs above, but at this early stage of development £0.2m of additional costs have been assumed for prudence.

4.5.20 A summary of the savings relating to the back-office is shown in the table below:

Single Unitary	Savings £ millions
Adopt County Council Overhead Rate	15.5
Reflect Reorganisation Savings	1.7
Improve Overhead Rate (1%)	0.4
Local Governance Estimate	0.2
Total Saving	17.4 (29%)

4.5.21 Despite the significant level of savings in terms of absolute numbers the single unitary council would still have more back-office costs than the existing County Council. This equates to £8.0 million (24%). This level of saving results in an overhead rate that is reasonable in comparison to other unitary authorities.

Other considerations

4.5.22 Further, unquantified benefits, would be expected in this area. For example:

- Benefits of greater asset investment. The larger organisation would manage a greater degree of volatility allowing the target size of the Corporate Asset Investment Fund to be increased;

- Joining up the County Council and district councils' trading activity should yield income improvements, for example expanding service to cover the entire county;

- Improved Treasury Management returns through longer term investments. Larger organisations can manage on lower levels of reserves relative to their size.

4.6 Service Management and Administration

4.6.1 Local Government reorganisation in Leicestershire provides the opportunity to improve the efficiency of the front-line services that are provided. The cost of services can be reduced without reducing the quality of service delivered by being selective in where changes are targeted. Examples of areas delivering true efficiency savings include:

- Reduce service management and administration roles from merging operational activity;

- Learn from best practice performed by the currently disparate services;

- Service design performed without artificial two-tier boundaries e.g. waste disposal and collection. This enables better end-to-end decision making for cost effectiveness and service provision;

- Greater scale for procurement activity and more focused contract management;

- Better utilisation of assets and work patterns;

- Greater potential for in-sourcing of services, through greater scale.

4.6.2 Benefits for individual services will not be quantified until much later in the development of proposals. Instead benchmarking data has been used to estimate the potential for savings.

4.6.3 To give a sense of the relative services the tables below show the 2016/17 total Local Government expenditure in Leicestershire.

4.6.4 The table below summarises expenditure by major service area, based upon data published by the Ministry of Housing, Communities and Local Government (2016/17)

£000s	Blaby	Charnwood	Harborough	Hinckley & Bosworth	Melton	N. West Leicestershire	Oadby & Wigston	All Districts	County Council	Leicestershire
Education Services	0	0	0	0	0	0	0	0	145,580	145,580
Highways & Transport Services	208	691	755	653	282	827	217	3,633	46,719	50,352
Children's Social Care	282	149	94	0	0	0	0	525	64,938	65,463
Adult Social Care	220	0	372	0	0	0	0	592	221,643	222,235
Public Health	777	0	221	0	0	0	0	998	30,498	31,496
Housing Services	1,439	3,347	2,020	969	1,244	1,380	623	11,022	1,698	12,720
Cultural & Related Services	1,480	4,581	1,271	1,582	1,301	5,158	1,069	16,442	12,444	28,886
Cultural & Related Services	4,578	9,598	7,017	5,875	4,098	6,581	3,033	40,780	34,422	75,202
Environment & Regulatory Services	2,446	3,873	3,552	3,408	2,340	6,906	1,313	23,838	7,361	31,199
Planning & Development Services	2,051	3,618	1,724	2,077	2,025	2,363	1,481	15,339	2,264	17,603
TOTAL EXPENDITURE	**13,4**	**25,8**	**17,0**	**14,5**	**11,2**	**23,2**	**7,7**	**113,1**	**567,5**	680,7

4.6.5 To give a sense of relative scale the expenditure has been divided by population. Expenditure per head is not necessarily the best efficiency comparator but for this demonstration of relative organisation size it is helpful.

£000s	Blaby	Charnwood	Harborough	Hinckley & Bosworth	Melton	N. West Leicestershire	Oadby & Wigston	All Districts	County Council	Leicestershire
Education Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	213.1	213.1
Highways & Transport Services	2.1	3.9	8.4	5.9	5.5	8.4	3.9	5.3	68.4	73.7
Children's Social Care	2.9	0.8	1.0	0.0	0.0	0.0	0.0	0.8	95.1	95.8
Adult Social Care	2.3	0.0	4.1	0.0	0.0	0.0	0.0	0.9	324.5	325.4
Public Health	8.0	0.0	2.4	0.0	0.0	0.0	0.0	1.5	44.7	46.1
Housing Services	14.7	18.7	22.3	8.8	24.4	14.0	11.2	16.1	2.5	18.6
Cultural & Related Services	15.1	25.5	14.1	14.4	25.6	52.3	19.2	24.1	18.2	42.3
Cultural & Related Services	46.9	53.5	77.6	53.4	80.5	66.7	54.4	59.7	50.4	110.1
Environment & Regulatory Services	25.0	21.6	39.3	31.0	46.0	70.0	23.5	34.9	10.8	45.7
Planning & Development Services	21.0	20.2	19.1	18.9	39.8	24.0	26.5	22.5	3.3	25.8
TOTAL EXPENDITURE	**138.0**	**144.1**	**188.3**	**132.3**	**221.8**	**235.4**	**138.6**	**165.7**	**831.0**	**996.7**

4.6.6 To perform the savings analysis the cost relating to staff earning in excess of £50,000 has been removed from the expenditure, as this has already been accounted for in the Senior Management saving calculation above. Similarly back-office cost allocations have been removed due to their inclusion in the back-office calculation above.

4.6.7 The savings analysis focuses on the services where there is significant overlap. This avoids the scale of the County Council services distorting the potential for savings. To achieve this Education Services, Highways and Transport Services, Children's Social Care, Adult Social Care and Public Health have been removed. These services would be important in any integration of services, but the understatement of savings that their exclusion causes is not expected to be material. Further analysis will be undertaken, as the proposals progress, to quantify the benefit.

Housing Revenue Account

4.6.8 Housing services does not include expenditure relating to the Housing Revenue Account (HRA). The HRA is defined as: "a local authority statutory account, it contains all the spending and income related to the housing stock owned by the council."

4.6.9 Essentially what this means is that funding for the provision of local authority social housing is managed under a national set of rules. The rules require all rent collected at a local level to be pooled and used to fund the management, maintenance and major improvements of the housing stock and to support the borrowing costs. By law the HRA must be kept separate from council's other financial matters. Not all councils have a HRA.

4.6.10 For the reorganisation savings the HRA has not been included. There would be potential benefits to housing tenants, both current and prospective, through reduced expenditure on overheads. This would be achieved in a similar way to the reorganisation savings. Any savings would be retained within the HRA to the benefit of current and/or future tenants.

Relative Performance

4.6.11 Depending upon the service a different approach has been taken to calculate the savings. The initial set of calculations is based upon the relative expenditure of each of the Leicestershire councils. The services that this approach has been used for are:

- Housing (primarily administration of housing benefit);

- Environmental and regulatory, excluding waste collection, recycling and disposal (primarily street cleaning, environmental protection and trading standards);

- Planning and development (policy and development management activity).

4.6.12 For each of these service categories the average expenditure per head of population has been calculated for each district. Where the highest and/or lowest spend councils were significantly different to the average for Leicestershire they were removed to avoid overstating the savings.

4.6.13 The saving was then calculated by assuming that under a unitary council any district council areas with above average expenditure would improve to the Leicestershire average. Any district councils already below average would improve to the expenditure of the next lowest spending, with no improvement for the lowest spending council.

4.6.14 The expenditure made by the County Council has not been included in the savings calculation. This reflects the different services provided between the two reorganisation tiers, meaning that complete integration is less likely. There are several areas where the services provided are very similar, for example both tiers undertake planning and development management activity; the County Council Trading Standards Service performs similar activity to the district councils public protection services. In these cases it is likely that savings can be realised through teams working closer together or even amalgamating certain activity. Further analysis to quantify these savings will be conducted, as the proposals progress.

4.6.15 The following savings have been generated:

Service	Service Expenditure £ millions	Saving £ millions	%
Housing (Benefit Administration)	11.1	1.0	9%
Environmental and Regulatory	21.8	1.2	5%
Planning and Development	27.5	2.0	7%

4.6.16 To verify the savings a reasonableness check with an existing unitary council has been made.

Cultural Services

4.6.17 With cultural services there is a large degree of choice available to the existing authorities regarding what services are provided and how. The main services in this category are:

- Sports facilities;

- Open spaces;

- Library services;

- Museums;

- Theatres.

4.6.18 There are statutory conditions surrounding some of these services, but they do not tend to be overly prescriptive. Hence relative expenditure is not a good indication of the potential for efficiency savings. Similar categories of services are provided by (and within) the different tiers on an overlapping geography. It is therefore reasonable to expect that some savings are possible through adoption of a countywide approach to service delivery. The savings for cultural services have been set at 5% of expenditure in Leicestershire.

Service	Service Expenditure £ millions	Saving £ millions	%
Cultural	25.8	1.3	5%

4.6.19 This would be achieved through combining middle management and administration roles plus seeking reductions in supply contracts.

Waste Collection and Disposal

4.6.20 Waste has become one of the significant expenditure areas for local government over the past decade. This has been driven by a mixture of service enhancements, for example recycling, and Government deterrents, for example landfill tax. In many two-tier areas waste partnerships have formed to allow closer working between the various collection and disposal authorities. The depth of the partnership working varies from information sharing through to integration of services. In some areas these partnerships have resulted in waste collection activity moving to a single service. Providing governance arrangements are not onerous and partners do not impose conditions that impede good service design then significant efficiencies can be achieved. The existence of this joint working provides a basis for the estimation of savings for the creation of a unitary council.

4.6.21 The key areas of savings expected from establishing a single waste collection service are:

• Better vehicle utilisation, reducing labour costs and vehicle numbers;

• Greater purchasing power;

• Improved shift management;

• Economical insource contracted activity;

• Reduce middle management and administration costs;

• Improve recycling of dry materials, through aligning collection approach to recyclate processing;

• Depot rationalisation.

4.6.22 Using local knowledge and information available on existing partnerships a savings estimate of £1.1 million has been made. Providing the operational approach to the collection service is unified, for example adoption of the same vehicle specification, some local variation in the service will be possible. This may be out of necessity, for example the ability to have different waste receptacles in flats, or choice.

4.6.23 Further benefits would be possible through joining together the collection and disposal activity. Examples of this are:

• Design of the collection/recycling services takes better account for the resulting disposal/processing costs;

• Location of disposal points and transfer locations to take better account of the collection activity;

• Alignment of recycling and household waste sites with the other collection activity.

4.6.24 At this stage of development of the reorganisation proposals, an initial 1% reduction in disposal and collection costs have been assumed. The total estimated Waste savings are summarised in the table below:

	Service Expenditure £ millions	Saving £ millions	%
Single Collection/Recycling Service	21.9*	1.1	5%
Integrate Collections and Disposal Services	33.2**	0.3	1%
Total Waste	45.3***	1.4	3%

*Collection + recycling expenditure **Collection + disposal expenditure *** Collection + recycling + disposal expenditure

4.6.25 Savings levels published relating to established partnerships that have integrated collection services range from £1.5 to £3.0 million per annum. The savings estimate is at the lower end of the range. Further confidence can be gained by comparisons to existing unitary authorities that have lower costs per dwelling.

Council Tax

4.6.26 The collection of Council Tax and administration of the associated support is the smallest of the front-line service categories undertaken by the district councils, although its administrative nature means that significant savings will be possible. Creation of a single service for Council Tax will allow:

- Combination of management posts;

- Greater specialisation of roles building on best practice sharing;

- Expansion of volume processes such as billing and reminders.

4.6.27 The calculation of this saving category has been made by making comparisons to existing unitary authorities of relevant scale. Costs net of income on a per dwelling basis was the comparator chosen to avoid double counting of charges between organisations. From the comparator group chosen the suggested savings range was £1.6 to £3.4 million. The range loosely correlates with savings increasing for a higher number of dwellings being served. The proposed single unitary council would have greater scale than all of the comparators; despite this the savings have been assumed at the lower end of the range.

Service	Service Expenditure £ millions	Saving £ millions	%
Council Tax	6.6	1.7	27%

4.6.28 Note the saving calculation was based upon net costs, but figures presented are gross for consistency with other tables.

4.6.29 The savings have only considered the district council operations. Further benefits would be delivered by amalgamating operations with similar County Council activity. For example similar activity is undertaken relating to the charging of adult social care service users. This involved making financial assessments, raising invoices and collecting income.

4.6.30 Further significant financial benefits would be delivered through the implementation of billing and collection best practices. £300m of Council Tax is collected each year for local government in Leicestershire, even a small improvement in collection performance can have a significant financial benefit.

4.6.31 The table below summarises the various savings identified in the service management and administration category:

Service	Service Expenditure £ millions	Saving £ millions	%
Housing	11.1	1.0	9%
Environmental and Regulatory	21.8	1.2	5%
Planning and Development	27.5	2.0	7%
Cultural	25.8	1.3	5%
Waste	45.3	1.4	3%
Council Tax	6.6	1.7	27%
Total	138.1	8.5	6%

4.6.32 The total is for the specific services in scope of the savings calculation. It is likely that public health, education and social care services would also be involved in any integration further driving down the relative impact on front-line services.

4.7 Equalisation of Council Tax

4.7.1 Currently Leicestershire residents pay the same level of Council Tax for County Council services regardless of where they live. A different level of Council Tax is charged by each of the district councils. The level of tax varies depending upon a variety of factors including:

- the amount of other income received from alternative sources, for example Government grants, service charges and investments;

- the services offered by the district council;

- services offered by parish councils, funded by a separate precept;

- demand for services;

- efficiency of individual organisations.

4.7.2 The new unitary council would be required to charge the same level of Council Tax to all Leicestershire residents, for the services they deliver. This is known as Council Tax equalisation (sometimes harmonisation). The level of Council Tax would be a political choice for the new unitary council, the implementation can be phased following agreement with Government. The Financial Orders governing the last set of reorganisations permitted a five year period for this equalisation to take place. An additional precept would be set by each parish or town council, meaning that the final amount of Council Tax paid by Leicestershire residents would vary slightly across the county.

Equalisation reduces the income available to the new unitary council. However, it does mean that many of the residents of Leicestershire become direct financial beneficiaries of the savings delivered through reorganisation. The phasing of this reduction in income helps to de-risk the implementation as it can be set with the implementation cost and rate of saving in mind.

4.7.3 Residents' Council Tax bills comprise of charges from different types of organisation. The table below sets out the local authority Council Tax charges levied in Leicestershire in 2018/19 for a Band D property.

£ p.a.	Blaby	Charnwood	Harborough	Hinckley and Bosworth	Melton	North West Leics.	Oadby and Wigston	County Average
County Council	1,243	1,243	1,243	1,243	1,243	1,243	1,243	1,243
District Council	158	117	152	109	169	159	218	145
Police Authority	199	199	199	199	199	199	199	199
Fire Authority	65	65	65	65	65	65	65	65
Special Expense and Parish (avg.)	95	85	62	71	62	76	0	71
Leicestershire	1,760	1,709	1,721	1,686	1,737	1,741	1,725	1,722

4.7.4 The precepts relating to the Police and Crime Commissioner, Fire Authority and parish/town councils are not directly impacted by the equalisation process. Similarly a practice currently undertaken by some district councils of making a Special Expense charge, where one or more special items relate to only part of what would be the unitary area, can be continued by the unitary council/s.

4.7.5 The reorganisation proposals include the potential for more parish councils to be created or for existing councils to take on more responsibility. There are a variety of methods that could be employed to achieve this without an overall increase in cost being borne by Council Tax payers. One of these methods is for the parish council to raise a precept to cover the costs of the services that they take on. A corresponding reduction can be made from the charge of the local authority that previously performed the service. This would ideally happen before reorganisation or during the Council Tax equalisation period. It is likely that there would be a difference in charges made by individual parishes. The average parish charge is £71, so the resulting difference is unlikely to be significant in the context of the overall Council Tax bill (approximately £1,700).

4.7.6 The starkest example is the Oadby and Wigston Borough Council where there are no town/parish councils. An estimate of the change to the Oadby and Wigston Borough Council charge should parishes be introduced is not possible. The charge would depend upon the services the newly formed councils chose to provide and the coverage. The different districts of Leicestershire all have different levels of coverage by parish/town council. Several significant areas are not covered, for example Coalville, Hinckley and Melton Mowbray. Hence comparisons to parish charges in other districts provide an indication of the scale of the charges only.

4.7.7 The table below sets out the difference in charges levied in Leicestershire in 2018/19 for a Band D property.

£ p.a.	Blaby	Charnwood	Harborough	Hinckley and Bosworth	Melton	North West Leics.	Oadby and Wigston	County Average
County Council	1,242.60	1,242.60	1,242.60	1,242.60	1,242.60	1,242.60	1,242.60	1,242.60
District Council	158.32	117.09	152.32	108.83	168.69	158.58	217.97	144.59
Two tier charge	1,400.92	1,359.69	1,394.92	1,351.43	1,411.29	1,401.18	1,460.57	1,387.19
Difference to lowest	49.49	8.26	43.49	0.00	59.86	49.75	109.14	35.76

4.7.8   The new unitary council/s can decide the level of Council Tax that they harmonise to. If this harmonisation takes place below the level of the current average Council Tax bill then there will be a reduction in income received by the new unitary council. If the lowest level is chosen the Council Tax charge would be based upon the charge of Hinckley and Bosworth Borough Council, as set out in the table below:

	£ Per Annum
Current County Council charge	1,242.60
Current H and B charge	108.83
Unitary Charge	1,351.43
Police Authority	199.23
Fire Authority	64.71
Special Expenses and Parish charge (average)	71.11
Total Leicestershire Charge	1,686.48

4.7.9   Based upon the current Band D levels the harmonisation of Council Tax would result in Leicestershire residents benefiting by up to £8 million from the reorganisation savings. This reduction in bills equates to 2.6% of the current county + district charges.

4.7.10   If reorganisation is undertaken the actual reduction in Council Tax bills will depend upon:

- The relative district charges at the time of reorganisation;

- The approach taken to charges during the equalisation period, expected to be up to five years post reorganisation;

- Change to charges due to any responsibilities transferred to parish councils;

- Changes to special expense charges, or introduction of new ones.

4.7.11   The benefit received by individual tax payers will depend upon their existing district of residence, with Hinckley and Bosworth Borough Council residents receiving no benefit from this aspect of re-organisation. All other residents will see a reduction to bills with residents of Oadby and Wigston Borough Council seeing the greatest reduction at £109 per annum, based on current levels and allocations of Council Tax.

Other Considerations

4.7.12   Changing how services are delivered is likely to yield additional benefits to those outlined above. Key examples include:

- Improvements in income received by the service, either trading or improved grant bid success;

- Synergies from linking with the large County Council services such as social care;

- Improved end to end decision making, for example, bringing together the preventative services (e.g. homelessness) with the beneficiary (e.g. social care);

- Easier to implement new countywide initiatives, for example Lightbulb or Supporting Leicestershire Families;

- Deliver a unified capital programme, allowing greater co-location of services;

- Council Tax and business rates collection rates;

- Greater facilitation of investment through mechanisms such as Tax Incremental Financing.

4.8   Conclusion

4.8.1   The savings potential offered by reorganisation is significant and likely to be the single biggest efficiency initiative that is available to local government and which can be used in part to sustain and develop frontline services provided currently by either tier. The estimate of the different savings possible has been set out in the table below.

Annual Savings	Single Unitary £ million	Reduction %
Members' Allowances	0.4	19%
Elections	0.9	36%
Senior Management	5.6	32%
Back-office	17.4	29%
Service management and administration	8.5	6%
Contingency	(2.8)	-
Total (services reduced)	30	14%
Total (total expenditure)	30	4%

4.8.2   By necessity these are high-level estimates. However, a good degree of confidence can be taken from the analysis due to the similar exercises proposed and undertaken across the country. Reorganisation proposals take several years from initial concept to implementation. During this time the organisation will continue to evolve and new information will become available. This will require recalculation of potential benefits. Unless a significant amount of service integration activity is undertaken, outside of re-organisation, the order of magnitude of the savings is unlikely to change.

Contingency

4.8.3   A contingency has been included to allow for flexibility whilst proposals develop, particularly through engagement and consultation phases. This allows unforeseen changes to be dealt with without undermining the financial case. The more developed proposals become and the scope for unforeseen change reduced the aspiration is to reduce the size of the contingency, but some will be required until implementation is complete.

4.8.4   As proposals develop it will become apparent where the greatest degree of uncertainty lies. This will allow the contingency to become more sophisticated by identifying the potential variability of individual savings lines. For example, the extent of the organisational change required to deliver the back-office savings will mean they are likely to require a disproportionately large share of the contingency.

5.0
Savings Methodology and Findings
– Two Unitary Councils for Leicestershire

5.1 Summary

5.1.1 The table below summarises the financial implications of the option of two unitary councils for Leicestershire:

£18 million	£60 million	£18 million
Net annual saving	4 year MTFS saving	Cost of Implementation
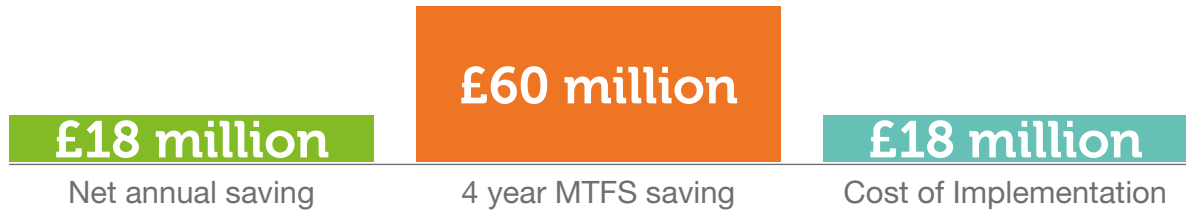
5.2 Financial Appraisal

5.2.1 This appraisal looks at the two unitary council model. As stated previously in this business case, the councils are assumed to be of equal size.

5.2.2 Although the savings for two unitary councils are derived in a similar way to those for a single unitary council, the key issues which reduce the level of savings that a model with two unitary councils would achieve are:
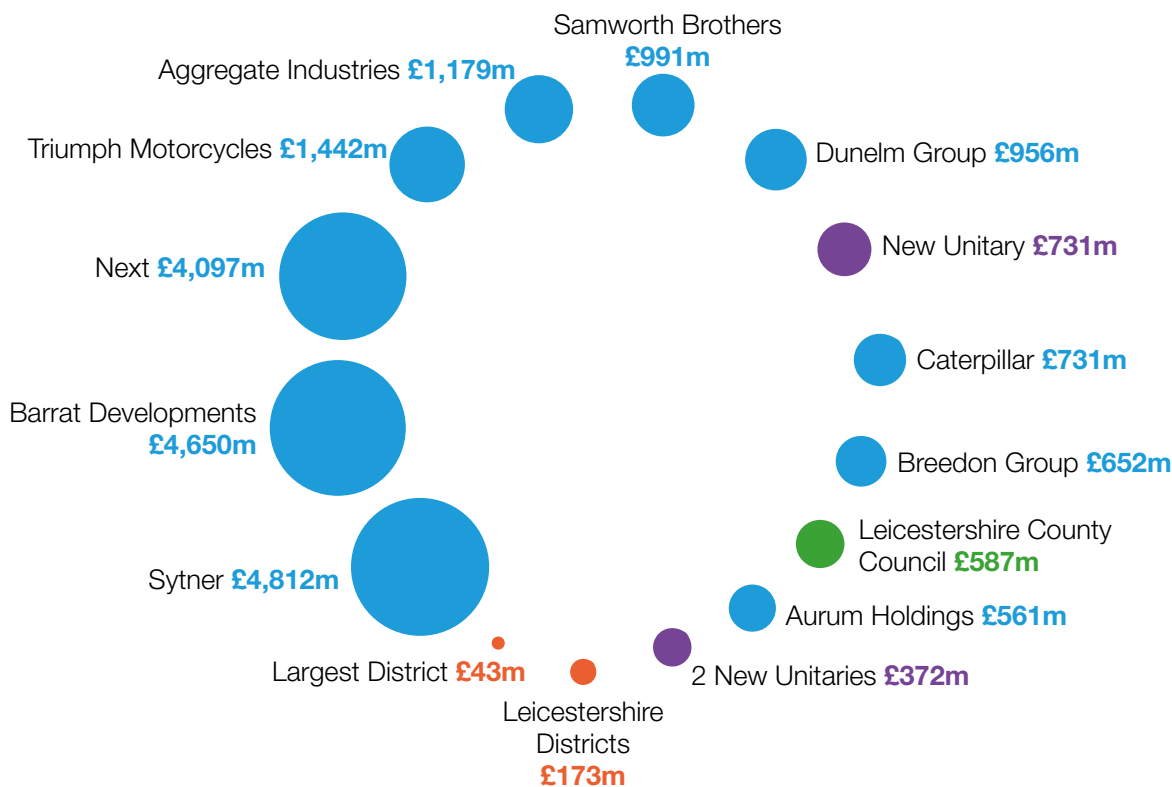
- Countywide services need splitting to create two new services. This results in additional senior and middle management.

- More organisations exist, which will require a greater total level of back-office and infrastructure support. These costs tend to be fixed in nature.

- Two unitary councils would be smaller organisations than the existing County Council, resulting in a loss of purchasing power.

- Salaries to attract the right people will not be materially lower in the smaller organisations. For some posts, where there is already a shortage of good candidates, salaries are likely to be the same.

5.2.3 The following section analyses the savings that would be achieved through the creation of two unitary councils for Leicestershire. Where the methodology for calculating the savings is the same as for a single unitary council for Leicestershire, this has not been repeated as it can be found in the section on the financial options appraisal for a single unitary council.

5.3 Diseconomies of Scale

5.3.1 In comparison to the largest businesses in Leicestershire the two unitary councils would be joint fourteenth. This comparison excludes maintained schools expenditure.

**Annual Sales - Top 10 Leicestershire Companies + Local Government**

Samworth Brothers **£991m**
Aggregate Industries **£1,179m**
Triumph Motorcycles **£1,442m**
Dunelm Group **£956m**
Next **£4,097m**
New Unitary **£731m**
Caterpillar **£731m**
Barrat Developments **£4,650m**
Breedon Group **£652m**
Leicestershire County Council **£587m**
Sytner **£4,812m**
Aurum Holdings **£561m**
Largest District **£43m**
2 New Unitaries **£372m**
Leicestershire Districts **£173m**

5.3.2 Following this analysis no adjustment has been made for potential diseconomies of scale.

Annual Savings	Two Unitary Councils £ million	Difference to the Level of Savings Achieved by a Single Unitary Council £ million	
Members' Allowances	0.3	0.2	40%
Elections	0.9	0.0	0%
Senior Management	3.5	2.1	38%
Back office	10.5	6.9	40%
Service management and administration	5.3	3.2	38%
Contingency	(2.9)	-	0%
Total	17.6	12.4	41%
Saving % of gross budget (excluding schools)	2.5%		

5.4 Phasing of Savings

5.4.1 The phasing of savings would be similar to that for the single unitary council and the Net Present Value (NPV) analysis remains favourable. However, in comparison the transition costs are higher relative to the level of savings and the payback period is longer.
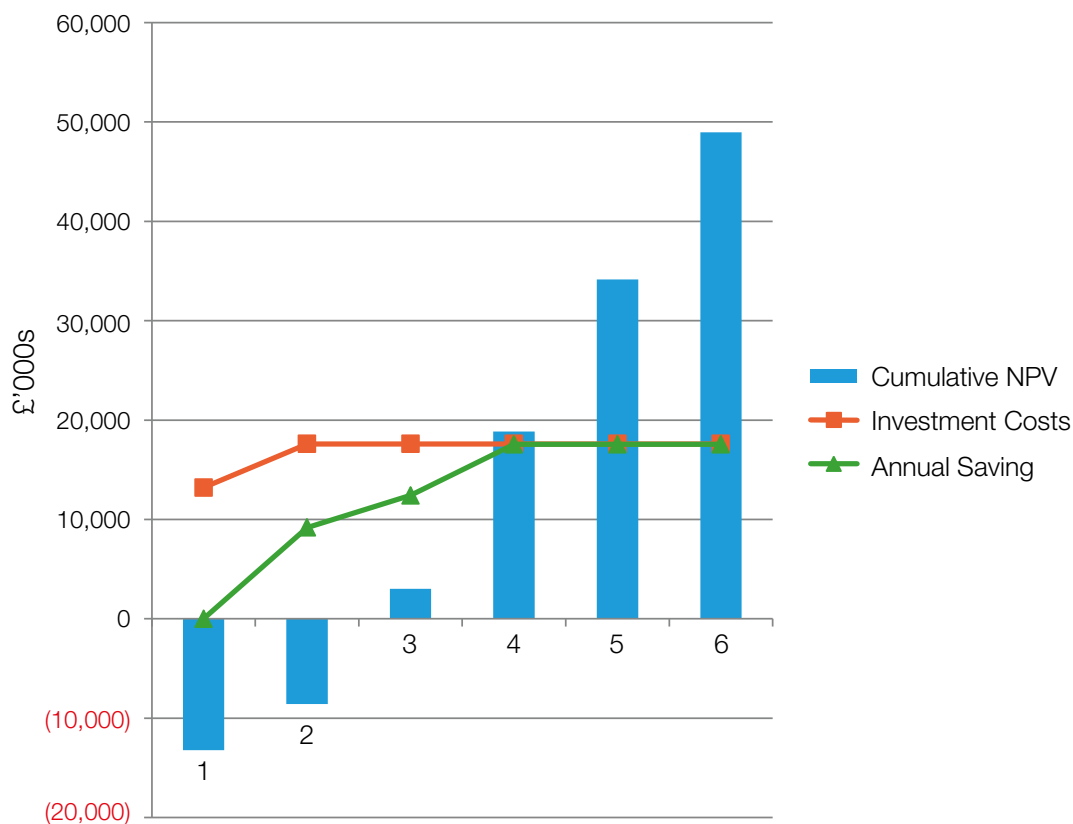
	Pre-Launch £000	Year 2 £000	Year 3 £000	Year 4 £000	Year 5 £000
Transition costs	(13,200)				0
Annual savings		12,412	17,562	17,562	17,562
Net Annual	(13,200)	12,412	17,562	17,562	17,562
NPV factor (Discount 3.5%)	1	0.934	0.902	0.871	0.842
Discounted net present saving	(13,200)	11,587	15,840	15,304	14,787
Cumulative NPV	(13,200)	3,012	18,852	34,156	48,943

5.5 Members' Allowances

5.5.1 The estimated savings to be achieved from members' allowances are:

	Current Leicestershire £ million	Two Unitary Councils £ million
Basic Allowance	1.6	1.7
Special Responsibility Allowances	1.0	0.6
National Insurance	0.2	0.2
Other expenses	0.1	0.1
Total Cost	2.9	2.6
Saving versus current	-	0.3
Number of Members	309	110
Average Cost per Member (£000s)	9.3	22.9
Population (000s)	690	690
Average Cost per resident	4.2	3.7
Gross Expenditure (incl. schools)	893.2	875.6
Expenditure per Member (£ millions)	2.9	8.0

5.5.2 The methodology used to calculate the basic allowance is the same as for a single unitary council: individual councillors would be representing the same division in both options i.e. each unitary council will have 55 elected members.

5.5.3 The reduction in the number of organisations would reduce the number of members receiving special responsibility allowances. For example, there would only need to be one Cabinet and Corporate Governance/Audit Committee per organisation. The assumption for the two unitary councils, given their relative size, is that the County Council's current schedule of allowances is adopted.

5.6 Elections

5.6.1 Although, the proposal for two unitary councils would be less efficient, due to two organisations co-ordinating activity, this was not felt to be a material consideration and the same saving value has been used as for a single unitary council. The same view has been taken with regard to the maintenance of the electoral register.

5.7 Senior Management

5.7.1 It is expected that, for two unitary councils, total expenditure on senior management would be higher than for a single unitary council.

5.7.2 For the proposal for two unitary councils, two management teams, in total, would be required. The assumption is that each corporate management team would have six FTE. This is one fewer than the single unitary council proposal to reflect the relative organisational size (49% when compared to a single unitary council). The rates of pay have not been changed as they are governed by the same external factors that would affect a single unitary council. Recruitment of the right leadership will be critical for the success of the two unitary councils due to the requirement to split key functions with minimal impact on service users.

5.7.3 The saving estimates are shown in the table below:

	Corporate Management		Gross Expenditure		Saving £ millions
	£ millions	FTE	£ millions	%	
Current Leicestershire	4.1	32	761	0.5%	-
Two Unitary Councils	2.1	12	743	0.3%	2.0

5.7.4 The result is two Chief Executives and 10 Directors to manage the two unitary councils compared to eight Chief Executives and 24 Directors currently.

5.7.5 Services within each unitary council would be integrated and not managed separately. This would enable the overhead rate for senior managers to reduce from the current level. Using the County Council costs as a starting point, £1.6 million would be saved.

	Senior Management		Gross Expenditure	
	£ millions	FTE	£ millions	%
Current Leicestershire	13.4	162	761	1.8%
Unitary Council at County Council rate	11.8	139	761	1.6%
Change	1.6	30	-	0.2%

5.7.6 However, the overhead rate for senior managers should be changed to reflect the smaller two unitary council proposal. The new organisations are significantly smaller (37%) than the current County Council. Although the focus of any design activity would be to keep overheads to a minimum the splitting of existing services will inevitably result in an increased overhead rate. An assumed increase of 5% has been made, although it should be noted that this is aspirational. The results are shown in the table below:

	Senior Management		Gross Expenditure		Saving/(Cost) £ millions
	£ millions	FTE	£ millions	%	
Two Unitary Councils	11.9	140	372 X 2	1.6%	(0.4)

5.7.7 With regard to senior management (those earning over £50,000), and bearing in mind that local government will be smaller by £17.6 million if there are two unitary councils, there should be a reduction reflecting the reduction in staff and contracts. This equates to an additional savings of £0.3m.

	Senior Management		Gross Expenditure	
	£ millions	FTE	£ millions	%
Unitary Council at County Council rate	11.8	139	761	1.6%
Two Unitary Councils	11.5	135	743	1.6%

5.7.8   A summary of the savings in this area is shown in the table below:

Savings £ millions	Dual Unitary
Corporate Management Saving	2.0
Adopt County Council Overhead Rate	1.6
Reflect Unitary organisation size	(0.4)
Reflect Reorganisation Savings	0.3
Total Senior Management Saving	1.5
Total Saving	3.5 (20%)

5.8 Back-Office

5.8.1   For the two unitary councils option the proportion of expenditure on back-office is likely to be higher than for the current County Council, but still lower than the combined district council total. The saving is further enhanced when the savings from reorganisation are taken into account. Local government in Leicestershire will be smaller by £17.6 million post reorganisation, if two unitary councils are created. Hence the back-office expenditure should reduce reflecting the reductions.

£ millions	Overhead Proxy	Gross Revenue Budget	%
County Council	8.4	587	1.4%
District Councils	8.0	173	4.6%
Total Leicestershire	16.4	760	2.2%

5.8.2   The new organisations would be significantly smaller (37%) than the current County Council. The focus of any design activity would be to keep overheads to a minimum. That way, similar benefits to the single unitary council option relating to shared best practice and selection of the best people would be received. However, the splitting of existing services and limited organisational scale will inevitably result in an increased overhead rate.

5.8.3   To calculate the saving, the County Council cost base has been split between fixed and variable costs. Using the back-office estimate created for the single unitary saving as a base the fixed costs were assumed to be equal for all unitary organisations and the variable costs dependent upon total expenditure. This provides an estimated saving of £10.5 million, equivalent to an 18% reduction in back-office expenditure for Leicestershire.

5.9 Service Management and Administration

5.9.1 Calculation of the saving from the two unitary council option is complicated due to the requirement to split services between two organisations. This extends beyond the activity in scope of saving to all services delivered by the County Council. Design of County Council services is not uniform, with different degrees of locality based provision and specialist countywide teams. To minimise the cost increase it is likely that a different configuration of services will be required to allow sharing of management; this would be to the detriment of some specialisation.

5.9.2 This analysis has focused on savings, but as the proposals develop this is an area that will require significant additional work. Although the relative contingency is higher there is significant uncertainty surrounding the impact of splitting existing County Council functions.

5.9.3 The table below summarises the various savings identified in the service management and administration category:

Service	Service Expenditure £ millions	Saving £ millions	%
Housing	11.1	0.7	6%
Environmental and Regulatory	21.8	1.0	5%
Planning and Development	27.5	1.5	6%
Cultural	25.8	0.6	3%
Waste	45.3	0.9	2%
Council Tax	6.6	0.7	14%
Total	138.1	5.3	4%

5.9.4 The total is for the specific services in scope of the savings calculation. It is likely that public health, education and social care services would also be involved in any integration, further driving down the relative impact on front-line services.

5.9.5 The two unitary council option savings have been calculated be repeating the single unitary analysis for each service category with lower improvement assumption. For example a 2.5% cultural saving rather than 5%. In total this has reduced the saving from £8.5 million to £5.3 million or 38%. This is a similar order of magnitude to the difference in the other saving categories, so has been accepted as an estimate at this stage.

5.10 Equalisation of Council Tax

5.10.1 For the two unitary council option it is not possible to calculate the equalisation of Council Tax, as it is dependent upon how the district councils are allocated between the two areas. On the basis of aligning the Council Tax charge to the level of the lowest district the harmonisation amount will be lower, as Hinckley and Bosworth Borough Council area will only be present in one of the unitary councils.

5.11 Conclusion

5.11.1 The savings potential offered by reorganisation is significant and likely to be the single biggest efficiency initiative that is available to local government and which can be used in part to sustain and develop frontline services provided currently by either tier. The estimate of the savings possible has been set out in the table below.

Annual Savings	Two Unitary Councils £ million	Reduction %
Members' Allowances	0.32	12%
Elections	0.9	36%
Senior Management	3.5	20%
Back-office	10.5	18%
Service management and administration	5.3	4%
Contingency	(2.8)	-
Total (services reduced)	17.6	8%
Total (total expenditure)	17.6	3%

5.12 Contingency

5.12.1 The two unitary council option's contingency is disproportionately higher than the savings proposed. This is required due to the far greater service delivery risk. The requirement to split countywide services results in all services being impacted, even though changes will result in disruption at a greater on-going cost. Delivery will also require a material increase in implementation costs. The true financial impact of splitting services is very difficult to estimate. As proposals develop this is an area that will require a significant investment of resource. It is expected that factors around service disruption will also need to be taken into account, which are not easily accommodated in a financial assessment. As proposals develop it will become apparent where the greatest degree of uncertainty lies. This will allow the contingency to become more sophisticated by identifying the potential variability of individual savings lines. For example the extent of organisational change required to deliver the back-office savings will mean they are likely to require a disproportionately large share of the contingency.

6.0
Options Appraisal

6.1 Options

6.1.1   The following options have been drawn from a number of sources both nationally in terms of structural reforms considered and adopted elsewhere in the UK but also from our own unique characteristics in Leicestershire including population size, natural and economic geography of the county. The appraisal also reflects suggestions and comments made during the engagement stages of the exercise conducted ahead of the preparation of the business case. This included meetings with local politicians, business organisations, local public sector bodies, education establishments, parish and town councils and voluntary sector organisations.

Single Unitary Council for Leicestershire

6.1.2   A countywide unitary council responsible for delivering all local authority services across Leicestershire to a population of 690,212 people.

Two Unitary Councils for Leicestershire

6.1.3   A two unitary model. For the purposes of this business case it is assumed that Leicestershire is divided into equal halves by population, would see each council responsible for delivering the full array of local authority services to populations of 345,106. The reality would be that a two unitary model would be based on existing district boundaries

Seven Unitary Councils for Leicestershire

6.1.4   Create seven unitary councils across Leicestershire based on the existing district boundaries, based on the current district council footprint.

Functional Reform

6.1.5   The retention of the existing eight councils in Leicestershire but with the implementation of service delivery and support services through shared service arrangements.

Do Nothing (status quo)

6.1.6   In Leicestershire, the status quo has remained unchanged since 1997. The County Council provides countywide services such as social care, road maintenance and waste disposal. There are seven district councils in Leicestershire responsible for providing services such as housing, leisure and waste collection.

6.2 Discounted Options

Regional Governance

6.2.1   The establishment of a regional Combined Authority across the East Midlands for the delivery of some strategic services, such as major transport infrastructure, and the retention of existing county and district councils for local service matters. This option has been discounted due to the limited progress made towards the establishment of a Strategic Alliance between the County Councils for Lincolnshire, Leicestershire, Nottinghamshire and Derbyshire and the City Councils for Leicester, Nottingham and Derby. Whilst initial discussions have been productive the possibility of the creation of a regional combined authority is considered too remote.

Dismissal and Re-engagement of County Council Staff to Make Savings

6.2.2   It has been suggested that the County Council could generate savings and improve the value for money it offers by following a legal process commonly known as "dismissal and re-engagement". This could change staff terms and conditions to effectively re-employ them on a lower salary. This option has not been included in the analysis due in part to its similarity with maintaining the status quo, and in part to the fact that, whilst this process may be legal, it is considered to be bad practice and would leave staff feeling disillusioned and undervalued. It would also present significant risk of industrial action which would disrupt the services provided to residents. Finally, it cannot be argued to improve local government or service delivery in the area as it would weaken the County Council's standing and erode trust. A £30 million saving would be equivalent to an average cut of 17% for staff, although due to the National Living Wage this reduction would be higher for many staff.

6.3   Government Criteria for Change

6.3.1   The provision in the so-called 'sunset clause' in the Cities and Local Government Devolution Act 2016, which meant that the Secretary of State for the Ministry of Housing, Communities and Local Government could consider reorganisation proposals without inviting them, where a single affected local authority consented to this, has now fallen away. As the law currently stands, the Secretary of State can consider reorganisation proposals only after inviting them. This provision is set out in the Local Government and Public Involvement in Health Act 2007.

6.3.2   A written statement to Parliament made by the Secretary of State on 22 July 2019 confirmed the circumstances in which he would be prepared to issue a formal invitation. The first circumstance is where the following two conditions are met:

i.   There is a local request for an invitation.

ii. That the Secretary of State considers that the request demonstrates local opinion is coalescing around a single option which is reasonably likely to meet the criteria for unitarisation.

The second circumstance is where the Secretary of State considers that doing so would be appropriate given the specific circumstances of the area, including in relation to the long-term sustainability of local services. This is the situation in which an invitation was issued to the councils in Northamptonshire.

6.3.3   The written statement also clarified that the Secretary of State will assess any locally-led unitary proposal that he receives against the criteria for unitarisation which were announced to Parliament on 23 February 2017. These criteria state that subject to Parliamentary approval a proposal can be implemented, with or without modification, if the Secretary of State concludes that across the area as a whole the proposal is likely to:

• improve the area's local government;

• command a good deal of local support across the area; and

• cover an area that provides a credible geography for the proposed new structures, including that any new unitary council's population would be expected to be in excess of 300,000.

6.3.4   The Caller report on Northamptonshire issued in February 2018[3] provided more detail on what was meant by the criterion to 'improve the area's local government'. This report suggested that a proposal should be 'likely to improve local government and service delivery across the area of the proposal, giving greater value for money, generating savings, providing stronger strategic and local leadership, and which are more sustainable structures.'

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3 www.gov.uk/government/collections/inspection-into-the-governance-of-northamptonshire-county-council

6.4 Analysis of Options

6.4.1 The Government criteria outlined in the section above have been broken down into the following categories to enable an analysis of the options:

- Credible geography

- Population substantially in excess of 300,000

- Improves service delivery, including innovation

- Greater value for money

- Yield significant cost savings

- Provider stronger strategic and local leadership

- Delivering a more sustainable structure in respect of finance, partnership and beyond.

Options which do not meet the Government's Criteria for Change

6.4.2 The option of seven unitary councils for Leicestershire does not meet the Government's criteria for the following reasons:

- None of the district councils have a population in excess of 300,000; population size ranges between 50,873 (Melton Borough Council) and 180,378 (Charnwood Borough Council);

- It would increase the level of inconsistency in service delivery and result in increased costs due in part to the requirement to recruit to existing County Council director posts in each council and to have appropriate senior management structures in place;

- Local government in Leicestershire would be less sustainable as, to ensure that service delivery is not weakened, there would need to be a high level of collaboration between the seven unitary councils, with corresponding additional bureaucracy and cost;

- It would increase the complexity of the landscape for partners, which would be unhelpful and unwelcome in operational and planning terms, particularly for the NHS, Fire, Police and Leicester City Council;

- Strategic leadership would be significantly weakened with seven competing voices speaking on behalf of Leicestershire. Varying levels of priority and funding would make engagement at a regional level problematic and would require complex governance arrangements.

6.4.3 Functional reform does not meet the Government's criteria for change for the following reasons:

- It would be unusual in a shared services model to have full alignment of priorities and funding across eight organisations, meaning that compromises would have to be made which reduce the overall financial benefit;

- Governance arrangements would be more complex, reducing the speed of implementation for any changes to services and requiring significant time and resources to be spent on their maintenance;

- The savings would not be significant in the context of a four year savings requirement of £75 million for Leicestershire councils: in September 2016, EY published a national report which identified that a typical saving of up to £8 million would result from shared support services;

- A shared services arrangement would not strengthen strategic and local leadership arrangements unless all councils were willing to nominate a single council to act as spokesperson; experience suggests that this is impossible;

- Functional reform would not deliver a more sustainable structure in respect of finance or partnership as the level of savings would be comparatively small and the number of partnerships would increase for each service that is delivered collaboratively.

6.4.4 Maintaining the status quo would not meet the criteria to improve local government and service delivery across the area of the proposal, giving greater value for money, generating savings, providing stronger strategic and local leadership or creating more sustainable structures.

Comparison of Options which meet the Government Criteria

Criteria	Single Unitary Council	Two Unitary Councils
Credible geography	• 'Leicestershire' is a well-established and recognised name. • Leicestershire is the outer circle of a functional economic area, Leicester and Leicestershire, recognised by Government. The interdependencies of city and county are a key part of that functional coherence in terms of the economy, employment and infrastructure.	• Any division of Leicestershire, say north/south or east/west would have to demonstrate how this was not an arbitrary division. The only comparable division has been the two County Clinical Commissioning Groups (West; East and Rutland) but they are now moving into a single management structure covering all of Leicester, Leicestershire and Rutland. • A two unitary model would necessitate the creation of two areas not reflecting natural communities or functional economic areas.
Population substantially in excess of 300,000	• Leicestershire's population is 690,212 (mid-2017 population estimate).	• To split the population of Leicestershire equally in half would see each unitary council with a population of 345,106.
Improves service delivery, including innovation	• Integration of services between district councils and between the County Council and district councils, genuinely joined up in planning and delivery. • Significant efficiency savings through alignment of front-line service delivery and support service functions. • Confusion over responsibilities eliminated for public and organisations. • Innovation opportunities, e.g. greater digitalisation, property rationalisation.	• Benefits would be similar to a single Unitary Council but on a smaller scale. • There would be a negative impact on areas where the City Council and County Council currently worked in partnership, such as economic growth, strategic tourism and strategic transport. New partnership arrangements would need to be negotiated and there would be a risk of one or more partners choosing not to co-operate. • The disadvantages of the disaggregation of social care services, now on a county footprint, would be significant, including the impact on partners and safeguarding boards and related arrangements. The current national direction of travel is towards the integration of health and care services; this would become more difficult if social care in the county was commissioned by two separate organisations and would increase the risk of a 'postcode lottery' for service users. • There would be disadvantages to the disaggregation of Environment and Transport Services, which could be significant depending on the strategic direction for growth and infrastructure taken by each council. The 'Leicestershire voice' would also be weakened in regional and national discussions.

Criteria	Single Unitary Council	Two Unitary Councils
Greater value for money	• Council Tax and business rates income maximised on front-line services, reduction in the cost of management tiers and by having fewer, more strategic elected members. • 'Overhead costs', i.e. support services reduced to 6% in line with the County Council costs. Districts' average cost is 15%.	• The duplication of departments, management teams/structures and service providers for two councils would reduce the value for money to the taxpayer.
Yield significant cost savings	• Predicted savings are £30m per year.	• Predicted savings are £17.6m per year.
Provide stronger strategic and local leadership	• Strategic leadership provided by a single, elected voice able to speak with unity of purpose for Leicestershire on all local government and public sector and other matters affecting the county. • Local leadership strengthened through Area Committees with delegated decision making and devolved funding. • Opportunity to devolve powers to parish and town councils. • Large settlements and market towns currently without a town council include Coalville, Hinckley, Loughborough, Market Harborough and Melton Mowbray.	• Strategic leadership would be less effective with no single voice for Leicestershire. • Engagement with regional agreements, neighbouring councils and partnership working would be problematic in the event of disagreement although better than the current two-tier model. • Local leadership would in part be dependent on the credibility of the locality and if this option offered the opportunity for new town councils. • The establishment of area committees and the devolution to parish and town Councils could apply in this option.
Delivering a more sustainable structure in respect of finance, partnership and beyond.	• Opportunity for reinvestment in front-line services from annual savings made possible through economies of scale sharing of best practice etc. • Creates optimum integration of health and social care with Clinical Commissioning Groups.	• The ongoing benefits in terms of savings, reinvestment in services and consolidation of services would not be as great compared to a single unitary. • The need to create two social care authorities to replace one would be unhelpful and unwelcome in operational and planning terms to NHS partners locally, regionally and nationally.

6.5 Preferred Option

6.5.1 The option of a single unitary council for Leicestershire is the preferred option. It would strengthen the role of elected members, improving both strategic and local leadership. It would create opportunities to make savings in management and back-office costs and for these savings to be re-invested in front-line services, make key services more sustainable and protected against further funding pressures. More importantly, services across local government in Leicestershire would be integrated to improve outcomes for residents and businesses.

6.5.2 The financial and non-financial initial appraisal points to a single countywide unitary structure for Leicestershire as the best fit against the Government's criteria and therefore the best model for meeting present and future challenges.

6.5.3 The key benefit of a single unitary structure for Leicestershire would be to maximise financial savings to protect and invest in front-line services currently provided by both the County Council and the district councils. Other benefits drawn from the initial appraisal include:

- Unity of purpose, with a single point of accountability and responsibility for the quality and consistent delivery of all council services, led by a single executive function and a single managerial function;

- A single platform on which to build more effective partnerships with business and other public sector bodies, notably the NHS;

- A single geography for economic growth, with one council accountable for spatial planning, asset management, housing, infrastructure and transport;

- An enhancement of existing countywide social care, public health and safeguarding services by integrating responsibilities for housing, benefits and leisure and amenity services.

6.5.4 The initial key challenge to a single unitary structure for Leicestershire would be to provide assurance that residents and local communities feel connected to the work of the new Council and are able to shape their communities, based on local need.

6.5.5 A two unitary council structure or any other option set out above would not maximise financial savings. The initial appraisal also shows that benefits overall would be less than in a single unitary council and that in particular:

- The establishment of two unitary councils would require the disaggregation of existing countywide services such as children's and adult social care and related partnership arrangements, creating additional management and service delivery cost and potential inconsistency in service;

- More widely, the opportunities and unity of purpose afforded by a single unitary structure cannot be present;

- This model would be challenged in relation to any natural geography, how it would work with partners, with the functional economic area of Leicester and Leicestershire, and how it would relate to local communities.

7.0
Transition and Transformation

7.1 Change Management Arrangements

7.1.1 In order to help ensure that the benefits and opportunities for a new model for local government in Leicestershire are effectively and efficiently realised, and are sustainable for the longer term, a comprehensive change management programme would be required.

7.1.2 Such change would require effective preparation and planning, coordinated and well communicated across all existing councils, in advance of any changes being agreed and subsequently implemented.

7.1.3 A change management programme for a new structure for local government in Leicestershire would initially aim to ensure effective business and service continuity for all stakeholders – the public, elected members, council staff and partner organisations before turning towards realising the significant opportunities and benefits that a unitary structure would achieve for all.

7.1.4 To successfully navigate the significant transformation that this business case is built upon, a change management programme would be well planned, clearly governed and effectively implemented. Using existing best practice, including comprehensive Project, Programme and Portfolio Management (P3M) approaches, would help to ensure that the appropriate controls, including risk management activity, are effectively and proportionately engaged with ongoing assurance provided. A high-level roadmap for change would be developed, with clear milestones and decision points and proactive risk management activity would be employed.
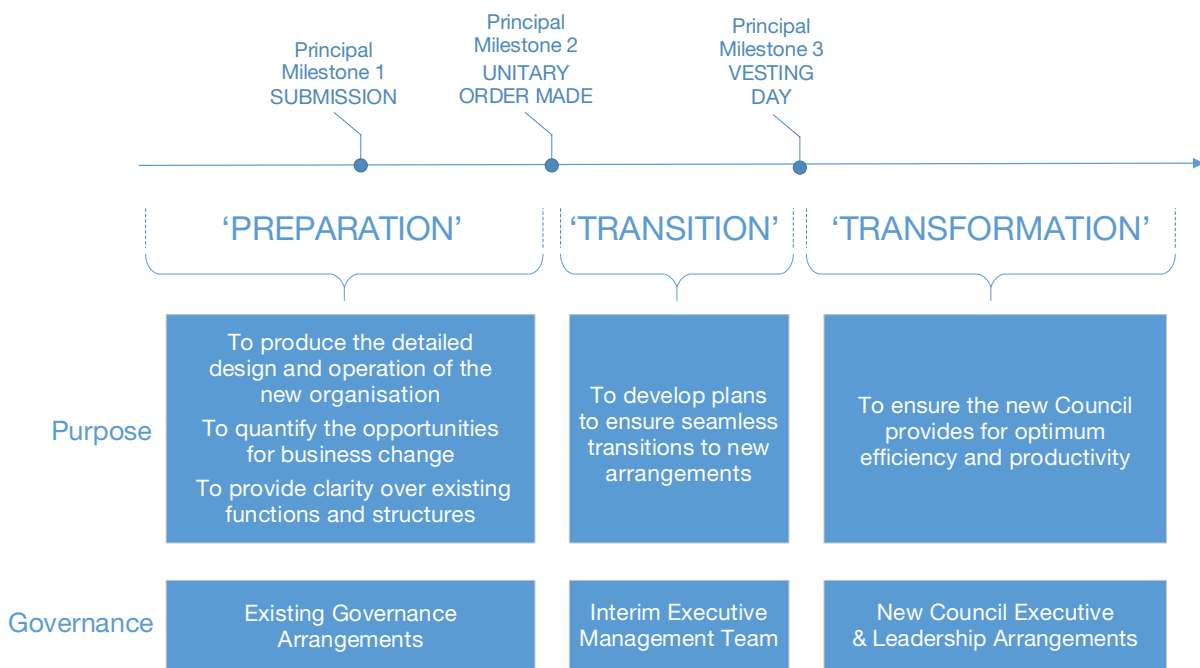
Diagram: P3M structure

7.1.5 The participation in change by all stakeholders would be an important principle going forward. Throughout the programme's work, clear communication and engagement for all staff across the predecessor councils would be important, helping to ensure equality of opportunity for all employees and to support the retention of valuable skills, knowledge and experience.

7.1.6 This programme of work would be challenging and complex and to help guide the approach the following high-level approach has been identified:

A Phased Approach

7.1.7 Bringing together the services, systems and staff of all existing councils in Leicestershire would be a complex exercise. In establishing a new Council, through the bringing together of existing services and responsibilities for all predecessor councils, it would be essential to establish a programme that will safely support the transition of arrangements, leading to sustainable transformation. To help ensure this, it is proposed that a phased approach to change would be undertaken, aligned with the changing legal forms of local government in Leicestershire.

7.1.8 In advance of any formal changes, the change management programme would establish comprehensive preparatory work, coordinated across all predecessor councils. Such activity would support a subsequent transition phase, focusing on ensuring business continuity as the new Council is formed, before the majority of benefits and opportunities articulated in this document are realised through a final transformation phase.

Diagram

	Principal Milestone 1 SUBMISSION	Principal Milestone 2 UNITARY ORDER MADE	Principal Milestone 3 VESTING DAY
	'PREPARATION'	'TRANSITION'	'TRANSFORMATION'
Purpose	To produce the detailed design and operation of the new organisation; To quantify the opportunities for business change; To provide clarity over existing functions and structures	To develop plans to ensure seamless transitions to new arrangements	To ensure the new Council provides for optimum efficiency and productivity
Governance	Existing Governance Arrangements	Interim Executive Management Team	New Council Executive & Leadership Arrangements

Comprehensive Preparation

7.1.9 Best practice advice has highlighted that effective and comprehensive preparation has proven essential in delivering change management programmes of this order. A strong evidence base, consistently developed across all predecessor councils, would inform the subsequent phases of transition and transformation that would deliver the benefits and realise the opportunities described within this document. Such preparation would also help mitigate against key risks associated with the establishment of the new council.

7.1.10 Managed through the interim executive group, the preparation phase would ensure that all necessary service and management information is gathered and understood to ensure the new council functions effectively from day one.

A Focus on Effective Business Transition

7.1.11 As has been highlighted elsewhere in this document, change management arrangements would commence ahead of any structural changes with coordinated activity across all predecessor councils.

7.1.12   The activities to be brought together, undertaken across the existing councils, are not unique in local government services, but each of the existing councils hold individual responsibilities for service delivery, through relationships with local business, service users and their communities. The change programme would focus on protecting the continuity of service for all these stakeholders, fundamentally reducing the risk of disruption and ensuring a smooth transition to new governance and management arrangements. The new unitary council would function effectively and more efficiently from day one.

7.1.13   The level of change within this phase would largely be limited to that identified in the preparatory work, covering elected members, management and back-office services. This would have an emphasis on ensuring the retention of the necessary skills and knowledge within the new organisation to facilitate service continuity. New leadership, management and structural arrangements would be established, providing clarity and certainty across all areas of the new organisation and helping to ensure the continued performance of existing services.

7.1.14   Throughout the transition to these new arrangements for the new council, identified and developed in the preparatory work, a true commitment to fair and transparent transition arrangements for all local government staff in Leicestershire would be upheld. To further support this, the change management programme would actively engage with the councils' recognised Trade Unions in designing and delivering change.

A Managed Approach to Transformation

7.1.15   Throughout the preceding phases and activity within the proposed change management programme, a key consideration would be that of informing the scope and profile of the subsequent transformation phase that would ultimately deliver most of the benefits articulated within this document.

7.1.16   The transformation phase would oversee the implementation of the remainder of the new council's organisational design, moving from the earlier focus on service continuity, within the transition activity, to a mechanism for maximising the efficiency and productivity of the new council's business. This phase of the change management programme would establish clear protocols for transformation activity, supported by a structured P3M approach, delivered locally through departmental service management arrangements, and coordinated and facilitated through a central transformation support resource.

7.1.17   A forward plan of transformation activity would be developed, regularly maintained and consistently reported against to ensure that the benefits articulated within the financial model are realised as intended. To support an accurate financial model for the benefits articulated within this document, transformation activity would be prioritised and planned during the preceding phases.

7.1.18   The investment in an effective change management programme has been included as a key design principle in the financial model.

7.1.19   The savings in the business case have deliberately focused on those directly attributable to reorganisation. Whilst implementation will deliver improvements to back-office and front line working practices, several areas have been highlighted that would deliver additional savings. Some of the recent business cases for reorganisations elsewhere in the UK have exemplified the significant additional savings that could be achieved through a full transformation. Whilst additional investment and time would be required this would be more than justified by the additional financial and service benefits. If the proposal progresses setting the level of ambition at an early stage will be essential.

Change Management Governance

7.1.20   The change management programme would be active throughout the transition states for local government in Leicestershire. During this time, there would be differing forms of officer and political oversight, culminating in new executive management arrangements for the new council.

7.1.21   The change management programme would, throughout the various phases of change, provide assurance over the investment, including time, required to deliver the benefits articulated within this document and to effectively deal with any identified risks. This would include the management of the cost and extent of reductions and redundancies necessary.

Risk Assessment and Management

7.1.22   The risk assessment process has been used to assess the strategic risks of this programme.

7.1.23   The assessment provides an early indicator of risks and is not an exhaustive risk analysis model at this stage. It will be the starting point for a more detailed risk assessment process in future iterations of the business case.

7.1.24   The risk assessment is designed to support decisions regarding the risks and responsibilities for the delivery of the programme, and its visibility, reporting and assurance.

7.1.25   From the initial risk assessment analysis undertaken, the following strategic risks and planned mitigating actions have been identified:

Stage	Risk	Information / Action
Programme Planning	All necessary information to support the business case development may not be available in the early stages of the programme.	The business case development is an iterative process that will continue through the early stages of the programme. Additional governance arrangements to support the business case development will be considered as the programme develops. The business case will be the subject of extensive public consultation prior to any formal decision made on submission of proposals to government.
	Government criteria for unitary proposals and devolution are amended.	The Strategic Business Case is predicated on the existing criteria provided by Government and used by other Councils in the UK. New guidance and criteria will be incorporated into future iterations of the business case, when appropriate.
Programme Implementation	The benefits (financial and non-financial) and implementation costs articulated within the business case are overstated or are not able to be fully realised.	The business case development is an iterative process that will continue through the early stages of the programme and based on available data and experience of other UK councils. The programme will be delivered through a comprehensive, well governed, change management programme, to include benefits and risk management activity.

7.2   Structural Change Orders

7.2.1   Transitional functions, and how they will be discharged, will be addressed in a piece of legislation called a Structural Change Order. A desktop examination of Structural Change Orders found two main examples of arrangements that have been deployed to date; an Implementation Executive or a Shadow Authority and Executive. The creation of an Implementation Executive was a requirement for the unitary councils created in 2008/09; the most recent unitary councils have set up a Shadow Authority and Executive.

7.2.2   It is therefore most likely that the Shadow Authority and Executive arrangements would be applied to Leicestershire.

7.2.3   The arrangements for the discharge of transitional functions would be determined by the Government, although usual practice is that the affected councils would be consulted during the drafting of the legislation.

7.2.4   A summary of the Shadow Authority and Executive arrangements applied in Buckinghamshire and Dorset is set out below:

- All councils are wound up and dissolved and all councillors will cease to hold office after that date. A new district council is created to coincide with the county area and be the sole principal authority in the area.

- A shadow authority for the new council is set up immediately following the date the Order comes into force and ends on the fourth day after the elections.

- The members of the Shadow Authorities are those who are members of the preceding councils.

- The Shadow Authority must set up an executive committee. As an example, for the Buckinghamshire Shadow Authority, the Shadow Executive Committee is to consist of eight members nominated by Buckinghamshire County Council and two members nominated by each of the four district councils.

- There is no specification as to the political balance of the Shadow Executive Committee.

- The Shadow Executive Committee continues even when the preceding councils have been dissolved. It is responsible for designating interim statutory officers and making permanent appointments to these posts for the new council, setting up the governance arrangements for the new council, developing an implementation plan, including timetables and budgets and preparing for when the new council is able to assume its functions and powers.

- There is a requirement to establish an 'Implementation Team' of officers for the Shadow Authority and for the preceding councils to co-operate and release officers from normal duties as appropriate.

- The Structural Change Order also confers general duties on the preceding councils to take, whether alone or together, such steps as may be necessary to prepare for the transfer of their respective functions, property, rights and liabilities to the new council. They must also consult and co-operate with one another in order to secure the economic, effective, efficient and timely transfer of those functions, property, rights and liabilities; and generally exercise their functions so as to further the purposes of the Order.

7.2.5 Locally, members have expressed a preference for a politically and geographically balanced Shadow Executive that would be operational at least 12 months before vesting day. A further preference has been expressed that the current County Council electoral boundaries be used for electing to the new authority, with a doubling of the Councillors representing each electoral division. The Boundary Commission would be invited to undertake a review once the new unitary council had been established. This would enable the Boundary Commission to assess how effective and efficient the arrangements were by seeing them in practice.

7.3 Process for Transferring Staff to a New Council

7.3.1 Based on the process followed on the creation of single county unitary councils in 2009 (Wiltshire, Cornwall, Durham, Shropshire and Northumberland), the County Council is working to an assumption that, in the event that a Structural Change Order is made, the arrangements to cover the transfer of staff from the councils ceasing to exist to the new council would be subject to at least one consequential statutory order that would be made by the Secretary of State and approved by Parliament.

7.3.2 The Structural Change Orders for single county unitary councils created in 2009 were predicated on the basis of the district local authorities ceasing to exist and the former County Councils becoming a single tier council on the reorganisation dates. For these purposes the district councils were referred to as "predecessor councils" and the county councils as the "preparing council". This is in contrast to the more recent reorganisation in Dorset where all of the councils concerned have ceased to exist to be replaced by two new councils.

7.3.3 The overarching Local Government (Structural and Boundary Changes) (staffing regulations) of 2008, that also applied to the single county unitary councils created in 2009, provided that the transfer of functions from the predecessor council to a single tier council occurring as a result of the Structural Change Order must be treated for all purposes as a relevant transfer under TUPE. The separate guidance issued by the then Department for Communities and Local Government makes it clear that this approach was designed to ensure that employees of predecessor councils who were in post immediately before the reorganisation date (and whose terms and conditions of employment provided for their employment to continue beyond that date) became employees of the new single tier council and the employees transferred on the same terms and conditions as they had enjoyed immediately beforehand. The guidance also covered the practical implications on the staffing regulations including how to approach the disaggregation of employees where there is more than one new single tier council for the area of a predecessor council.

7.3.4　The regulations cover specific provisions in relation to the Head of Paid Service requiring that posts in each new single tier council be recruited to by means of an open competition. Councils were encouraged to follow the same approach with other senior roles.

7.3.5　The view is that, assuming the position would be similar to the statutory orders and guidance put in place for the creation of a new council in 2008/9 TUPE will apply to all other posts transferring in to the new council – and that the TUPE regulations (which provide employment protection) will apply equally across all organisations i.e. the transfer of functions from a predecessor council to a single tier council.

7.3.6　The 2008 guidance to the implementation executive and shadow councils emphasised the importance of equality of opportunity within the new structure and that it should not be assumed that those previously employed by the preparing council would be more likely to secure similar or equivalent roles in the new single tier council than those transferring from a predecessor council. The guidance states that "rather this matter will be subject to an assessment of individual circumstances, being partly dependant on whether there are employees transferring into the new council who have been performing equivalent roles in predecessor councils. The government would not expect any group of staff to be treated preferentially simple because they have been employed by the preparing council".

7.3.7　There would be some important principles to follow in association with the creation of a new Council:

- as much assurance as possible about employment and terms and conditions;

- as much equality of opportunity as possible for existing employees across all councils;

- management of the cost and extent of reductions and associated redundancies.

7.3.8　It is also important to consider a number of other points:

- some services would be unique and would be largely unaffected;

- there would be many areas where the need to seek to retain specialist/technical skills is paramount;

- the new council would need to function effectively from day one;

- If possible, structures should be developed ahead of vesting day, and posts either appointed to ahead of it, or work undertaken to ensure that staff have certainty of knowing at the point of TUPE transfer the services and posts that they would be moving into.

7.3.9　Clearly, redundancies are likely as this was the position when the 2009 single unitary councils were created, and each existing council working with the Shadow Authority and Shadow Executive Committee would want to reach early agreement on a joint protocol as to how these are handled e.g. volunteers from targeted areas once it is known that reductions will be needed from those areas. Any such protocol would also need to set out the redundancy terms to be used. Redundancies would normally happen after vesting day i.e. staff would TUPE transfer and then redundancies would take effect, unless the Councils, subject to any necessary agreement of the Shadow Authority and Shadow Executive Committee, sought to put in place a Voluntary Early Redundancy Scheme where decisions were made in advance of vesting day, and staff left early.

7.3.10　In the 2008 Regulations, the Government strongly encouraged affected employees and the implementation executive shadow councils to engage constructively with Trade Unions throughout; the fact that the transfers were dealt with as TUPE transfers meant that various duties on the employer arose in relation to engagement with the recognised Trade Unions.

7.3.11　The estimated £30 million annual savings that a single structure of local government for Leicestershire would make only equate to approximately five percent of the total budget. Redundancies would therefore not be significant in the context of the total number of staff employed by the eight organisations. An exact figure for redundancies has not yet been confirmed.

7.4　Cost of the Transition

7.4.1　Establishment of either a new single unitary council or two unitary councils will require significant one-off investment. The overall costs of implementation are estimated to be £19.0m for a single unitary, and £17.6m for two unitaries. The additional cost for the single unitary option is due to redundancy costs driven by the higher level of savings. The higher savings more than justifies the additional investment cost, as evidenced by the shorter pay-back period for the single unitary option.

7.4.2   It is expected that implementing unitary government in Leicestershire will require an initial investment in the following areas:

Category	Rational
Staff redundancy cost	A significant proportion of the unitary financial benefits come from reducing the number of staff employed, particularly at a senior level. Staff have a legal and contractual right to compensation for loss of their job. Previous efficiency projects have shown that estimated costs in this area tend to be overstated due to the mitigations that can be put in place, such as redeployment and holding vacancies. This will be particularly relevant to the reorganisation due to the multi-year implementation.
Cost of integrating and decommissioning IT systems	Costs will be needed to integrate and replace the core service systems, including the merging of necessary historic service information. The approach of adopting the best existing system will allow costs to be lower than if new systems were procured and implemented.
Implementation team	An integration team will be required to perform the detailed service design work for the new organisation/s, implement the changes and minimise service disruption. The team would be in place for approximately 3 years.
Specialist Support	The integration team will need access to specialist advice and support, for example legal advice to review employment and supplier contracts.
Communications & Training	Residents and partners will need to understand any changes to their access of services. The new organisation/s will require a new branding. Staff and Members will require inductions and training, which is likely to be in excess of the existing budgets.
Merging of Operations	It is likely that there will be instances of contracts being terminated early to avoid duplication of running costs, although these costs would be judged against the benefit received. Organisations' differences will also need to be removed so that the new unitary operates as one organisation, for example harmonisation of employment terms and conditions. The Property estate will experience some consolidation with costs incurred for storage/archiving, removals, clean-up and shut down. These costs should be mitigated, at least in part, by capital receipts or rental of vacated space. All of these costs are specific to the Leicestershire proposal and without undertaking surveys or audits an accurate estimation is difficult. Hence a contingency is allowed for the uncertainty that exists at this stage for the proposals development.

7.4.3   An estimate for each category of costs is set out in the table below.

	Single Unitary £m	Two Unitaries £m
Redundancy	10.0	6.5
ICT Integration	3.0	4.5
Implementation Team and Specialist Support	2.5	3.5
Communications and Training	1.0	1.1
Contingency	2.5	2.0
Total	19.0	17.6
Total Ongoing Savings (p.a.)	30.0	17.6
Pay Back*	2 Years	3 Years

7.4.4   The two unitary proposal incurs additional cost for certain categories. These relate to the requirement to establish two new organisations and more significantly the disaggregation of legacy County Council services such as Adult Social Care, Children's Social Care, Education and Highways. Depending upon the level of collaboration between the two new unitary authorities these costs could vary significantly. It has been assumed in these estimates that a significant amount of shared design and implementation work is undertaken to minimise costs.

7.4.5   With a proposal of this scale it is natural for uncertainty to exist over the implementation costs. However, the risk to the financial case being undermined is very low due to the short payback period. The implementation costs are only incurred once, but the savings recur every year. Even in the extreme scenario of the implementation costs doubling the pay-back period for both options would remain less than 5-years.

7.4.6   Some of this investment would require funding in advance of the savings materialising. With such a rapid payback it would be possible to borrow money on a short term basis to be repaid when the savings materialise with a minimal impact on the business case. However, it is preferable to fund the transformation using existing resources and it is highly likely that the strong balance sheets of the councils involved in this proposal will allow this to happen.

Appendix A
This is Leicestershire

Geography

Leicestershire is located in the geographical centre of England and lies within the area covered by the Midlands Engine strategy. Within the boundary of Leicestershire there are seven district and borough councils and the Functional Economic Area (FEA) includes the city of Leicester (which became a separate unitary authority in 1997). The FEA reflects the geography within which many economic relationships operate and the area has a relatively self-contained labour market.

Map 1 - Leicestershire local authorities, main towns and key transport links
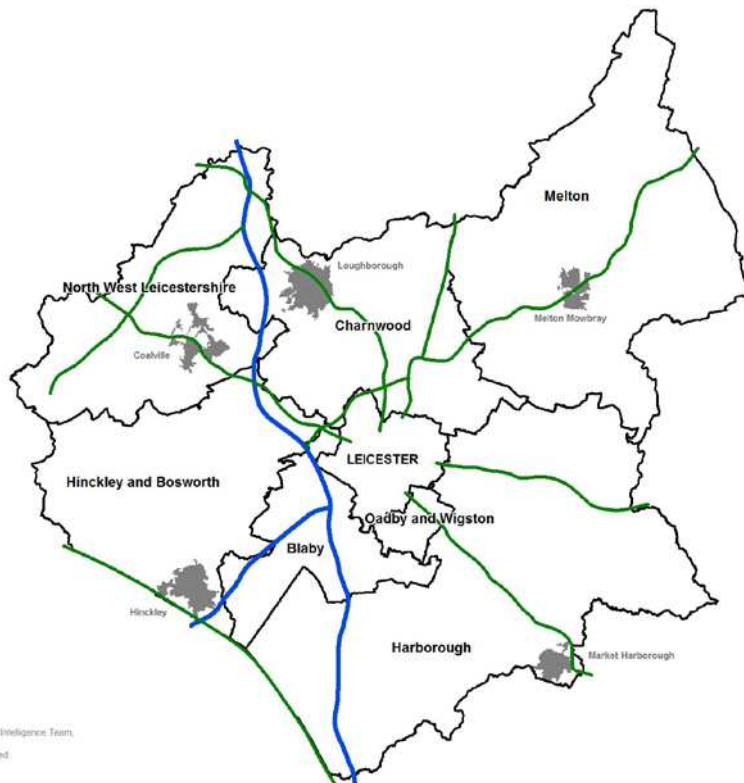
Produced by the Strategic Business Intelligence Team,
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LA100019271. Published 2017.

Within the wider Midlands Engine, Leicestershire benefits greatly from its strategic location. Major road and rail corridors cross Leicestershire, and London is accessible in little more than one-hour via train, whilst the M1, M69 and major trunk roads provide direct links to regional cities and other parts of the UK's motorway network. East Midlands Airport is used by over four million passengers annually and is the UK's second largest freight terminal, handling over 300,000 tonnes per year. The county is served by a number of market towns, providing key services to the outlying rural parts of Leicestershire.

Population

The current Leicestershire population is just over 690,000, with 354,000 in Leicester city (giving a total LLEP area population of 1,044,000). Charnwood is the largest local authority in Leicestershire by population, with just over 180,000 people, 26% of the total population. Melton is the smallest local authority by population, with almost 51,000 people, 7% of the population.

Harborough is the largest local authority in the county by area, accounting for 28% of the total area of the county (almost 600 square km). Oadby and Wigston is the smallest local authority in Leicestershire, accounting for just 1% of the total area (24 square km). Oadby and Wigston has the highest population density by a significant margin, with almost 2,500 people per square km. The next highest is Blaby, with just over 750 people per square km. In comparison, Melton has the lowest population density, with just over 100 people per square km.

Table 1 - Mid-year population estimates and area, Leicestershire local authorities, 2017

Name	2017 Population		Square Km		Population Density
	Count	Percent	Count	Percent	
Blaby	98,977	14	130	6	761
Charnwood	180,387	26	279	13	647
Harborough	91,461	13	593	28	154
Hinckley and Bosworth	111,370	16	297	14	375
Melton	50,873	7	481	23	106
North West Leicestershire	100,109	15	279	13	359
Oadby and Wigston	57,035	8	24	1	2,376
Leicestershire	690,212	100	2,084	100	331

Source: 2017 Mid-year population estimates, Office for National Statistics, 2018.

Leicestershire's population is ageing; the 65+ age group is predicted to increase by 66,000 from 145,000 to 211,000 (2019-41).

Leicestershire population change (1951 to 2041)
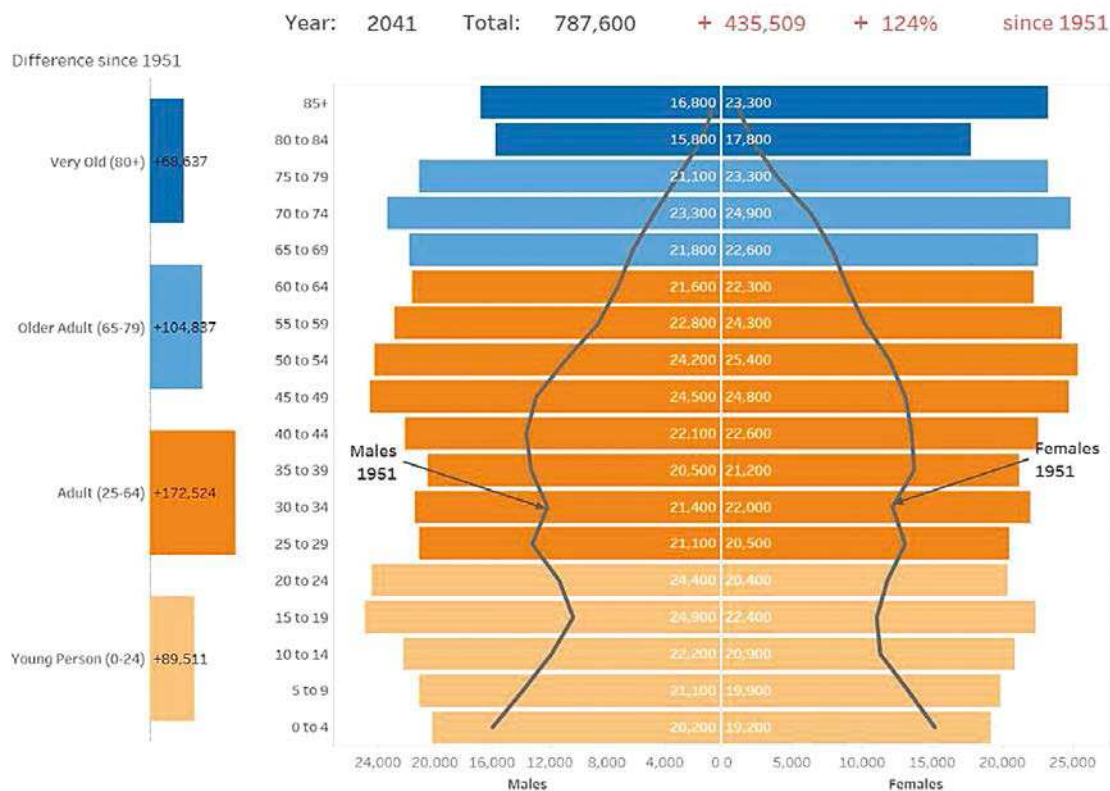
The local labour market is relatively self-contained; almost half (49%) of county employees live and work in the county while 17% work in Leicester city. In comparison, 56% of city employees live and work in the city, while a further 22% travel into the county to work.

Rurality

Leicestershire is rural by area but urban by population. Overall, 70% of the population of Leicestershire live in areas classed as urban city and town, whilst 18% percent live in areas classed as rural town and fringe and the remaining 13% live in areas classed as rural village and dispersed.

Oadby and Wigston has the highest urban population, being classed entirely as urban, while Charnwood has the next highest urban population (86%), followed by Blaby (80%). Harborough has the highest rural population (66%), followed by Melton (46%) and North West Leicestershire (45%). Melton has the largest proportion of the population living in the most rural areas (35% in areas classed as 'rural village and dispersed').

Deprivation

As a whole, Leicestershire is not deprived; the county is ranked 136th out of 152 upper tier authorities in England for multiple deprivation, where first is the most deprived. All seven Leicestershire districts fall within the least deprived half of all local authority districts within England; North West Leicestershire is the most deprived district in the county (ranked 214th out of 326) while Harborough is the least deprived (ranked 311th out of 326).

However, pockets of significant deprivation exist; four neighbourhoods in the county fall within the top decile (most deprived 10%) in England. These areas can be found in Loughborough and the Greenhill area of Coalville.

Although deprivation is at a low level in Leicestershire, compared to the rest of England, it is not the least deprived county area. There are seven other county areas with lower deprivation, but a higher level of funding.

Economy

Productivity

Productivity in the Leicestershire and Rutland area is below national level; in 2016 GVA per head was £22,900, compared with £21,984 in Leicester City and £27,060 in England.

The productivity gap between Leicestershire and Rutland, and England has remained fairly consistent since 2009.

Businesses

There are almost 30,000 businesses in Leicestershire, with almost a quarter of all county businesses located in Charnwood (6,755, 23%), followed by Harborough (5,240, 18%). The smallest number of businesses can be found in Oadby and Wigston (1,935, 7%).

Table 2 - Business counts by size band, Leicestershire local authorities, 2018

Local Authority	Total Count	Percent	Micro (0 to 9) Count	Small (10 to 49)	Medium-sized (50 to 249)	Large (250+)
Blaby	4,380	15	3,925	375	65	20
Charnwood	6,755	23	5,985	645	105	20
Harborough	5,240	18	4,725	425	80	15
Hinckley and Bosworth	4,570	15	4,105	385	60	20
Melton	2,530	9	2,295	195	35	5
North West Leicestershire	4,250	14	3,680	430	115	25
Oadby and Wigston	1,935	7	1,720	190	20	5
Leicestershire	29,660	100	26,435	2,645	480	110

Source: Nomis, 2019. Totals may not sum due to rounding.

The majority of Leicestershire businesses are micro businesses (26,500), with 10 times the number of micro businesses as there are small businesses. In addition, there are almost 500 medium-sized and 110 large businesses. The greatest number of large employers can be found with North West Leicestershire (25), followed by Blaby, Charnwood and Hinckley and Bosworth (all 20).

Employment

The largest number of jobs in Leicestershire can be found in the Manufacturing sector (43,000 jobs, 14% of total). This is followed by the professional, scientific and technical sector (33,000 jobs, 11%) and retail (27,000, 9%). The logistics sector is estimated to account for 40,000 jobs (by aggregating the wholesale and transport/ storage sectors).

Earnings

Leicestershire resident earnings are slightly below the UK figure, earning just over £23,500 gross annual pay, compared with £24,000 for the UK as a whole. Earnings in Leicester city are considerably lower (£19,000).

House Price Ratio

In 2017, the ratio of median house prices to median gross annual earnings was 7.1 in Leicestershire and 6.9 in Leicester city (compared to 7.9 nationally). The highest house price ratio in the county was in Charnwood, with 7.4, followed by Melton with 7.2. The lowest house price ratio to earnings was in Blaby, with 6.5.

Qualifications

Leicestershire resident qualification levels are well above the England level at NVQ levels 1, 2 and 3 equivalents. However, the proportion of the workforce qualified to NVQ Level 4 and above (degree level) is slightly behind the national figure.

Chart 1 - Qualification levels, 16 - 64 year olds, Leicestershire and comparators, 2017
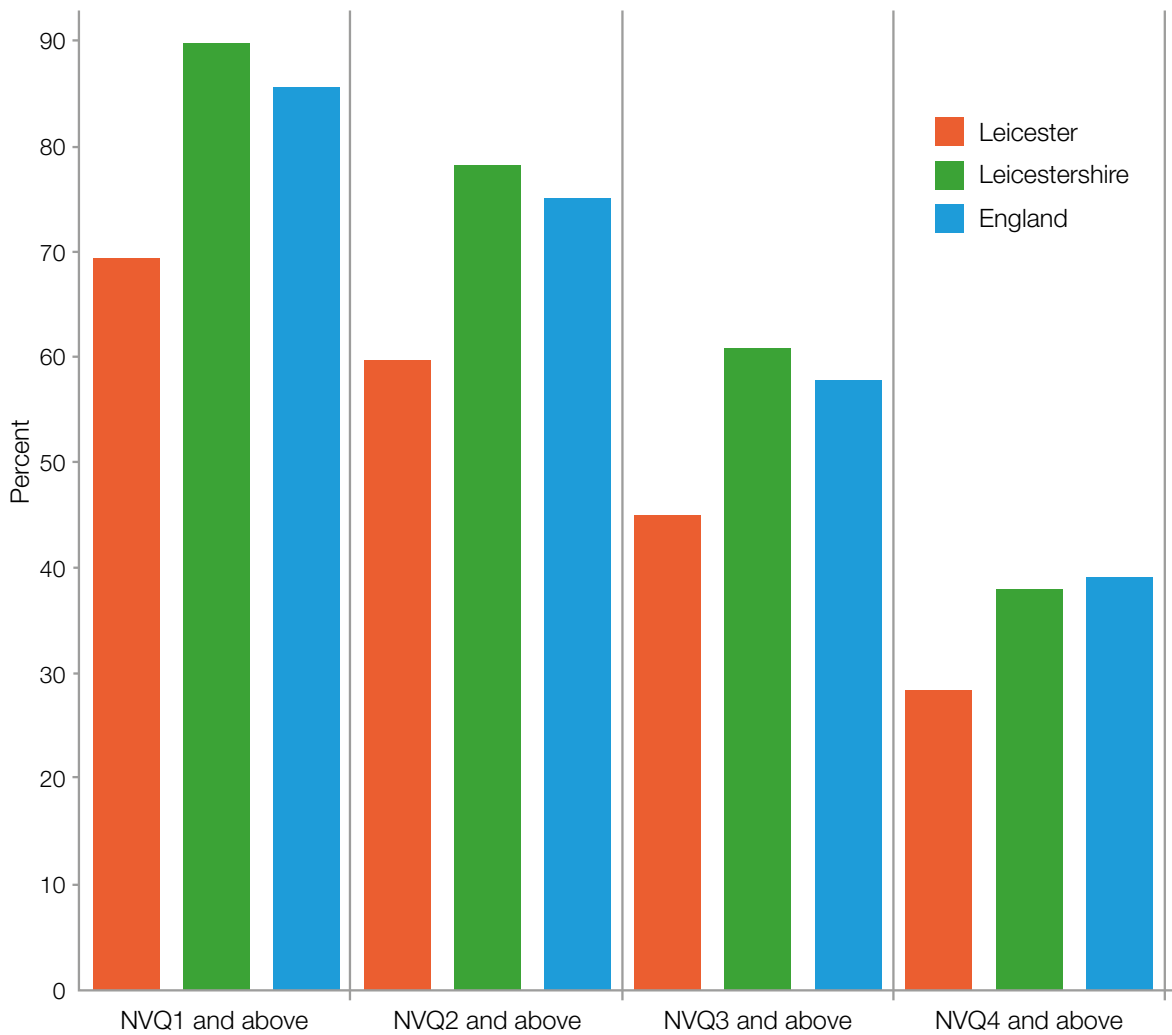
Source: ONS Annual Population Survey, 2017

Unemployment

The Job Seekers Allowance (JSA) claimant count in the county is low; just 0.2% of the working age population were in receipt of JSA in January 2019, equating to 885 people. Leicestershire unemployment rates are consistently lower than in the East Midlands and the UK, and rates have been falling since 2012. Rates are also consistently low across Leicestershire local authorities, with Oadby and Wigston exhibiting the highest rate in January 2019, with 0.3%, while Harborough exhibited the lowest rate with 0.1%.