



*Meeting:* **Constitution Committee**

*Date/Time:* **Tuesday, 10 March 2015 at 3.00 pm**

*Location:* **Executive Room, County Hall, Glenfield**

*Contact:* **Mrs R. Palmer (Tel: 0116 305 6098)**

*Email:* **rosemary.palmer@leics.gov.uk**

### **Membership**

Mr. N. J. Rushton CC (Chairman)

Dr. R. K. A. Feltham CC   Mr. Max Hunt CC  
Mr. S. J. Galton CC   Mr. J. B. Rhodes CC

### **AGENDA**

| <u>Item</u>   | <u>Report by</u> |                 |
|---|------------------|-----------------|
| 1. Minutes of the meeting held on 29 September 2014.                              |                  | (Pages 3 - 4)   |
| 2. Question Time.   |                  |                 |
| 3. Questions asked under Standing Order 7(3) and 7(5).                            |                  |                 |
| 4. To advise of any other items which the Chairman has decided to take as urgent. |                  |                 |
| 5. Declarations of interest.  |                  |                 |
| 6. Electoral Review of Leicestershire County Council.                             | Chief Executive  | (Pages 5 - 34)  |
| 7. Establishment of a Local Pension Board.  | Chief Executive  | (Pages 35 - 46) |
| 8. Any other items which the Chairman has decided to take as urgent.              |                  |                 |



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Minutes of a meeting of the Constitution Committee held at County Hall, Glenfield on Monday, 29 September 2014.

PRESENT

Mr. N. J. Rushton CC (in the Chair)

Dr. R. K. A. Feltham CC  
Mr. S. J. Galton CC

Mr. P. C. Osborne CC  
Mr. L. Spence CC

10. Minutes.

The minutes of the meeting held on 9 September 2014 were taken as read, confirmed and signed.

11. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 35.

12. Questions asked under Standing Order 7(3) and 7(5).

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

13. Urgent Items.

There were no urgent items for consideration.

14. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

No declarations were made.

15. Statement of Accounts and Annual Governance Statement 2013/14.

The Committee considered a report of the Director of Corporate Resources which presented the 2013/14 Statement of Accounts for approval, provided information relating to the main areas of the accounts and reported the key findings from the external audit of the accounts. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

The Committee also considered a revised Letter of Representation and an extract from the minutes of the Corporate Governance Committee meeting held on 23 September where the Annual Governance Statement was approved and the External Audit of the 2013/14 Statement of Accounts was considered. A copy of these documents is filed with the minutes.

Arising from discussion the following points were raised:-

- (i) The current situation with regard to pension liabilities was volatile. However, the County Council had agreed a strategy with the pension fund Actuary to achieve a funding level of 100% over a 20 year period. This strategy was judged to be prudent by the scheme's Actuary.
- (ii) It was suggested that the operation of East Midlands Shared Services be considered at a future meeting of the Scrutiny Commission. The Committee was assured that members of the East Midlands Shared Services Committee were satisfied with the progress being made in this area.
- (iii) The County Council held a total of £794m in fixed assets comprising property, plant and equipment. The Statement of Accounts did not require a split to be reported between school based assets and the rest of the Council's estate. The net balance sheet position was currently £64.6m, however, it was noted that the continued transfer of assets as part of the conversion of schools to academies could result in the balance sheet showing a negative position in the future. Through reductions in the pension fund liability and long term borrowing position, due to the debt repayment policy, it was expected that this position would be avoided.
- (iv) The County Council had a number of long term debtors. The Statement of Accounts provided details relating to the majority of these. It was noted that 'other long term debtors' had increased to £5.0m during 2013/14. This was mainly due to one Section 106 agreement temporarily funded by the County Council to enable works to improve a local junction in advance of the receipt of the funding. The Committee supported the action taken by the County Council in this regard.

RESOLVED:

That the Statement of Accounts for 2013/14 be approved.

16. Date of Next Meeting.

It was noted that the next meeting of the Committee would take place on 19 November at 3.30pm.

10.00 - 10.16 am  
29 September 2014

CHAIRMAN



## CONSTITUTION COMMITTEE – 10 MARCH 2015

### REPORT OF THE CHIEF EXECUTIVE

### ELECTORAL REVIEW OF LEICESTERSHIRE COUNTY COUNCIL

#### Purpose of Report

1. The purpose of this report is to seek the views of the Committee on the proposed submission to the Local Government Boundary Commission for England (LGBCE) on the proposed Council size. The submission will require the approval of the County Council.

#### Background

2. The LGBCE is responsible for conducting electoral reviews. Electoral reviews are undertaken when electoral variances become notable, and the LGBCE's criteria for initiating a review are as follows:-
  - (i) more than 30% of a council's wards/divisions having an electoral imbalance of more than 10% from the average ratio for that authority; and/or
  - (ii) one or more wards/divisions with an electoral imbalance of more than 30%; and;
  - (iii) the imbalance is unlikely to be corrected by foreseeable changes to the electorate within a reasonable period.
3. The County Council and the LGBCE agreed that a review was required as one of the criteria for review had been met, namely that 30% of electoral divisions now had an imbalance of more than 10%. The review process commenced formally in December 2014.

#### Timetable

4. The timetable for the review is set out below:-.

| Stage              | Action  | Timeframe      |
|--------------------|---|----------------|
| Preliminary Period | Informal dialogue with the County Council (members and officers) and LGBCE which included discussion re Council size, all Member briefing on the process and gathering information on electoral data and forecasts. | Nov – Feb 2014 |

|  |  |                             |
|--|--|-----------------------------|
| Council size   | a) Submission by the County Council on council size (the attached document to be agreed by the Council.)   | End March 2015              |
|  | b) LGBCE forms a view on the Council size  | 21 April 2015               |
| <b>START OF FORMAL REVIEW PROCESS</b>                  |  | <b>12 MAY 2015</b>          |
| Consultation on future electoral division arrangements | Having published its initial recommendation on Council size, a general invitation to all interested parties, including the County Council, for proposals for electoral division boundaries and names is made by the LGBCE. | 12 May – 20 July 2015       |
| Development of draft recommendations                   | LGBCE having considered all representations reaches conclusions and publishes its draft recommendations.   | 6 October 2015              |
| Consultation on draft recommendations                  | Public consultation. LGBCE will base its final recommendation on responses received.   | 6 October – 1 December 2015 |
| Final recommendation                                   | Final recommendations. These will <u>not</u> be subject to further consultation unless there are significant changes made to its draft recommendations.  | 8 March 2016                |

Thereafter an Order will be laid in Parliament (April 2016) with implementation in time for the next County Council elections in May 2017.

### **Statutory Rules**

5. The LGBCE have to observe certain rules when conducting reviews and have to work within the legislative guidelines and the Local Democracy, Economic Development and Construction Act 2009 (the 2009 Act).
6. Schedule 2 to the 2009 Act sets out the statutory criteria to which the LGBCE are required to have regard to in conducting electoral reviews and includes:
  - (i) the need to secure equality of representation;
  - (ii) the need to reflect the identities and interests of local communities; and
  - (iii) the need to secure effective and convenient local government.

7. In relation to the community identities and interests criterion, the LGBCE would aim to determine boundaries which are and will remain easily identifiable, would not break local ties, and be long-lasting boundaries for divisions. The LGBCE will take into account factors such as the location and boundaries of parishes and the physical features of the local area when drawing boundaries.
8. In relation to parishes the legislation states:-
  - (i) every ward of a parish having a parish council (whether separate or common) must lie wholly within a single electoral division of the relevant county council, and a single ward of the relevant district council; and
  - (ii) every parish which is not divided into parish wards must lie wholly within a single electoral division of the county council and a single ward of the district council.
9. There is an additional requirement that when County Councils' electoral division boundaries are reviewed the LGBCE is required to have regard to the boundaries of district or borough wards. The LGBCE will seek to use these as the building blocks for county electoral divisions. When making their recommendations, the LGBCE must ensure that every electoral division is wholly within a single district, so that no division crosses the boundary between two neighbouring districts.
10. Finally, Schedule 2 to the 2009 Act also states that the LGBCE should take into account any changes to the number and distribution of electors that is likely to take place within the five years following the end of a review. This requirement means that at the start of a review the County Council has been asked to provide the LGBCE with electorate forecasts up to 2021. These forecasts will form the basis of the new electoral divisions.

### **Member Working Party and Member Involvement**

11. To oversee the review process on behalf of the County Council an all Member Working Party, politically balanced at 3:1:1, has been established.
12. All Members of the County Council have received copies of the LGBCE's technical guidance which covers the review process. In addition staff from the LGBCE briefed members on the review process at an all Member Briefing on 12<sup>th</sup> February.

### **Council Size**

13. The question of Council size is the starting point in any electoral review, since it will determine the optimum councillor:elector ratio across all electoral areas, against which levels of electoral imbalance can be measured. The Electoral Commission is of the view that each Council area should be considered on its

own merits and that there should be no attempt to aim at equality of council size between authorities of similar types and populations.

14. In coming to a view on Council size, the LGBCE will consider the following:-
- the governance arrangements of the council, how it takes decisions across the broad range of its responsibilities, and whether there are any planned changes to those arrangements;
  - the council's scrutiny functions relating to its own decision-making and the council's responsibilities to outside bodies, and whether any changes to them are being considered; and
  - the representational role of councillors in the local community and how they engage with people, conduct casework and represent the council on local partner organisations.

### **Determining the County Council size**

15. The attached document to be submitted to the LGBCE sets out the views of the majority members of the Working Party established to consider issues relating to the boundary review including the Council size. This document has been prepared having had regard to the LGBCE's technical guidance on Electoral reviews which they will use to assess the County Council's submission.
16. The County Council presently comprises 55 members. Using the 2014 electorate figures and a forecast electorate figure for 2021, the current allocation of seats to each district is set out in Table 1 below:

Table 1

| <b>District/Borough</b>                       | <b>Current Entitlement</b> | <b>Electorate 2015</b> | <b>Entitlement</b> | <b>Electorate 2021</b> | <b>Entitlement</b> |
|---|----------------------------|------------------------|--------------------|------------------------|--------------------|
| Blaby   | 8                          | 73,584                 | 7.77               | 80,840                 | 8.05               |
| Charnwood                                     | 14                         | 136,501                | 14.42              | 142,514                | 14.18              |
| Harborough                                    | 7                          | 68,430                 | 7.23               | 73,454                 | 7.31               |
| Hinckley and Bosworth                         | 9                          | 85,957                 | 9.08               | 89,600                 | 8.92               |
| Melton  | 4                          | 39,339                 | 4.16               | 39,803                 | 3.96               |
| North West Leicestershire                     | 8                          | 71,571                 | 7.56               | 80,466                 | 8.01               |
| Oadby and Wigston                             | 5                          | 45,240                 | 4.78               | 45,909                 | 4.57               |
|   |                            |                        |                    |                        |                    |
| <b>Average Electorate</b>                     |                            | <b>9,466</b>           |                    | <b>10,047</b>          |                    |
| <b>Average variation per district/borough</b> |                            |                        | <b>0.247</b>       |                        | <b>0.157</b>       |



17. To help determine Council size a calculation has been done on the average ratio/variation per district/borough from the entitlement in Table 1 above. Table 2 below shows the best fits below a variation of 0.2.

Table 2

| <b>Council Size</b> | <b>Average variation per district/borough below 0.2</b> | <b>Average Electorate Per Member</b> |
|---------------------|---|--------------------------------------|
| 54                  | 0.177   | 10,233                               |
| 55                  | 0.157   | 10,047                               |
| 61                  | 0.164   | 9,059                                |
| 62                  | 0.146   | 8,913                                |

Based on the above the best fit would be a council size of 62 with the next best fit being a size of 55.

18. All three main political parties agreed that the current council size met the needs of the authority and that the main purpose of the review should be to re-align the electoral divisions so that electoral equality was re-established across the County.
19. In determining the Council size the Working Party considered that the following factors were relevant:-
- The current decision making structure – The Council has no evidence to suggest that any substantial changes to the size of the Council would improve the effectiveness of Scrutiny and there is concern that any such change could have the opposite effect. For example, any substantial increase will result in more competition for places on the more popular scrutiny bodies.
  - Nearest Neighbours - While the proposed Council size of 55 is towards the lower end of the nearest neighbours group, four other counties also have a Council size between 50 and 60. While the mean Council size across the nearest neighbours is 66, three of the other counties are relative outliers in terms of electorate size (Hampshire and Lancashire) or electorate density (Cumbria). Excluding these three counties reduces the mean Council size to 62.
  - The representational role of Members – The County Council conducted a survey of members and found that on average they spent around 23 hours undertaking their role. This is in line with the findings of the national survey. Any reduction in Members would mean the amount of time that members would be required to undertake their duties would increase dramatically. The Council has also developed a Communities Strategy which set out its thinking about the role of Leicestershire communities (both communities of place and of interest) in this new

context. The Council will work with partners in the public, private and voluntary and community sectors to reduce demand for services and empower communities to work alongside it to deliver key services to Leicestershire citizens. Responses to the consultation on the Strategy showed that many felt that Community Champions should be identified represent the whole community and the County Council needed to empower people to become these role models. Local Councillors are well placed to undertake this role and the Council will support members to do so. It is likely that there will be greater expectation than has previously been the case placed upon members to facilitate the development of these initiatives.

20. Having regard to all the above a Council size of 55 members is thought the appropriate size for Leicestershire County Council.

### Two Member Divisions

21. When the last Periodic Electoral Review of Leicestershire was conducted in 2003/4 three two Member divisions were created as follows:-
- Hinckley and Bosworth Borough area – Hinckley and Burbage Castle Electoral Divisions;
  - Oadby and Wigston Borough - Oadby Electoral Division.
22. The County Council at the time of the last review wrote to The Boundary Committee for England stating it was against two-member electoral divisions because it felt it created divisions which were generally too large.
23. This review has therefore allowed the County Council to review its stance on two member divisions. Following discussion, the majority view of the Working Party is that single member divisions are preferable for the reasons outlined below:-
- (i) Single member divisions and the councillor who represent the division are more transparent and accountable to both the electorate and local organisations than two member divisions;
  - (ii) Two member divisions could cause confusion if two members from different political parties were elected which could then lead to differing views on local issues;
  - (iii) Two Member divisions are too large in size and require co-operation between the two members to cover the division effectively.
24. The Working Party however, recognised that to achieve one of the LGBCE's objectives; electoral balance, two member divisions offer the flexibility needed to achieve this.

### **Equal Opportunities and Human Rights Implications**

25. The purpose of the review is to ensure that as far as possible each person's vote carries the same weight.

### **Recommendations**

26. The Committee is recommended:-

- (a) to note the report;
- (b) to agree the submission to the LGBCE in relation to Council size for submission to the County Council for approval.

### **Background Papers**

Local Government Boundary Commission for England – Electoral Reviews Technical Guidance April 2014

### **Officers to Contact**

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### **List of Appendices**

Appendix - Statement on the size of the Council

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**LEICESTERSHIRE COUNTY COUNCIL****ELECTORAL REVIEW****STATEMENT ON THE SIZE OF THE COUNCIL****Introduction**

1. The County Council has decided that a Council size of 55 members is appropriate for Leicestershire County Council to secure the continuation of convenient and effective local government for the area. This decision was taken at the meeting of the full County Council on 25<sup>th</sup> March 2015. This statement sets out the factors which have been taken into account in arriving at that conclusion.

**Background**

2. The Local Government Boundary Commission for England (LGBCE) is the body responsible for conducting electoral reviews. Electoral reviews are undertaken when electoral variances become notable and the LGBCE criteria for initiating a review are as follows:-
  - more than 30% of a council's wards/divisions having an electoral imbalance of more than 10% from the average ratio for that authority; and/or
  - one or more wards/divisions with an electoral imbalance of more than 30%; and
  - the imbalance is unlikely to be corrected by foreseeable changes to the electorate within a reasonable period.
3. The County Council and the LGBCE agreed that a review was required as one of the criteria for review had been met, namely that 30% of electoral divisions now had an imbalance of more than 10%.
4. In September 2014 the LGBCE formally informed the County Council that a review would be carried out and that it would be included in the LGBCE's work programme for 2014 -17.
5. The preliminary stage of the review began in third quarter of 2014 with the preliminary stage culminating with this submission on Council size being approved by Full Council on 25<sup>th</sup> March 2015.

### **Factors Determining Council Size**

6. The LGBCE's Technical Guidance, issued in April 2014, makes it clear that the question of Council size is the starting point in any electoral review as it determines the average number of electors per councillor to be achieved across all electoral divisions of an authority. Neither the LGBCE nor the County Council can consider the pattern of electoral divisions without knowing the optimum number of electors per councillor which is calculated by dividing the total electorate by the number of councillors to be elected. A decision on Council size will be made by the LGBCE in April 2015.
7. The LGBCE has a number of challenges in deciding on the most appropriate council size for any authority and there is a wide variation in council size across England not only between the different types of authority but also between authorities of the same type. In the LGBCE's view local government is as diverse as the communities it serves, providing services, leadership and representation tailored to the characteristics and needs of individual areas. The aim of the LGBC, in an electoral review, is to recommend electoral arrangements, which includes council size, which is right for the local authority in question.
8. The technical guidance also makes reference that when an electoral review takes place, as is the case in Leicestershire, it provides an opportunity for the local authority to consider how many councillors it needs by having regard to its political management arrangements, regulatory and scrutiny functions and the representational role of councillors in terms of their division work and representing the local authority on external bodies.
9. The requirement to submit a proposal on Council size has given the County Council the opportunity to consider its council size. The County Council believes that a Council size of fifty five best meets its needs to discharge its democratic obligations and this document makes the argument for this position.

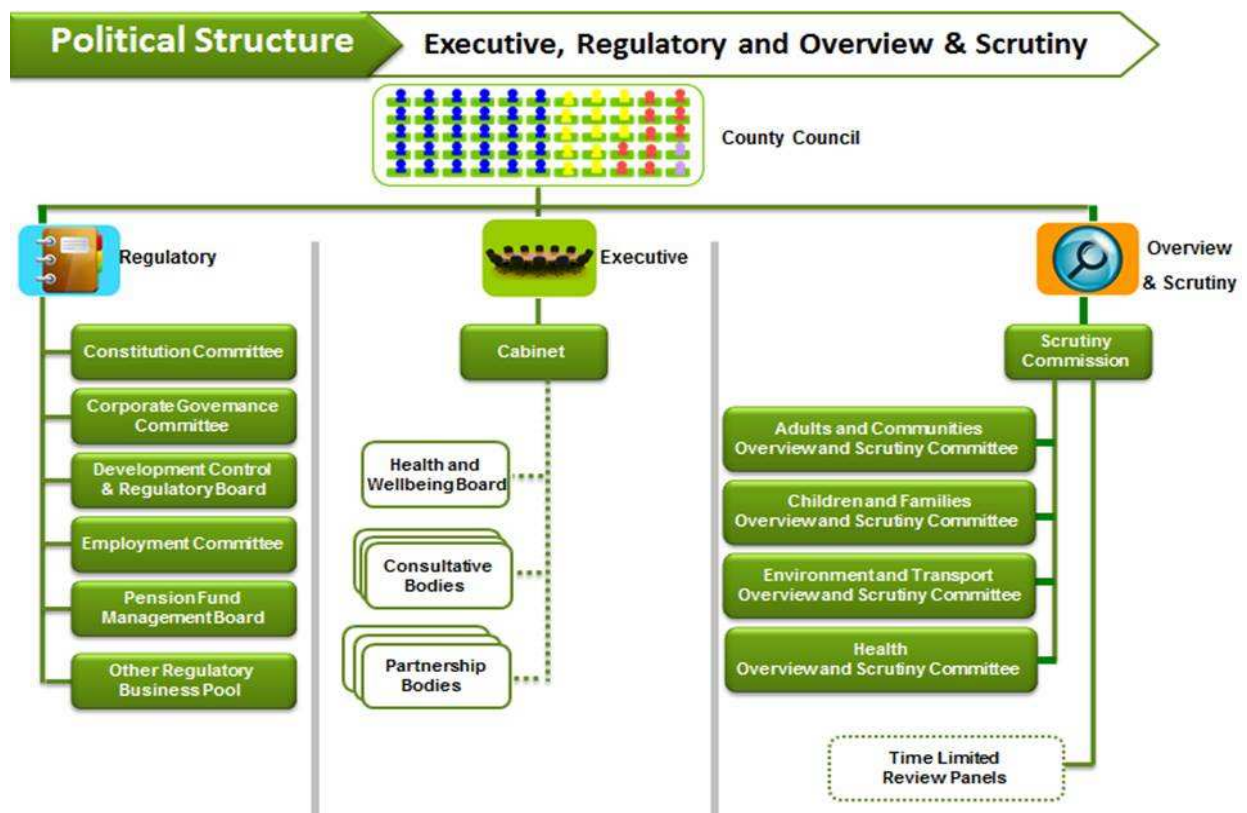
### **About Leicestershire**

10. Leicestershire is a predominantly rural county located in the heart of England and has a population of in the region of close to 650,000 people. Within Leicestershire there are several important urban centres, which include Loughborough, Hinckley, Coalville, Market Harborough and Melton Mowbray as well as large number of smaller towns and villages.
11. Leicestershire has a three tier system of local government, consisting of the County Council, seven Borough/District Councils, and over 200 Parish Councils. This arrangement applies across the whole county except for the bigger towns where the Parish level does not exist. The district/boroughs making up the County are as follows
  - Blaby District;
  - Charnwood Borough;

- Harborough District;
- Hinckley and Bosworth Borough;
- Melton Borough;
- North West Leicestershire District;
- Oadby and Wigston Borough.

### Present Political Management Position

- The County Council is currently made up of fifty five members comprised of forty nine single divisions and three two member divisions all created at the last periodic electoral review in 2003/4
- The County Council adopted a new Constitution under the Local Government Act 2000 with effect from June 2001, which applied the Leader and Cabinet model of political management and this has been in place ever since.
- The main features of the political management arrangements for Leicestershire are set out below:-



### The County Council

- The County Council comprises all fifty five members which meets on six occasions each year, an Annual meeting, four ordinary meetings and a budget meeting in February.
- The County Council is responsible for the following functions:

- Agreeing the County Council's Budget;
- Agreeing the plans which comprise the County Council's Policy Framework;
- Approving changes to the County Council's Constitution;
- Appointing the Leader, Scrutiny Commission and all main bodies;
- Receiving reports from the Cabinet and Scrutiny bodies;
- Providing a platform for County Councillors to ask questions of the Cabinet and Chairmen of Boards and Committees;
- Dealing with Notices of Motion – a mechanism whereby members can raise any issue for debate.

(Note the County Council appoints the Leader who in turn appoints the Cabinet.)

### **The Cabinet**

17. The Cabinet comprises the Leader and nine other members, all from the controlling Group. Under the Constitution approved by the Council, individual members of the Cabinet take 'lead member' roles for particular service areas but do not have personal executive powers. The Cabinet meets to take collective decisions relating to the implementation of policies and plans previously approved by the County Council. It meets monthly in public. In addition, Cabinet members also meet informally on a regular basis to consider policy options and receive briefings from officers. The functions of the Cabinet are as follows:-

- carrying out the Council's executive role (except where the powers are delegated to Chief Officers);
- advising the County Council on matters of major policy;
- being the focus for partnerships with other bodies;
- referring appropriate business to the County Council;
- receiving written submissions from local members.

Cabinet/Lead members also have regular meetings with Chief Officers for briefing purposes.

18. The current list of responsibilities for Cabinet can be found on the County Council website see link ([Cabinet Responsibilities](#)).
19. In addition, the Leader also appoints two Cabinet Support Members who provide specific support to the designated Lead Members for Children and Families and Adult Social Care. The Cabinet Support Members are not members of the Executive; neither are they entitled to act as a member of any Overview and Scrutiny Committee dealing with County Council functions.
20. The workload of Cabinet members is substantial.



## Overview and Scrutiny

21. Since June 2001, when scrutiny was first introduced a number of reviews have been carried out with the last one being in 2013 following the County Council elections. The terms of reference for Overview and Scrutiny are attached as Appendix A. The model which was adopted by the County Council in June 2013 took into account the following factors:-
- Significant changes to the health sector, with Public Health becoming part of the County Council. Alongside this, the Health and Wellbeing Board is now an executive committee of the Council charged with responsibility for amongst other things, ensuring that Adult Social Care and Health work closely in joint planning and commissioning;
  - The establishment of a local Healthwatch with a key role as the champion for patients and carers who access health and social care services with a reporting relationship to the Care Quality Commission;
  - The election of a Police and Crime Commissioner (PCC) in November 2012 and the establishment of a Police and Crime Panel (comprising in the main executive members with the Crime and Disorder portfolios in their respective authorities) with the responsibility for scrutinising the Police and Crime Commissioner;
  - Major changes in the Children and Young People's Service with schools becoming Academies and hence independent of the County Council. The existing role of the Local Education Authority will be greatly curtailed as will its direct powers over schools;
  - Increased joint working between the County Council and its partners particularly in the area of health and economic development.
22. The Scrutiny Structure adopted is therefore as follows:-
- A Scrutiny Commission which is made up of the following Members: –
- Chairman – Leader of the Main Opposition Party;
  - Three Commissioners – Leader of the Minority Opposition and 2 Administration Members;
  - Four Chairmen of Scrutiny Committees;
  - Three other members (to achieve the political balance).
- Four Scrutiny Committees to cover the following:-
- Adults and Communities,
  - Children and Families,
  - Environment and Transport
  - Health.

The composition of each committee is as follows:-

- Chairman and Vice Chairman;
- Seven other members to achieve political balance

23. In addition to the above, the Scrutiny Commission has established a number of time limited review panels which are set up to look at specific topics and report back to the relevant scrutiny body. These usually consist of five members.
24. A schedule of meetings is determined and during the calendar year 2014 the number of meetings for the Scrutiny Bodies was as follows:-

| <b>Body</b>               | <b>Number of Meetings</b> |
|---------------------------|---------------------------|
| Scrutiny Commission       | 9                         |
| Adults and Communities    | 6                         |
| Children and Families     | 5                         |
| Environment and Transport | 6                         |
| Health                    | 5                         |

25. The terms of reference for the Scrutiny Commission and its Scrutiny Committees are attached to this submission.
26. The Cabinet/Scrutiny system has now been operating successfully for fifteen years and has evolved to meet the challenges facing the Council. The most recent example is the work now in hand to develop the role of Scrutiny in the County Council's Transformation agenda.
27. Scrutiny had been the subject of a number of external reviews undertaken by the Audit Commission, Centre for Public Scrutiny and Local Government Leadership Centre. All were complimentary of the work of scrutiny and scrutiny members have sought to build on good practice identified and address areas of improvement.
28. The value and role of Scrutiny in the Council's decision making structures is recognised.
29. Participation by members in scrutiny has been good with only limited use of substitutes at scrutiny meetings. The current size of committees (nine members) and Review Panels (up to five members) has worked well and allowed for robust debate and member and officer interaction. Increasing the size of committees risks increased formality at meetings which would not be helpful.

### **Regulatory Bodies**

30. A number of regulatory bodies exist, which are politically balanced, to deal with non-executive functions as follows:-

- Constitution Committee is responsible for matters such as revising the Council's Constitution, elections, approval of the County Council's statement of accounts and members' Allowance Scheme;
- Development Control and Regulatory Board which deals with planning applications;
- Corporate Governance – this is the County Council's audit committee and also deals with member standards issues;
- Employment Committee – deals with such issues as officer terms and conditions, employment legislation and scheme of delegation to heads of departments;
- Pension Fund Management Board – deals with issues surrounding the Leicestershire Pension Fund;

31. A schedule of meetings is determined and during the calendar year 2014 the number of meetings for the Regulatory Bodies was as follows:-

| <b>Body</b>                                 | <b>Number of Meetings</b> |
|---|---------------------------|
| Constitution Committee                      | 2                         |
| Corporate Governance                        | 4                         |
| Development Control and<br>Regulatory Board | 12                        |
| Employment Committee                        | 3                         |
| Investment Committee                        | 4                         |
| *Pension Fund Management Board              | 5                         |

\*The new proposals in relation to the governance of pension schemes will mean the creation of a new Pension subcommittee comprising two elected members (in addition to the Board) to meet the requirements of the Public Sector Pensions Act 2013.

### **Other Regulatory Business Pool**

32. The County Council has also set up a number of panels to oversee the discharge of specific regulatory functions primarily relating to personal or social care matters as follows:-

- Adoption Panel;
- Children's Social Care Panel;
- Children in Care Panel;
- Child Protection Panel;
- Employment Panels;
- Fostering Panel;
- Secure Accommodation Panel;

### **Joint Committees**

33. The County Council also works in partnership with a number of other public sector organisations to improve the wellbeing of its citizens and the efficiency of its services. To achieve this a number of joint committees, which the County Council appoints members to, have been formed as follows:-

- East Midlands Shared Services Joint Committee
- Eastern Shires Purchasing Organisation (ESPO) Management Committee
- Health and Wellbeing Board
- Leicester, Leicestershire and Rutland Police and Crime Panel

### **Member Working Parties**

34. In addition, a number of informal groups/ working parties are convened to discuss specific issues with Members such as Member Learning and Development and the working party set up to help develop the County Council's response to the Boundary Review.

### **Highways Forums**

35. Seven Highways Forums, based on District/Borough boundaries, take place across the County to advise the Authority on local Highways and Transportation issues and comment on priorities for the area. The forums have no decision making powers. All members of the County Council will have a place on the relevant Forum, with the number of places held by County Councillors being matched by an equivalent number of members from the appropriate District Council. Each Highways Forum meets on at least two occasions each year.

### **Partnerships**

36 Following a review, in November 2014 the Cabinet agreed to focus its work with the following eight priority partnerships:-

- Health and Wellbeing Board;
- Leicester and Leicestershire Enterprise Partnership;
- Local Safeguarding Children Board;
- Safeguarding Adults Board;
- Children and Family Partnership;
- Leicester-Shire and Rutland Sport;
- Leicestershire Safer Communities Strategy Board;
- Leicestershire Rural Partnership;

37 The new arrangements outlined above are a rationalisation of previous arrangements. The changes made are to reflect the recent changes in policy and strategy at both national and local level and to recognise the new financial reality and the reduced level of resources both staff and money available support partnership activity. Appendix B provides a brief description of the role of each partnership.

- 38 Cabinet Lead members are appointed to serve on the relevant partnership body and are expected to play a key role in shaping these partnership bodies so that they deliver on the priorities identified for Leicestershire.
- 39 With increasing delivery through partnerships there will be a need for scrutiny members to ensure that they are aware of developments and that these receive the appropriate level of scrutiny.

### **Outside Bodies**

- 40 Members will also serve on various outside bodies some of which are national, some regional and more importantly local to the Members Electoral Division. The County Council currently appoints to 117 bodies and a list is available on the County Council's website see link <http://politics.leics.gov.uk/mgListOutsideBodiesByCategory.aspx?bcr=1>

### **Delegation to Officers**

- 41 The County Council has in place a General Scheme and Specific scheme of delegation to Chief Officers. The schemes enable operational and routine decisions to be taken by officers without reference to members provided they comply with the Council's Financial and Contract Procedure rules. The Scheme of Delegation is thought to be effective in that it allows members to concentrate on the key and strategic decisions whilst at the same time being advised, by officers, of decisions taken in localities through a mechanism called "Local Issues Alert Procedures".

### **Individual County Councillors**

- 42 A key role for members of the County Council is to represent their particular electoral division and deal with casework on behalf of their constituents. The County Council has developed a generic job description for a County Councillor and this is attached as Appendix C to this submission.
43. The County Council does not delegate to Members an individual or electoral division budget to use within their area.
44. As part of the Council's approach to this submission it conducted an anonymous survey of members to identify how much time they spent on their role. The questions asked were very similar to those asked in the Local Government Association's Census of Local Authority Councillors 2013.
45. The table on the next page sets out the Leicestershire response compared with those of Local Government Association's Census.

| Question   | Leicestershire Average<br>(per week) | Local Government<br>Association Census<br>of Local Authority<br>Councillors 2013<br>Average (page 42<br>table 7) |
|--|--------------------------------------|--|
| Time spent on attendance at council meetings, committee meetings           | 7 hours 58minutes                    | 8 hours  |
| Time spent on engaging with constituents, surgeries, enquiries             | 6 hours 57 minutes                   | 6 hours  |
| Time spent on working with community groups                                | 4 hours 22 minutes                   | 4 hours 30 minutes   |
| Other external meetings, seminars, learning and development (LCC and self) | 3 hours 58 minutes                   | 4 hours 6 minutes  |
| <b>Total average amount of time spent on Council activity</b>              | <b>23 hours 15 minutes</b>           | <b>22 hours 36 minutes</b>   |

- 46 Members are spending on average 23 hours 15 minutes per week, on Council business which is about 2.1% more time than the 2013 national average of 22 hours 36 minutes. If the average time spent by Leicestershire members was converted into a full time officer equivalent ratio this would equate to 0.62 of a full time equivalent who would be contracted to work 3.25 days per week.
- 47 Members have a number of other commitments whether it is full or part time employment, voluntary work or being a representative on other bodies. It should be noted that forty three or 78% of County Councillors are dual hatted (i.e. also serve on districts councils), and therefore have to balance these commitments alongside their role as a County Councillor which can be sometimes difficult.
- 48 If the Council size were reduced any further it would mean that the amount of time that members would be required to undertake their duties would increase dramatically. This increased workload could lead to less people wishing to become a councillor especially those with families and jobs and therefore reduce the ability of the political parties to attract candidates from a broader range of backgrounds to reflect more accurately the diversity of Leicestershire.

### **Member Learning and Development.**

- 49 To support and enable Members to carry out their duties the County Council has developed a Member Learning and Development Strategy which has a number of core principles as follows:-
- Member Learning and Development is an activity which should be Member led.
  - Members should have access to appropriate learning and development opportunities given the role that Members have on the workings of the Authority which ultimately determine the quality of the services that the Council provides
  - Members should develop their skills and knowledge in a way which enables them to carry out their duties as effectively as possible.
  - Learning and Development activities should be appropriate to each member's roles and responsibilities as well as their individual needs and wishes.
  - Learning and Development activities should also have regard to the needs of the organisation as a whole as well as the individual member.
- 50 In addition to the above all Members are offered the opportunity of a personal development review with an external consultant to identify specific personal development requirements.

### **Councillors Working with their Communities**

- 51 All councillors are expected to liaise with parish/town councils and community groups within their division.
- 52 Thirty nine members have parishes within their divisions meaning on average that each member has just under six parishes to represent. However, it should be noted that the range is significant as one member has only one parish in their division whilst another member has twenty seven parishes. For those who have a large number of parishes it puts pressure on their time in travelling and attending meetings.
- 53 The Council has a longstanding track record of working in partnership with its communities and 'helping them to help themselves' However, there is now less money, increasing demand for services and major changes being made to both public services and the welfare system. The combined effect of these changes on communities is that fewer services will be available for fewer people and there are therefore likely to be more vulnerable people at risk.
- 54 The Council has developed a Communities Strategy which set out its thinking about the role of Leicestershire communities (both communities of place and of

interest) in this new context. The Council will work with partners in the public, private and voluntary and community sectors to reduce demand for services and empower communities to work alongside it to deliver key services to Leicestershire citizens.

55 The Strategy sets out how the Council will address three specific priorities:

Priority 1: Unlock the capacity of communities to support themselves and vulnerable individuals and families - thus reducing demand for public services;

Priority 2: Support communities to work in partnership with us to design and deliver services, including those currently delivered by the council;

Priority 3: Develop voluntary and community sector (VCS) organisations in Leicestershire as effective providers in a diverse market which supports delivery of Council priorities to devolved services and support vulnerable people.

56 Responses to the consultation on the Strategy showed that many felt that Community Champions should be identified represent the whole community and the County Council needed to empower people to become these role models. Local Councillors are well placed to undertake this role and the Council will support members to do so. It is likely that there will be greater expectation than has previously been the case placed upon members to facilitate the development of these initiatives.

### **The Future Decision Making Structures**

57 The County Council like most local authorities has significant savings to find over the next four to five years and Leicestershire is required to find savings of £110 to £120 million between 2015/16 to 2018/19. In order to do this the County Council has commenced an ambitious Transformation Programme which will change fundamentally the way the Council operates and provides services with a greater focus on joint commissioning with partners, particularly health and other services being delivered in partnership with local communities/groups focused on the key priorities of the Council. The Transformation Programme and in particular the need to deliver savings of £120 million will require Members, both Cabinet and Scrutiny, to be fully engaged in determining priorities.

### **Implications for Council Size**

58 Experience of operating a Cabinet and Scrutiny model for a significant number of years has led the Council to conclude that there is no reason to suppose that any major change to the size of the Council either way would lead to improvements in the effectiveness of the organisation or other improvements for local residents.

60 With a ten member Cabinet along with two Cabinet Support Members (excluded from serving on Scrutiny) there are forty three members to fill the permanent places in that part of the structure as follows:-



|  |           |
|--|-----------|
| Scrutiny Bodies                          | 47        |
| Regulatory Board/Combined Fire Authority | 45        |
|  | <u>92</u> |
|  | —         |

- 61 A substitute procedure is in operation for all these bodies. Given that these bodies are politically balanced, in the case of the majority party this means that they have to fill 52 of the 92 places from a pool of 18 non-executive members.

### **Electorate Size**

- 62 The Council has no evidence to suggest that any substantial changes to the size of the Council would improve the effectiveness of Scrutiny and there is concern that any such change would have the opposite effect. For example, any substantial increase will result in more competition for places on the more popular scrutiny bodies.
- 63 Currently there are a number of large electoral divisions and to reduce their size substantially it would be necessary to have a large increase in the size of the Council to make any real impact. . This is something which the Council believes cannot be justified especially when it is facing severe financial constraints. It would not be appropriate to increase the size of the council which in turn would increase the cost of democracy, at a time when services are being reduced.
- 64 The table below shows the allocation of Members for each district/borough currently and the forecast.

| <b>District/Borough</b>                       | <b>Current Entitlement</b> | <b>Electorate 2015</b> | <b>Entitlement</b> | <b>Electorate 2021</b> | <b>Entitlement</b> |
|---|----------------------------|------------------------|--------------------|------------------------|--------------------|
| Blaby   | 8                          | 73,584                 | 7.77               | 80,840                 | 8.05               |
| Charnwood                                     | 14                         | 136,501                | 14.42              | 142,514                | 14.18              |
| Harborough                                    | 7                          | 68,430                 | 7.23               | 73,454                 | 7.31               |
| Hinckley and Bosworth                         | 9                          | 85,957                 | 9.08               | 89,600                 | 8.92               |
| Melton  | 4                          | 39,339                 | 4.16               | 39,803                 | 3.96               |
| North West Leicestershire                     | 8                          | 71,571                 | 7.56               | 80,466                 | 8.01               |
| Oadby and Wigston                             | 5                          | 45,240                 | 4.78               | 45,909                 | 4.57               |
|   |                            |                        |                    |                        |                    |
| <b>Average Electorate</b>                     |                            | <b>9,466</b>           |                    | <b>10,047</b>          |                    |
| <b>Average variation per district/borough</b> |                            |                        | <b>0.247</b>       |                        | <b>0.157</b>       |

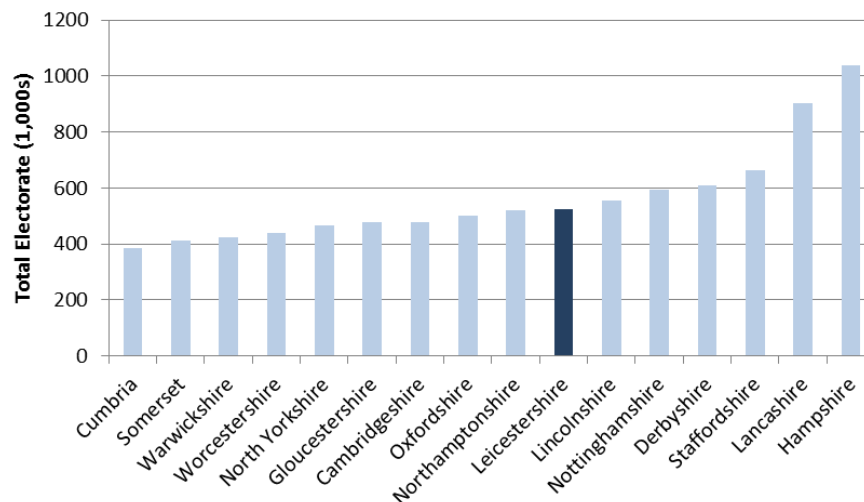
Note: The electorate figures used in the table above are provisional and have yet to be agreed by the LGBCE.

- 65 To help determine Council size a calculation has been done on the average ratio/ variation per district/borough from the entitlement above. Table 2 below shows the best fits below a variation of 0.2.

Table 2

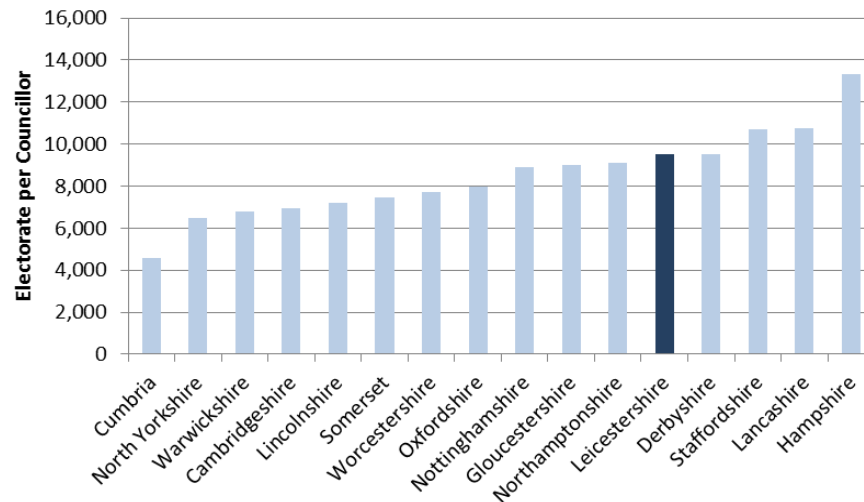
| Council Size | Average variation per district/borough below 0.2 | Average Electorate Per Member |
|--------------|--|-------------------------------|
| 54           | 0.177  | 10,233                        |
| 55           | 0.157  | 10,047                        |
| 61           | 0.164  | 9,059                         |
| 62           | 0.146  | 8,913                         |

- 66 Based on the above the best fit would be a council size of 62. This would require the Council to have an additional seven members and is something the County Council could not support given the arguments within this submission. The next best fit is a size of 55.
- 67 The County Council's 15 CIPFA *Nearest Neighbour* authorities amongst other county councils have been identified. The comparative position described below is based upon February 2014 data obtained from the LGBCE website.
- 68 In terms of the size of the electorate, Leicestershire is near the median compared to the nearest neighbours, as shown in the chart below.



- 69 While the proposed Council size of 55 is towards the lower end of the nearest neighbours group, four other counties also have a Council size between 50 and 60. While the mean Council size across the nearest neighbours is 66, three of the other counties are relative outliers in terms of electorate size (Hampshire and Lancashire) or electorate density (Cumbria). Excluding these three counties reduces the mean Council size to 62.

- 70 In terms of average electorate per councillor, the proposed Council size of 55 produces a figure of 9,466 This is slightly above the average of the nearest neighbours, as shown in the chart below. The projected electorate in 2021 would indicate an average electorate per councillor of 10,047, which would remain within the current range shown by the nearest neighbours.



- 71 In arriving at the Council size consideration has been given to Boundary reviews currently underway in Cambridgeshire, Nottinghamshire and Warwickshire. As part of those reviews the LGBCE have recommended the following Council sizes:-

Cambridgeshire – Council size of 63 – reduction of six from current number of 69

Nottinghamshire – Council size of 67 – figure remains the same as present

Warwickshire – Council size of 57 – reduction of five from current level of 62

- 72 With Cambridgeshire and Warwickshire reducing in size it brings their Council size closer to that of Leicestershire.

- 73 In terms of geographical size, Leicestershire has the 3<sup>rd</sup> smallest area of the nearest neighbours at 208,289 hectares. The County is ranked 6<sup>th</sup> highest of the nearest neighbours in terms of electors per hectare. In addition to being relatively small in geographical terms, the relatively compact shape of the county, good transport network and lack of physical barriers would suggest that a higher ratio of electors per members was appropriate and would further support the case for the proposed council size.

### **Two Member Divisions**

- 74 When the last Periodic Electoral Review of Leicestershire was conducted in 2003/4 by The Boundary Committee for England it recommended that three two Member divisions be created as follows:-

- Hinckley and Bosworth Borough area – Hinckley and Burbage Castle Electoral Divisions;
- Oadby and Wigston Borough - Oadby Electoral Division.

75 The County Council at the time of the last review wrote to The Boundary Committee for England stating it was against two-member electoral divisions because it felt it created divisions which were generally too large. This review has therefore allowed the County Council to review its stance on two member divisions and following discussions the view of the County Council is that single member divisions are preferable for the reasons outlined below:-

- Single member divisions and the councillor who represent the division are more transparent and accountable to both the electorate and local organisations than two member divisions;
- Two member divisions could cause confusion if two members from different political parties were elected which could then lead to differing views on local issues;
- Two Member divisions are too large in size and require co-operation between the two members to cover the division effectively.

76 It is however, recognised that to achieve one of the LGBCE's objectives, electoral balance, two member divisions may offer the flexibility needed to achieve this.

### **Conclusion**

77 The County Council believes that a Council size of 55 members is the appropriate size for Leicestershire County Council having regard to the political management arrangements it has put in place.

78 The pressures being placed on elected members are such that any reduction in numbers could overburden members. The size of the Cabinet is restricted and largely governs the role that Executive members can play. There is acceptance that the current Overview and Scrutiny arrangements (revised in 2013) are working well and therefore any potential increase in the size of the Council could impact adversely on these effective arrangements. There is also no desire to increase the cost of democracy at a time when services for the people of Leicestershire are reducing. In 2013 a wide consultation exercise undertaken by the County Council on its budget elicited responses that the public believed there should be an overall reduction in the number of locally elected representatives, a view the County Council has noted, whilst recognising that the responses most likely reflect a wish to see a reduction in the numbers of councils.

**OVERVIEW AND SCRUTINY STRUCTURE: TERMS OF REFERENCE**

*[Note: Neither the Scrutiny Commission nor any of the other overview and scrutiny committees or subcommittees are empowered to take decisions or exercise any responsibilities of the Executive or County Council or Health Service bodies. The general role and specific functions are described in Article 6 and for the purposes of that Article the Scrutiny Commission is regarded as an overview and scrutiny committee for those matters which come within its scope.]*

| <b>Committee</b>           | <b>Scope</b>   |
|----------------------------|--|
| <b>Scrutiny Commission</b> | <ol style="list-style-type: none"> <li>1. Any functions which are not specifically within the scope of any other overview and scrutiny committee.</li> <li>2. Any issues which come within the scope of more than one overview and scrutiny committee.</li> <li>3. Oversight and co-ordination of the work of the overview and scrutiny committees and scrutiny review panels.</li> <li>4. Allocating specific issues, on an ad hoc basis, to any of the other overview and scrutiny committees.</li> <li>5. Resolving any disagreements between overview and scrutiny committees.</li> <li>6. The executive functions of the County Council in respect of:- <ol style="list-style-type: none"> <li>(i) the Revenue Budget</li> <li>(ii) the Capital Programme</li> <li>(iii) Property</li> <li>(iv) Information and Communications Technology</li> </ol> </li> <li>7. To act as the Crime and Disorder Committee in accordance with Section 19 of Part 3 of the Police and Justice Act 2006 and work with the Police and Crime Panel to scrutinise the delivery of effectiveness of measures aimed at reducing crime and disorder.</li> <li>8. To monitor the performance and activities of:- <ol style="list-style-type: none"> <li>(a) The Leicester and Leicestershire Enterprise Partnership Board</li> <li>(b) The Leicester and Leicestershire Transport Board.</li> </ol> </li> <li>9. To monitor the performance and activities of any other partnerships that are associated with the executive functions outlined above and not within the scope of any other overview and scrutiny committee.</li> </ol> |

| Committee                        | Scope  |
|----------------------------------|--|
|                                  | 10. The scope shall not extend to exercising functions relating to scrutiny of the National Health Service in the County, which shall be a matter for the designated scrutiny committee.   |
| <b>Children and Families</b>     | <ol style="list-style-type: none"> <li>1. The executive functions of the County Council in respect of Children and Families Service.</li> <li>2. The executive functions in relation to the Supporting Leicestershire Families Programme.</li> <li>3. To monitor the performance and activities of any partnerships that are associated with the executive functions outlined in 1. and 2. above.</li> </ol>   |
| <b>Adults and Communities</b>    | <ol style="list-style-type: none"> <li>1. The executive functions of the County Council in respect of the Adults and Communities Department.</li> <li>2. To monitor the activities of the Health and Wellbeing Board aimed at improving the integration of health and social care services.</li> </ol>   |
| <b>Environment and Transport</b> | <ol style="list-style-type: none"> <li>1. The executive functions of the County Council in respect of the Environment and Transport Department.</li> <li>2. To monitor the performance and activities of the Flood Risk Management Board in accordance with Section 9FH of Schedule 2 of the Localism Act 2011.</li> <li>3. To monitor the performance and activities of any partnerships that are associated with the executive functions outlined in 1. and 2. above.</li> </ol>   |
| <b>Health</b>                    | <ol style="list-style-type: none"> <li>1. The executive functions of the County Council in relation to Public Health.</li> <li>2. To monitor the performance of the Health and Wellbeing Board in respect of the executive functions outlined in 1. above and any other partnerships as appropriate that are associated with those functions.</li> <li>3. <u>Health Service Functions</u> <ol style="list-style-type: none"> <li>(a) The exercise by health bodies of functions which affect the area of the County Council;</li> <li>(b) Arrangements for responding to consultation by local health bodies for substantial development of the health service or substantial variation in the provision of such services save where these are dealt with through a joint committee with other Social Services authorities.</li> </ol> </li> </ol> |

## PRIORITY PARTNERSHIP BOARDS

The **Health and Well Being Board (HWBB)** is a statutory partnership with an essential role to play in overseeing the integration of Health and Social Care Services against the Better Care Plan using partnership budgets such as the Better Care Together fund and the pooled Learning Disabilities budget. The Board is directly responsible for the effective use of the Better Care Fund (£38m) which is designed to support this integration, as well being responsible for the oversight of combined budgets of millions of pounds.

There are a number of sub-groups that have a role in delivering specific priorities on behalf of the Health and Well-being Board (and a number of other Boards in the structure), and other aligned groups.

The **Leicester and Leicestershire Enterprise Partnership (LLEP)** is key in terms of working with the private sector to secure millions of pounds of national and European funding. It is estimated that the LLEP will secure in excess of £2.5 billion of private sector investment, create over 45,000 jobs and increase Gross Value Added (GVA) by £4 billion in the sub-region by 2020. Sub-groups include the Economic Growth Board, a local authority group set up to co-ordinate council activities in the county around economic growth. The Transport Board is likely to be aligned to the LLEP in the near future.

The sub-structure of the LLEP has recently been simplified and will contain three supporting delivery sub-groups: People, Place and Business which will subsume previous thematic LLEP Sub Groups.

The **Local Safeguarding Children Board (LSCB)** is a statutory partnership with a tightly defined remit, a partnership budget and a specific responsibility to ensure effective working across agencies. It is externally regulated by Ofsted and has a number of sub-groups. It is a Leicestershire and Rutland partnership but has aligned a number of groups with the Leicester City LSCB.

From April 2015 multi-agency **Safeguarding Adults Boards (SABs)** will become statutory, as outlined in the Care Act. The current Leicestershire SAB is closely aligned to the Safeguarding Children Board, and also has a number of shared sub-groups both for the county and for Leicester, Leicestershire and Rutland.

Since the removal of the statutory requirement for a Children's Trust, the most appropriate structure(s) to oversee strategic arrangements is the **Children and Families Partnership Board**. Most of the strategic oversight previously carried out by the Children and Young People's Commissioning Board is now subsumed into the partnerships identified above. There is, however, a commitment from partners to continue to work together to achieve a whole view of service planning and provision for children, young people and families. This will take place through a 'summit' arrangement of events throughout the year, open to all partners and focused on active

engagement and actions. This approach will inform the work of the LSCB, the LLEP and Health and Wellbeing Board, and will be informed by the work of the Leicestershire Educational Excellence Partnership.

The **Leicestershire Safer Communities Strategy Board** is a statutory partnership but its budgetary responsibilities and oversight has been diluted since the introduction of a Police and Crime Commissioner. The Board oversees the statutory Community Safety Agreement and has an important role setting strategic direction and supporting collaboration in Safer Communities work across the County. It has the strategic lead for domestic abuse in the County, including Domestic Homicide Reviews. The partnership links into sub-regional work through the Strategic Partnership Board, led by the Police and Crime Commissioner.

**Leicester-Shire and Rutland Sport** aims to make Leicestershire, Leicester and Rutland the most sporting and physically active place in England by 2025, guided by three overriding principles – safe, fair and well-led sport and physical activity. There are links between the outcomes in the Strategy for Sport and Physical Activity 2013 – 2017 and the work of a number of the other priority partnerships.

The **Leicestershire Rural Partnership** is important in terms of co-ordinating and delivering the LLEP's ambitions in rural Leicestershire and maintaining a focus on the needs of rural communities across the County, particularly in terms of rural services, town and parish councils, community resilience, affordable rural housing and the environment. It is responsible for a partnership budget of £9 million.



**"JOB DESCRIPTION"****THE ROLE AND FUNCTIONS OF MEMBERS OF LEICESTERSHIRE COUNTY COUNCIL**

Each County Councillor is elected by the people of a particular electoral division to represent them on Leicestershire County Council. Whilst they each represent a particular part of the County they are also required to represent the interests of the wider Leicestershire community, sometimes on issues which go beyond the County Council's functions or local boundaries.

County Councillors have particular responsibilities for the services provided by the County Council; within a legislative framework they decide what services to provide and how much money to spend on them and ensure that they are delivered efficiently and effectively. The Government and other bodies have issued various guidance as to how councillors should carry out their roles.

**KEY TASKS****Representatives**

- to be accessible to local people (including people who did not vote for them), to advocate their views and to look after their concerns generally;
- to explain to people the responsibility and decisions of the County Council and other public services bodies with which the County Council works in partnership; to represent the Council to the community and the community to the Council;
- to support and promote citizenship and participation in local democracy generally;

**Decision Making and Scrutiny**

- to attend regularly and take part in meetings of the full County Council, its committees and other bodies;
- to develop a good working knowledge of how the County Council operates and to apply this knowledge through:-
  - contributing to the formation and scrutiny of the Council's policies, budget strategies and service delivery;
  - contributing to the scrutiny and/or performance review of the Council's services and those of other local public bodies;
  - to participate in the activities of any Party group of which the councillor is a member;

**Individual**

- to participate constructively in good governance of the area and to ensure that all duties and actions are carried out in accordance with the highest standards of conduct;
- to behave in a manner which maintains public confidence in the County Council and local democracy generally;
- to identify any skills or gaps in knowledge and request training and support where required;
- to explain and account for personal performance as a County Councillor on a regular basis, particularly through the publication of an Annual Report on the Council's web site.



## **CONSTITUTION COMMITTEE – 10 MARCH 2015**

### **REPORT OF THE CHIEF EXECUTIVE**

#### **ESTABLISHMENT OF A LOCAL PENSION BOARD**

##### **Purpose**

1. The purpose of this report is to enable recommendations to be put to the meeting of the County Council on 25 March 2015 relating to the proposed establishment of the Local Pension Board.

##### **Background**

2. Article 15 of the County Council's Constitution requires that changes to the Constitution should only be approved by the full County Council after consideration of the proposal by the Chief Executive and the Constitution Committee and/or Corporate Governance Committee and/or Employment Committee.
3. In June 2013 a discussion paper was issued by the Department for Communities and Local Government (DCLG) concerning potential new governance arrangements for the Local Government Pension Scheme (LGPS). On 29<sup>th</sup> January 2015, just over two months before the Local Pension Board needed to be in place, the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 were laid. The regulations came into force on 20<sup>th</sup> February 2015, with the requirement that a Local Pension Board be established by 1 April 2015.
4. The Local Pension Board will not be a decision-making committee. It will instead be expected to assist the administering authority in securing compliance with LGPS Regulations, other legislation and the requirements of the Pensions Regulator. There is scope for the Terms of Reference for the Local Pension Board to be set at a local level, and it is expected that these will evolve over time. The Board will undertake a formal review process to assess how well it is performing with a view to seeking continuous improvement in the Board's performance. Attached as Appendix A to this report are the Terms of Reference for the Local Pension Board. Appendix B is a Statement of Operational Principles for the Local Pension Board, which sets out further detail of the way in which the Board will operate.

##### **Structure of the Local Pension Board**

5. The Pension Fund Management Board at its meeting on 14 November 2014 agreed that the Local Pension Board would comprise three

scheme members (i.e. employee) representatives and three employer representatives, the latter all being elected members, two from Leicestershire County Council and one from Leicester City Council. An extract from the minutes of the meeting is attached as Appendix C to this report.

6. In order to comply with the tight statutory timescales, it has been necessary to undertake the majority of the preparatory work before seeking formal agreement of the terms of reference. The three scheme member representatives were appointed at the Pension Fund Management Board's Annual General Meeting on 8 January 2015. This action was taken with the support of the local Unison representatives. The County Council will be asked to appoint the two employer representatives at its meeting on 25 March.

### **Meetings of the Local Pension Board.**

7. It is currently anticipated that meetings of the Local Pension Board will be held quarterly, and that these meetings will be held about a month after the normal quarterly meetings of the Pension Fund Management Board. This is to allow the Local Pension Board to consider anything agreed by the Pension Fund Management Board which is relevant to the role of the Local Pension Board, in a timely manner. This would give a meeting timetable of late June, early October, mid-December and late March.
8. It is anticipated that the remit of the Local Pension Board will change over time, and expand as the skills of the individuals grow. Some of the issues that are expected to be considered are:
  - Quarterly Administration Report;
  - Ensuring compliance with Legislation and the requirements of the Pensions Regulator;
  - Updates on potential changes to LGPS Regulations;
  - Reports relating to internal audit work;
  - Consideration of policies;
  - Scrutiny of the decision-making of Pension Fund Management Board and Investment Subcommittee.
9. The above list is not intended to be definitive and there will no doubt be many other matters that are relevant for consideration by the Local Pension Board. There will also be items that will be specifically highlighted as relating to training for members of the Local Pension Board.

### **Impact of the Local Pension Board on the Pension Fund Management Board**

10. Consideration has been given as to whether the new committee should have any impact on the membership of the Pension Fund Management Board. It is likely that relatively few of the matters currently considered

by the Pension Fund Management Board will be referred to the Local Pension Board. There is a need to ensure that all stakeholders are, as far as practical, represented on the Pension Fund Management Board so that they can contribute to discussions concerning the Fund's investments – the performance of the investments of the Pension Fund and the risks associated with achieving an acceptable return have a meaningful impact onto employer contribution rates. As such it is recommended that no change is made to the membership of the Pension Fund Management Board.

11. Given that the Regulations refer to the term 'Local Pension Board,' it seems sensible to incorporate this into the name of the new committee, and to call it the Leicestershire Local Pension Board. In order to avoid confusion it is suggested that the name of the Pension Fund Management Board be changed. The Pension Fund Committee would appear appropriate, with the Investment Subcommittee remaining as it is in both name and structure.

### **Consultation**

12. A six week period of consultation with stakeholders, including all employing bodies within the Leicestershire Local Government Pension Scheme and the trade unions, Unison and GMB, regarding the proposed governance structure took place between 9<sup>th</sup> December 2014 and 21<sup>st</sup> January 2015. No significant comments were received from employing bodies.

### **Changes to the Constitution**

13. The Local Pension Board is a separate Committee rather than a subcommittee of the Pension Fund Management Board. The only changes needed to the Constitution are therefore to insert the terms of reference for the Local Pension Board into the County Council's Constitution at Section B of Part 3, Responsibility for Functions; these are set out in Appendix A to this report. The name of the Pension Fund Management Board will also be changed to the Pension Fund Committee.

### **Resources Implications**

14. The proposals will result in an additional four meetings per annum. Servicing these meetings will be undertaken within existing staffing resources in the Chief Executive's and Corporate Resources Departments.

### **Recommendation**

15. (a) That the County Council be recommended to approve the terms of reference of the Local Pension Board, as set out in Appendix A to this report and the renaming of the Pension Fund Management Board as the Local Pension Committee;

- (b) That, subject to (a) above, the County Council be recommended to make the necessary appointments;

**Background Papers**

The Constitution of Leicestershire County Council.  
Reports to the Pension Fund Management Board, on 14 November 2014, 8 January 2015 and 27 February 2015.

**Circulation under the Local Issues Alert Procedure**

None.

**Officer to Contact**

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**List of Appendices**

Appendix A – Terms of Reference for the Local Pension Board  
Appendix B – Operational Principles for the Local Pension Board  
Appendix C – Extract from minutes of the Pension Fund Management Board, 14 November 2014.

**Equal Opportunities and Human Rights Implications**

None.

**Appendix A****TERMS OF REFERENCE FOR THE LEICESTERSHIRE LOCAL PENSION BOARD**

1. The Leicestershire Local Pension Board shall not have the power to appoint subcommittees.
2. The Leicestershire Local Pension Board shall have the following general role and function:-
  - a. To assist the County Council, as administering authority, in securing compliance with:-
    - i. Legislation in force for the time being; and
    - ii. Requirements imposed by the Pensions Regulator in relation to the Scheme.
  - b. To assist the County Council, as administering authority, in ensuring the effective and efficient governance and administration of the Scheme.

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**Appendix B****OPERATION PRINCIPLES FOR THE LEICESTERSHIRE LOCAL PENSION BOARD****Role of the Board**

The Leicestershire Local Pension Board is a statutory committee of the County Council appointed to:-

- a. assist the County Council, as administering authority, in securing compliance with:-
  - i. Legislation in force for the time being; and
  - ii. Requirements imposed by the Pensions Regulator in relation to the Scheme.
- b. assist the County Council, as administering authority, in ensuring the effective and efficient governance and administration of the Scheme.

**Standing Orders**

The Meeting Procedure Rules (Standing Orders) laid down by the County Council and set out in Part 4A of its Constitution will apply with any necessary modifications including the following:-

The Chairman of the Leicestershire Local Pension Board will be one of the employer representatives from Leicestershire County Council, and will be elected on an annual basis by members of the Board. The Vice Chairman will be the other employer representative of Leicestershire County Council. In the event of the non-attendance of both the chair and Vice Chair the employer member representing Leicester City Council will substitute as Chair.

The Board shall have a formal quorum of three, which must include at least one of the employer representatives or their substitute.

**Membership**

The Leicestershire Local Pension Board will consist of three employer representatives and three scheme member representatives, as follows:-

- a. The employer representatives will comprise two elected members from Leicestershire County Council (the administering authority) and one from Leicester City Council and the selection of members by each authority will reflect the principles of maintaining the relevant political balance.
- b. The scheme member representatives must be members of the Fund in either and active, deferred or pensioner member capacity.

Scheme member representatives shall be appointed by a vote at the Fund's Annual General Meeting and will normally serve a term of three years, provided that they remain members of the Scheme, but shall be free to stand for re-election at the end of that period providing they are still members of the Fund.

At the setting up of the Leicestershire Local Pension Board the appointments will be for periods of one, two and three years in order to ensure that at least one scheme member representative position will become available at the Fund's Annual General Meeting.

There is a duty on the County Council as administering authority to ensure that employer and member representatives appointed to the Leicestershire Local Pension Board have the relevant experience and capacity to perform their respective roles.

It is not expected that individual members of the Local Pension Board will have all the required skills when they are appointed. The Scheme Manager will attempt, as far as is practical, to ensure that the training which is required to bring their skills up to an acceptable level is provided within a reasonable period of time. Local Pension Board members are expected to undertake training, as decided by the Scheme Manager, that it is considered will be useful to them from time to time.

### **Substitutes**

Substitutes are only permitted for the employer representatives.

### **Code of Conduct**

The Scheme Manager shall ensure that there are no potential or actual conflicts of interest between the work of the Leicestershire Local Pension Board and the personal interests of the Board members. Local Pension Board members have a responsibility to ensure that they declare any conflicts of interest.

The employer representatives on the Board will be bound by their relevant Codes of Conduct. Consideration will be given to the adoption of a Code of Conduct for scheme representatives in order to comply with the key principles of public life recommended by the Committee on Standards in Public Life.

### **Publication of Information**

The Access to Information Procedure Rules, set out in Part 4B of the County Council's constitution, shall apply to the operation of the Board. The County Council, as administering authority, will also publish appropriate information relating to the Leicestershire Local Pension Board on its website.

### **Advisers to the Board**

The Board may be supported in its role and responsibilities through the appointment of advisers and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties including:

- A Governance Adviser

- The Fund's Actuary;
- The Fund's Administrator;
- The Fund's Legal Adviser;
- The Fund's Investment Manager(s);
- The Fund's Investment Adviser(s);
- The Scheme Manager.
- Other advisers, so approved by the Scheme Manager.

The Board shall ensure that the performances of the advisers so appointed are reviewed on a regular basis.

### **Remuneration and Allowances**

The rules in relation to remuneration and allowances shall be the same as those applied to the Pension Fund Management Board.

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**PENSION FUND MANAGEMENT BOARD – 14 NOVEMBER 2014**

**ESTABLISHING A NEW LOCAL PENSION BOARD**

**MINUTE EXTRACT**

The Board considered a report of the Director of Corporate Resources concerning the establishment of a new Local Pension Board as part of a new governance structure for the Pension Fund. A copy of the report marked '7' is filed with these minutes.

It was noted that the new Local Pension Board would not be a decision making body but was expected to assist the administering authority in securing compliance with Local Government Pension Scheme and Pension Regulator requirements. Its formation would allow for more nominated employees, elected at the Funds Annual General Meeting in January 2015, to be involved in the governance of the fund.

With regard to the structure of the Board, Members supported the proposal for the Board to comprise of a total of six Members, three elected employee representatives and three employer representatives who would be two elected members of Leicestershire County Council and one elected member of Leicester City Council.

Members welcomed the intention for additional training to be delivered to representatives of both the Pension Fund Management Board and the Local Pension Board. It was understood that the DCLG regulations would require the administering authority to be satisfied that representatives have relevant experience and capacity in order to make informed decisions.

**RESOLVED:**

That the Constitution Committee be asked to consider the comments made by the Pension Fund Management Board concerning the new governance arrangements for the Local Pension Board and to make appropriate recommendations to the County Council at its meeting on 25 March 2015

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