

Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Wednesday, 24 January 2018.

PRESENT

Mr. S. J. Galton CC (in the Chair)

Mr. D. C. Bill MBE CC
Mr. L. Breckon JP CC
Mr. M. H. Charlesworth CC
Dr. T. Eynon CC
Mr. D. Jennings CC

Mrs. R. Page CC
Mr. A. E. Pearson CC
Mr. T. J. Richardson CC
Mrs H. L. Richardson CC
Mr. D. Slater CC

In attendance.

Mr N J Rushton CC, Leader of the Council

Mr J B Rhodes CC, Deputy Leader of the Council and Cabinet Lead Member for Finance and Resources

Mrs P Posnett CC, Cabinet Lead Member for Communities (minute 58 refers)

50. Minutes.

The minutes of the meeting held on 15 November 2017 were taken as read, confirmed and signed.

51. Question Time.

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

52. Questions asked by members 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).

53. Urgent Items.

There were no urgent items for consideration.

54. 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.

55. Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16.

There were no declarations of the party whip.

56. Presentation of Petitions under Standing Order 36.

The Chief Executive reported that no petitions had been received under Standing Order 36.

57. Medium Term Financial Strategy 2018/19 to 2021/22 - Context Setting and Overall Position.

The Director of Finance outlined the context and overall position in respect of the Council's Medium Term Financial Strategy (MTFS) 2018/19 to 2021/22. In doing so, he highlighted the following matters:-

- The Council's financial outlook was challenging. The MTFS included £40 million growth, of which £17 million was for children's social care. There was also a savings requirement of £36 million over the four year period. Approximately £18 million worth of savings had not yet been identified.
- The Capital Programme equated to £290 million over the lifetime of the MTFS and was the largest programme the Council had ever put forward. Despite this, a number of capital development proposals remained unfunded.
- The Local Government Finance Settlement had been disappointing as the Council's bid for the 100% business rates retention pilot had been unsuccessful. This would have resulted in an extra £19 million. The financial pressures facing children's social care had also not been acknowledged in the Settlement. Positive elements of the Settlement included greater flexibility around council tax rates and the adult social care precept.

The Deputy Leader and Cabinet Lead Member for Finance and Resources, Mr J B Rhodes CC, echoed the Director's disappointment regarding the business rates pilot. He reminded the Commission that the Government was currently undertaking a consultation on fair funding for local authorities, and referred to the County Council's own fair funding campaign. The Leicestershire model was widely supported by upper tier authorities and the County Councils' Network, but more work was needed to promote the model to the Government. He also advised members that, through his role on the Local Government Association Resources Board, he was making the case for fair funding.

Arising from discussion, the following points were raised:-

- (i) Consideration was currently being given to a number of options in response to the Government announcement that council tax could be raised by a further one percent. The public consultation on the MTFS, which had closed on 21 January, had sought views on the level of council tax. This issue and other adjustments required following the Local Government Finance Settlement would be addressed in the revised MTFS which would be considered by the Cabinet on 9 February. One of the adjustments would reflect a greater than expected increase in the council tax base.

- (ii) The MTFS included provision for the Revenue Support Grant to end at the beginning of the 2019/20 financial year and for there to be a reduction in the level of Business Rates Top-Up/Tariff to achieve the Government's target funding level for the Council. It was assumed that this reduction in funding would continue to 2021/22. Members commented on the unfairness of the situation.
- (iii) Members agreed that it was important to improve the prosperity of Leicestershire with housing and business development in order to boost the council tax base. It was felt that economic growth was best delivered through local planning and partnerships. However, some caution was expressed with regard to the risk of unrestrained growth.
- (iv) It was felt that the West Midlands Combined Authority and elected mayor placed the East Midlands at a disadvantage in terms of attracting economic growth and funding. The Leader of the Council assured members that he had developed good working relationships with other strategic council leaders in the East Midlands and that regular meetings took place. They were aware of the need for the East Midlands to demonstrate strong leadership.
- (v) Some reservations were expressed over the Council's ability to support both the fair funding campaign and the proposal to retain 100 percent of business rates. However, it was felt that the current disparity in council funding across England could not be resolved by economic growth alone; it would also require the better off councils to reduce their costs over time so that funding could be redistributed.
- (vi) Members welcomed the intention in the MTFS to repay debt and to invest capital in income streams. Total borrowing had reduced by nearly £100m since 2009 and as a result there had been a significant reduction in the revenue cost of serving debt. Some loan terms prevented the Council from the early repayment of debt. Despite the size of the Capital Programme, it would be funded through Government grant, capital receipts and other discretionary funding. It was expected that some of the currently unfunded projects would be funded through underspends, capital receipts and maximising the value of the County Council's assets, for example through applying for planning permission on Council owned properties. Income was also generated through the investment fund.

RESOLVED:

- (a) That the information provided be noted;
- (b) That the comments of the Commission be forwarded to the Cabinet for consideration at its meeting on 9 February 2018.

58. Medium Term Financial Strategy 2018/19 to 2021/22 - Chief Executive's Department.

The Commission considered a report of the Chief Executive and Director of Corporate Resources concerning the proposed Medium Term Financial Strategy (MTFS) 2018/19–2021/22 as it related to the Chief Executive's Department. A copy of the report, marked "Agenda Item 9", is filed with these minutes.

The Chairman welcomed Mr. N. J. Rushton CC, Leader of the Council, and Mrs P Posnett CC, Cabinet Lead Member for Communities, to the meeting for this item.

In response to questions, members were advised as follows:-

- (i) A central contingency was held for pay and price inflation and money was transferred to service budgets once a cost pressure was discovered. The central contingency took account of three percent rate of inflation and a two percent increase pay. It was now expected that pay would increase by 5.4 percent over two years, given the need to make adjustments to pay points at the bottom of the scale to deliver the national living wage. Consideration would be given to how this cost pressure would be met as part of the next iteration of the MTFS, due to be received by the Cabinet at its meeting on 9 February.
- (ii) It was confirmed that there was no realistic prospect of requiring funding for the establishment of a Combined Authority during the next financial year.
- (iii) The service review for Trading Standards was expected to result in a reduction in the level of proactive inspections, such as food sampling, that were undertaken. Trading Standards would continue to be an intelligence led service and, as such, evidence based investigations into issues like allergens not being correctly labelled would not be affected by the savings requirement.
- (iv) The increase in legal caseloads in respect of social care work was a result of a Supreme Court judgement in 2014 which had put in place a requirement for approval from the Court of Protection before adult service users who lacked mental capacity could be deprived of their liberty. It was understood that this was overwhelming the Court of Protection and a national review was being undertaken.
- (v) The need to increase the internal legal resource would address quality issues arising from the outsourcing of legal services. In part this related to the fact that, unlike external solicitors, Legal Services had a duty system so any member of the team could provide advice. Legal Services also understood how the Council operated which was not always the case when the work was outsourced.
- (vi) The review of Planning, Historic and Natural Environmental Services would not prevent the service from meeting its statutory requirements. Planning fees would increase income by £20,000 to £25,000 and the monitoring of planning permissions generated income. The Historic and Natural Environment Team had service level agreements with district councils and would seek to maximise the income from these. It was possible that the savings target could be met in this way, although staffing reductions were also proposed.
- (vii) The relocation of Hinckley Registry Office was being considered to improve the facilities, parking and generate more income. The relocation was not likely to be considered until later in the year as it was currently at an early stage of identifying possible new locations and would be subject to a business case.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments made at this meeting be forwarded to the Cabinet for consideration at its meeting on 9 February 2018.

59. Medium Term Financial Strategy 2018/19 to 2021/22 - Corporate Resources and Corporate Items.

The Commission considered a report of the Director of Corporate Resources concerning the proposed Medium Term Financial Strategy 2018/19 to 2021/22 as it related to the Corporate Resources Department. A copy of the report, marked "Agenda Item 10", is filed with these minutes.

The Chairman welcomed Mr. N. J. Rushton CC, Leader of the Council, and Mr J B Rhodes CC, Deputy Leader and Cabinet Lead Member for Finance and Resources, to the meeting for this item.

In introducing the report, the Director of Corporate Resources reminded members that, since 2010, the Department had achieved £19 million of savings and planned to deliver a further £5 million by 2021/22. This reflected the departmental strategy of focussing on efficiencies rather than service cuts and delivering support services in a different way through transformation. The Department had also developed its commercial activities and was keen to continue work in this area as it was starting to have a positive financial impact.

Arising from discussion the following points were raised:-

- (i) Some members queried the budget for marketing and communications, which was over £1 million. However, the Council had a duty to inform people of its activities, which it did through various channels. It also undertook extensive consultation. The Commission was reminded that the communications and media budget had been reduced by 70 percent when services were brought together into a single service. The Cabinet Lead Member felt that this was a good example of spending less but providing a better service.
- (ii) The Centre of Excellence was a national service for information sharing which was currently hosted by the County Council. It had a net nil budget implication for the County Council other than generating some rental income. The hosting arrangement would be reviewed in the summer.
- (iii) The revenue budget included funding for Trade Unions; this related to four posts for the whole organisation to support staff, for example with HR action plans. It also ensured that, when the Council needed to negotiate with the Trade Unions, the processes were efficient. It was felt that these posts provided value through helping the Council to maintain good relationships with its employees.
- (iv) The review of staff absence related to an initiative from the Employment Committee following concerns regarding high levels of sickness absence. The Employment Committee had analysed the reasons for this and the measures put in place and had found that there was a need for first line managers to manage absence effectively. Intensive support from HR to managers was being provided and efficiency saving had been attached to this work as an incentive. A triage service had also been trialled but this had been found to be ineffective and was not being continued.
- (v) It was felt that the investment in commercial property assets should largely be focussed on investments in Leicestershire, to support the general prosperity of the County as well as generating income for the Council. It was confirmed that the

majority of investment was in Leicestershire although this had to be balanced against security of tenant and maximising the rate of return. The Council's ambition in this area was modest, with an investment fund of £200 million. The only current out of county investment was in Lichfield. Members were also reassured to hear that the Council's role with out of county investments would be as landlord whereas in Leicestershire it had more of a role as a developer.

- (vi) With regard to energy and water efficiencies, it was confirmed that the County Council was not encouraging opportunities for wind farms. The principle investment in solar panels was at County Hall, although other opportunities would be considered. The biomass boiler had been installed at County Hall because the availability of subsidies, as well as the environmental benefit, had made this an attractive choice.
- (vii) The County Council already provided traded services outside of the county, for example it provided IT support to schools in Stoke. This was an area for further growth and development.
- (viii) The Customer Service Centre was seen as a key frontline service. The savings proposed were a modest reduction of four out of 62 posts and some reduction in management. Investment in improved telephony would be made at the same time.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments made be forwarded to the Cabinet for consideration at its meeting on 9 February 2017.

60. Medium Term Financial Strategy 2018/19 to 2021/22 - Consideration of Responses from Overview and Scrutiny Committees.

The Commission considered a supplementary report setting out the responses to their respective areas of the Medium Term Financial Strategy (MTFS) of the Adults and Communities, Children and Families, Environment and Transport and Health Overview and Scrutiny Committees. A copy of the supplementary report is filed with these minutes.

In response to questions from members, the Leader and Deputy Leader confirmed the following:

- (i) The review of passenger transport services had been reinstated into the MTFS, following its withdrawal the previous year, because it was felt that bus services should not be subsidised at unsustainable rates such as £17 per person. All contracts had been extended to end in June 2019 so that a full review could be undertaken. This would consider options such as whether buses were the most sensible way of providing public transport but was not likely to eliminate all subsidised bus routes.
- (ii) The countywide parking strategy was still being developed and policy decisions were still to be undertaken. It was therefore not currently possible to provide details of the locations which might be affected. Once the information was

available the Environment and Transport Overview and Scrutiny Committee would have the opportunity to discuss the proposal in detail.

RESOLVED:

- (a) That the supplementary report be noted;
- (b) That the comments made at this meeting be forwarded to the Cabinet for consideration at its meeting on 9 February 2018.

61. Date of next meeting.

It was noted that the next meeting of the Commission would be held on 7 February 2018 at 2.00pm.

10.30 am - 12.25 pm
24 January 2018

CHAIRMAN