

Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Wednesday, 14 November 2018.

PRESENT

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

Mr. D. C. Bill MBE CC
Mr. G. A. Boulter CC
Dr. T. Eynon CC
Dr. R. K. A. Feltham CC
Mr. D. Harrison CC
Mr. J. Morgan CC

Mrs. R. Page CC
Mr. A. E. Pearson CC
Mr. T. J. Pendleton CC
Mr. T. J. Richardson CC
Mrs B. Seaton CC

44. Minutes.

The minutes of the meeting held on 31 October 2018 were taken as read, confirmed and signed.

45. Question Time.

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

46. 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).

47. Urgent Items.

There were no urgent items for consideration.

48. 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.

All members of the Commission who were also members of district councils declared a personal interest in the report on proposals for a unitary structure of local government in Leicestershire (minute 51 refers).

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

There were no declarations of the party whip.

50. Presentation of Petitions under Standing Order 36.

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

51. The Development of a Unitary Structure for Local Government in Leicestershire.

The Committee considered a report of the Chief Executive which had been submitted to the Cabinet on 16 October in response to the Cabinet resolution of 6 July 2018 to enable the Cabinet to consider outline proposals for the development of a unitary structure for local government in Leicestershire. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed the Leader and Deputy Leader of the County Council to the meeting. A particular welcome was extended to the external expert witnesses who had kindly agreed to attend the meeting and talk about their experiences: Baroness Scott of Bybrook OBE, Leader of Wiltshire Council, Jake Atkinson, Chief Executive of the Leicestershire and Rutland Association of Local Councils (LRALC), Justin Griggs, Head of Policy and Communication at the National Association of Local Councils (NALC), Kevan Liles, Chief Executive of Voluntary Action LeicesterShire (VAL) and Richard Evans, Chief Executive of Citizens Advice LeicesterShire.

Mr N J Rushton CC, Leader of the County Council, placed on record his thanks to the Scrutiny Commission and opposition group leaders for their commitment to scrutinising the proposals for a unitary structure of local government in Leicestershire and to Baroness Scott for her assistance to the scrutiny process.

The Leader confirmed that he had received a letter from the Leicestershire MPs asking him to stop the process and that the District Council Leaders had also told him that they were no longer considering the matter. He would seek the views of the County Council's Conservative Group at a meeting on 4 December.

The Chairman advised that the District Leaders had accepted an invitation to attend a meeting of the Commission but were unable to make the dates that had been suggested. The Commissioners would give consideration to the District Leaders' request to be accommodated.

[It was subsequently confirmed that an additional meeting of the Commission would take place on 6 December at 10.00am.]

The Deputy Leader of the County Council, Mr J B Rhodes CC, reminded the Commission that the proposals demonstrated considerable opportunities to improve services. They would also strengthen the voice of the area, meaning that it would be more likely to be successful when bidding for national funding. Finally, the proposals presented an opportunity to reduce costs, address the financial pressures which were currently facing the County Council and ensure that quality services would continue to be delivered to the people of Leicestershire.

(a) Presentation from Wiltshire Council

The Commission received a presentation from Baroness Scott, outlining Wiltshire's journey to becoming a unitary authority and the changes that had occurred as a result of

structural reform. A copy of the slides forming the presentation is filed with these minutes.

During her presentation, Baroness Scott highlighted the following points:-

- Prior to seeking unitary status, efforts had been made to improve joint working between the county and district councils. This had had some success but was limited by an unwillingness from individual organisations to cede power.
- The establishment of a unitary authority should not be seen as the County Council taking over district council services, but as an opportunity for a different type of local government, with different councillors, officers and relationship with the public. In setting up a new organisation, time had been spent developing and embedding a new culture and values.
- A clear and simple vision and business case, focused on better services as well as saving money, had been essential, as had communication and engagement with stakeholders and the public. Single issue sheets had been developed for areas such as housing and planning, where there was initially a lot of public concern.
- The benefits of being a large unitary authority included having a stronger voice and being more likely to be listened to by the Government. In terms of procurement, it enabled the Council to be more efficient. It also had greater capacity to lead on and respond to significant issues, such as the cases of poisoning in Salisbury earlier in the year.
- Wiltshire achieved £25 million recurrent savings though being a unitary authority, largely as a result of reductions in the back office. The Council had not had to close children's centres or libraries and in fact had not had to make any really tough decisions as a result of austerity, whilst still investing in adult and children's social care.
- The Community Area Boards cost the Council about £1 million per year to run. They had executive powers and a delegated budget for services such as youth services and small highways projects. They also awarded £700,000 of capital grants to projects which linked to Council priorities and added value. Community Area Boards were the only way in which public consultation was carried out.
- Public satisfaction was high and local MPs were also supportive of the Council, despite initially being against the proposals. It had been possible to freeze council tax until last year, when it had been increased in response to the views of the local communities.
- The harmonisation of waste collection had taken a long time, particularly as a decision had been taken to allow the new Council to bed in before starting work on the transformation of services.
- There was a single, strategic Local Plan for Wiltshire. However, the Council still had a local Planning Committee in each former district council area, reflecting the fact that there had initially been four Local Plans in the area. The Council aimed to keep planning local; it had also embraced Neighbourhood Plans and had the capacity to support Parish Councils to develop them.

The Leader of the County Council responded by agreeing that Leicestershire needed a clear vision and business case and that further work should be undertaken to develop the role and function of the Local Area Committees. The importance of a well-managed transition period was also noted.

Arising from discussion with Baroness Scott, the following points were raised:-

- (i) Baroness Scott did not believe that joint working with district councils, which had been attempted before Wiltshire County Council had sought unitary status, could have achieved the same service improvements and financial savings as the establishment of a unitary authority. The ability to harmonise services such as waste collection and to achieve significant savings through economies of scale was only possible in a unitary authority.
- (ii) Wiltshire Council operated out of three buildings. One had been previously owned by the County Council and two were refurbished district council buildings. There were service hubs in all the major towns and residents could also access services through libraries and leisure centres, which were often co-located. Residents did not raise any issues or concerns with regard to access to Council services.
- (iii) In Wiltshire, it had been recognised that access to Planning Committee meetings was important for local councillors and communities. This was one of the motivations behind them continuing to operate on the former district council footprints. The Committees were politically balanced, although Group Leaders were encouraged to appoint local members where possible.
- (iv) The Area Boards were completely separate from the Area Planning Committees, to avoid them being taken over by planning issues. Initially, most of their business related to highways matters but, as the Boards developed, they had received Joint Strategic Needs Assessments for their localities, including environmental and economic evidence. This helped to provide an evidence base when they were setting their priorities.
- (v) The Executive Powers devolved to Area Boards in Wiltshire empowered them to set local priorities and decide how to spend their budget accordingly. They did not enable Area Boards to change countywide policies. The Area Boards were made up of unitary councillors and they elected their own chairmen. Some chairmen were members of the opposition groups. Parish and Town Councils were clear partners and were expected to provide regular reports on their activities. However, they were not able to be voting members. Meeting of Area Boards usually rotated around the locality.
- (vi) Baroness Scott did not believe that, as a unitary council, Wiltshire had a stronger voice in terms of planning developments that were part of a national picture or negotiations with the Planning Inspectorate. However, she did feel that it was easier as a unitary authority to undertake strategic planning and identify areas for economic growth. As a large unitary authority, Wiltshire also had more clout with external agencies, such as Highways England.
- (vii) The aim in Wiltshire was for local residents to perceive the public sector as a single service. To that end, close relationships had been established with the local NHS and Police. For example, one of Wiltshire Council's Cabinet members was the Chair of the local Sustainability and Transformation Partnership (STP). However, it

was not clear whether this was the outcome of being a unitary authority or of strong personal relationships.

- (viii) Wiltshire Council was open to any suggestions from parish councils regarding the devolution of services and had the capacity to negotiate issues such as the transfer of assets. Where parish councils took on an asset which provided them with an income stream, they were expected to provide some services using that income, for example street cleaning. The Council had not provided direct funding to support parish councils.
- (ix) Baroness Scott was passionate about strengthening communities; a strong community was more resilient, autonomous and better for local people. She recommended focusing not only on geographical communities, but also communities of like minded people.
- (x) It was confirmed that Wiltshire Councillors had different levels of engagement with the role; this partly depended on whether they were also in employment. Cabinet members and the equivalent to Leicestershire's Cabinet Support members were expected to give a full time commitment to their role, as were the Chairmen of the larger committees. However, it was acknowledged that some councillors preferred to operate in their local community and these were supported to become community leaders.
- (xi) The reduction from 250 councillors in Wiltshire to 98 unitary councillors had saved a small amount of money. The basic allowance was approximately £12,000, with special responsibility allowances in addition to this.
- (xii) In Wiltshire, only one of the four former district councils had retained its housing stock. The new unitary council had respected the decisions of its predecessor organisations and had developed a Housing Department which provided services to the area with the retained housing stock. The retention of some housing stock had enabled Wiltshire to tackle homelessness across the county. It was also considering taking advantage of the new flexibility to borrow against the Housing Revenue Account to build social housing on council land which would be added to the retained stock. There were opportunities in terms of combining social care with social housing, for example focusing on housing to support the ageing population. Wiltshire was discussing this with GP and Clinical Commissioning Group (CCG) colleagues.
- (xiii) Similar to Leicestershire County Council, Wiltshire County Council had been perceived as centralised. As part of the engagement process before Wiltshire became a unitary council, it had been important to reassure people that the new council would be different. In terms of maintaining connections to local communities, Wiltshire Council still provided grants to the voluntary sector, including arts and heritage. GP practices had a standing invite to Area Boards and usually sent a representative, as did Healthwatch, the Police and the Fire Service. They were seen by partners as a positive vehicle for communication with the public.
- (xiv) Members of the Commission felt that they could recognise a lot of shared experiences with Wiltshire, although there were also differences. Swindon had become a unitary authority in 1997, similar to Leicester City Council. The idea of a single unitary authority for Swindon and Wiltshire had never been considered, but by becoming a unitary authority Wiltshire had been able to strengthen its

relationship with Swindon and improve partnership working, especially around strategic planning where a Joint Committee had been established.

- (xv) Wiltshire was surrounded by nine local authorities and had regular discussions with them all. Partnership working was undertaken where it was right to do so and when it added value to services. For example, partnership working for adult social care was needed across the STP area, which was bigger than just Wiltshire.

The Chairman thanked Baroness Scott for her contributions.

(b) Evidence from LRALC and NALC

Jake Atkinson explained that LRALC had not yet taken a view on the County Council's proposals, but had agreed to keep a watching brief and ensure its membership was fully informed of developments. It would be difficult to reach a position which satisfied all members. Some concern was expressed that messages from the County and district councils were contradictory and confusing; however LRALC had not received any direct communication from District Council Leaders.

It was confirmed that the parish council precept was not capped and the Government had indicated that, if the sector showed restraint, this would continue for at least the next three years.

In terms of devolved services, at recent events for parish and town councils two-thirds had indicated that they had a role to play. Indeed, services such as community libraries and grass cutting had already been devolved by the County Council. If the unitary proposals were taken forward, a range of options for devolution would be needed, with resources and training provided to support parish councils. However, a sizeable minority of parish councils had indicated that, for a number of reasons, they were not able to take on additional services. LRALC would support this position, provided that the parish council had engaged with local residents first.

Justin Griggs advised that, for NALC, local government reorganisation presented an opportunity to strengthen local democracy and empower communities and as such it had stated its support for the unitary proposal in Leicestershire. Parish councils were already changing, taking on more services and giving local people a voice, in response to community demand. Where other areas had become unitary authorities, parish councils in those areas had flourished and become more empowered. The following lessons had been learnt from these areas:-

- The potential of local councils was not always recognised;
- There were varying levels of ambition across parish councils and a 'one size fits all' approach did not work;
- There was a need to build relationships and capacity;
- Collaboration and co-design around proposals for community engagement under a unitary structure was needed;
- Openness, honesty and transparency was necessary.

Arising from discussion with the representatives from LRALC and NALC, the following points were raised:-

- (i) LRALC did not hold figures on the numbers of vacancies across parish councils. It was recognised that some elections were not contested, in some cases this was linked to cost. LRALC encouraged its members to hold elections.

- (ii) In response to the suggestion that there was no local desire for market towns such as Hinckley to have a town council, the Commission was advised that, without a comprehensive consultation and engagement process, the views of local people could not be known. At this stage, the proposals were not sufficiently developed to enable people to come to a view. Nationally, clear evidence existed of the desire for unparished areas, particularly towns, to have parish councils. The process was often triggered by community demand for more control and influence over local services, such as influencing housing developments through Neighbourhood Plans or registering community assets. It could also be triggered by the district or unitary authority.
- (iii) LRALC supported and audited any councils wishing to participate in the national awards scheme and had also supported local councils to put forward proposals under the Sustainable Communities Act aimed at reducing bureaucracy and 'red tape'. NALC actively engaged with the Government in this area with a view to influencing policy.
- (iv) It would be important to ensure that, in a unitary structure of local government, the roles of parish and town councils were clear and distinct from those of the Local Area Committees. LRALC and the County Council had already started discussions around putting a formal framework in place for devolved services, with a menu of options available. The work undertaken by Cornwall Council in this area would provide a helpful starting point.
- (v) It was confirmed that parish councils had a transparency code and a core part of LRALCs role was also to ensure that parish council services were appropriate and informed by consultation with residents. NALC also provided model documents and toolkits to support parish councils.

The Chairman thanked Jake Atkinson and Justin Griggs for their contributions.

[The meeting adjourned at 12.55pm and reconvened at 2.00pm.]

(c) Evidence from VAL and Citizens Advice LeicesterShire

The Commission considered a presentation from Kevan Liles, Chief Executive of VAL which set out its journey to becoming a single, countywide organisation. It also considered the likely impact on the voluntary sector of the County Council's proposals for a unitary structure of local government in Leicestershire. A copy of the slides forming the presentation is filed with these minutes.

It was confirmed that VAL now delivered the same level of service for 66% less resources. The change in structure had enabled VAL to think differently about how it delivered services.

For VAL, the unitary proposal should emphasise how community engagement and services could be improved across Leicestershire. It was noted that VAL was only occasionally involved with parish and town councils; its general focus was on community groups.

It was suggested that the knowledge of VAL and local volunteer centres should be used to help define the boundaries of Local Area Committees. Speaking directly to local communities would also be useful.

The Commission then considered a presentation from Richard Evans, Chief Executive of Citizens Advice LeicesterShire which outlined its journey to becoming a single organisation for the City and most of the County, except Charnwood. It also set out some issues which the proposals for a unitary structure of local government in Leicestershire would need to address. A copy of the slides forming the presentation is filed with these minutes.

Citizens Advice LeicesterShire aimed to divert its resources to the most vulnerable and used IT and telephony services for those people more able to help themselves. The biggest issues for people seeking help from Citizens Advice were welfare benefit and debt. Council tax could also be an issue, although Citizens Advice worked effectively with district council staff in that area and where appropriate referrals were made by frontline operational staff.

Citizens Advice Leicester Shire had taken longer to achieve its savings than initially projected because tough decisions were not made around staffing requirements for the new organisation. Although Charnwood had a separate Citizens Advice organisation, the working relationships between the two organisations were good and would not necessarily be affected by the creation of a unitary council for Leicestershire.

The Chairman thanked Kevan Liles and Richard Evans for their contributions.

(d) Summary of Proposals for a Unitary Structure for Local Government in Leicestershire and for the Development of a Strategic Alliance for the East Midlands.

The Chairman invited the Leader of the Council to provide a summary of the proposals for unitary structure of local government in Leicestershire and the work to date on the development of a Strategic Alliance for the East Midlands.

The Leader reminded the Commission that the East Midlands was currently disadvantaged in comparison to the West Midlands and this could be seen in the work of the Midlands Engine and Midlands Connect. The principle of a Strategic Alliance was good and could be developed over time. It would need to include the cities of Derby, Nottingham and Leicester as well as the three counties. The current proposal was for a loose alliance with the option to make it more formal in the future. Although the Government's approach to devolution was subject to change, the challenge was to have strong governance arrangements and a single voice that the Government could communicate with. This would result in power and funding being devolved to the local area.

The Government had recently proposed a Development Corporation for the area around Toton. It was expected that this would include the local district councils as they were the Planning Authorities. However, the Strategic Alliance would only include unitary and upper tier local authorities.

In terms of the proposals for a unitary structure of local government for Leicestershire, the Leader confirmed that, for him, it was the right thing to do for local residents and he supported it as a matter of principle, even if it took a long time to achieve. Based on the

current evidence available, a unitary authority presented the best way to protect local services such as libraries and children's centres.

Arising from discussion, the following points were raised:-

- (i) The legal basis for putting together proposals for a unitary structure of local government was outlined in the Cabinet report. The Local Government and Public Involvement in Health Act 2007 included an invitation procedure which was not time limited and had recently been used by the Secretary of State in relation to Northamptonshire. The statement relating to unitary local government in Buckinghamshire had indicated that the Secretary of State would be giving consideration to the future use of the invitation procedure; if new instructions were issued the County Council would amend its approach accordingly.
- (ii) It was confirmed that, in a unitary council, the provision of social housing would not be restricted to certain groups but would focus on meeting general needs, as well as supporting those with specific social care needs. The Leader was keen for the new council to build social housing as a general principle. Issues around 'right to buy' would need to be addressed by the new council but it was recognised that this was a legal right.
- (iii) The Leader confirmed that he would not accept any changes to the County's boundary with Leicester City. The City Council also had no aspirations in this regard, provided it continued to receive support from councils in the county to address its housing and transport needs.

(e) Financial Situation

The Director of Corporate Resources confirmed that the County Council's financial position had been difficult over the last decade and this was set to continue. There were uncertainties regarding funding in the future, although it was certain that public finances would continue to be tight and demographic pressures would increase.

County Councils had been under more financial pressure to date, although a rebalancing of some of the pressures to district councils was expected. The joint savings requirement over the next four years was £60 million.

Arising from discussion the following points were raised:-

- (i) Concern was expressed that some district councils, such as Harborough District Council, had used the New Homes Bonus to support their revenue budgets. In response the Commission was advised that there was an emerging national view that the New Homes Bonus had not been effective. The Deputy Leader expected it to be withdrawn as it did not fit into the new funding regime associated with fair funding. If this was not the case, the new authority would need to agree how the New Homes Bonus would be used as part of the transition arrangements.
- (ii) Concern was expressed that the pressures on the County Council's adult social care and children's social care budgets meant that, in a unitary authority, discretionary services currently provided by district councils would be cut to meet these funding pressures. The pressures were acknowledged but the County Council was already making considerable efforts to address the increasing costs.

These would be outlined in greater detail to the Commission when it received a report on the Medium Term Financial Strategy (MTFS) at its meeting in January.

- (iii) The Leader of the County Council reassured members that, given the Cabinet's record in good financial management and strength in taking difficult decisions, the County Council would not end up bankrupt. However, if financial pressures continued as expected, there was a risk that the County Council could end up providing only the minimum statutory level of services to residents. The Deputy Leader confirmed that the Council would break even next year and reminded the Commission that it was a low cost, high performing authority which had been recognised as the most productive in the country. The ambition for a unitary council was so that services could be improved and protected from further cuts.
- (iv) Baroness Scott advised that Wiltshire Council had recently been able to fund a Senior Education and Skills post, focused partly on ensuring that Wiltshire had a skilled economy. The greater capacity available to unitary authority supported it in dealing with cross cutting issues such as Education and Skills.
- (v) Baroness Scott confirmed that Wiltshire Council had budgeted for redundancy costs but the final cost had been less than expected. It was also important to note that this was a one-off cost.
- (vi) Baroness Scott acknowledged that some unitary councils had been unsuccessful in terms of managing financial pressures. In her view, these were largely the smaller unitary authorities set up in 1997. Larger organisations could make more savings in terms of economies of scale. It was her personal opinion that 400,000 should be the minimum population size for a unitary authority. The Leader of the County Council agreed with this position.
- (vii) It was confirmed that the £8 million figure quoted for the harmonisation of council tax was to the precept levied by Hinckley and Bosworth Borough Council, as this was the lowest in the county. The actual amount would depend upon a number of factors. Oadby and Wigston Borough had the highest level of council tax, although it was acknowledged that there were no parish councils in that Borough. The harmonisation of council tax did not take the precepts levied by parish council, the Police or Fire and Rescue Service into account.
- (viii) In response to a suggestion that a 'Plan B' be produced, setting out the non-statutory services that were at risk if the proposals for a unitary structure of local government in Leicestershire were not pursued, it was suggested that the MTFS, which would be reported to the Cabinet in December, would set this out. The MTFS would not assume any benefits from the fair funding review or unitary status.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That officers be requested to provide further information on the legal position and a breakdown of how the savings would be achieved to the meeting of the Commission on 30 November 2018;
- (c) That any issues arising from the Cabinet report not addressed at this meeting be considered at the meeting of the Commission on 30 November 2018.

52. Date of next meeting.

It was noted that the next meeting of the Commission would be held on 30 November 2018 at 10.00am.

10.00 am - 3.55 pm
14 November 2018

CHAIRMAN