

Minutes of a meeting of the Adults and Communities Overview and Scrutiny Committee held at County Hall, Glenfield on Tuesday, 6 November 2018.

PRESENT

Mr. T. J. Richardson CC (in the Chair)

Mr. B. Crooks CC
Mrs. H. J. Fryer CC
Mr. D. Harrison CC
Mr. J. Kaufman CC

Mr. W. Liquorish JP CC
Ms. Betty Newton CC
Mr T. Parton CC
Mrs. M. Wright CC

In attendance

Mr. L. Breckon CC – Cabinet Support Member

Mr. J. B. Rhodes CC – Lead Member for Resources (for minute number 44)

33. Minutes.

The minutes of the meeting held on 11 September 2018 were taken as read, confirmed and signed.

34. Question Time.

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

35. 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).

36. Urgent Items.

There were no urgent items for consideration.

37. 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.

Mr. T. J. Richardson CC, Mr. W. Liquorish CC, Mrs. H. J. Fryer CC, Mr. J. Kaufman CC, Mrs. M. Wright CC, Mr. B. Crooks CC, Mr. T. Parton CC and Mr. D. Harrison CC declared a Personal Interest in the report on the development of a unitary structure of local government for Leicestershire (minute number 44 refers) as they were members of a District or Borough Council.

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

There were no declarations of the party whip.

39. Presentation of Petitions under Standing Order 36.

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

40. Review of Long Term Residential and Nursing Care Fees.

The Committee considered a report of the Director of Adults and Communities presenting the proposed changes to the way in which the Council set prices for residential care and nursing care. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

Arising from the discussion, the following comments were raised:

- i) In response to a question concerning out of county placements, it was stated that this totalled approximately 300, many of which were in Leicester City. The majority of people in Leicestershire self-funded their own care placement, and it was noted that there may be resource implications for these arising from a fee increase, although the fees that the Council set were not necessarily those which a self-funder would pay, as providers could charge a fee which had not been set by the Council. The main implications would be for those whose relatives paid a third party top up.
- ii) Assurance was given that the proposed increase in fees would not have a direct impact on the charge to the service user. A means test was undertaken so the person contributed the maximum that they had been assessed as being able to afford, and this would not increase. Providers would not have a guaranteed level of fee as when the Council reviewed its rates, it would determine what it thought was a fair price for care. If the Council felt that it was paying more than the actual cost for care, it would need to enter into negotiation with the provider to agree a fee which was fair for the individual, and this would form part of the transitional arrangements.
- iii) The third party top up fee was determined by the local authority as well as the provider. Where families or representatives chose to top up the fee paid by the Council, the local authority would pay the gross amount to the provider and would then collect the contribution from the resident – this ensured that the third party contributors were protected from the provider later charging a higher amount.
- iv) The report referred to the proposal to change the five banded rates system to a more simple two band system. The majority of older adults were currently split between the categories of dependent older people and highly dependent people/physical disability. The definition of the two new bands would change and would more clearly define the level of care required by an individual. Residential care was largely now for people who were very frail and were unable to access the support they required in their own home. It was noted that the length of time people spent in a residential care home was reducing. The new bands would reflect these trends.
- v) It was possible that a provider could receive different fees for individual residents, in particular those who funded their own care. The Council based its

fee on what it considered to be fair and what the actual cost of care was. The County Council was also in a position to negotiate a standard rate for what it paid due to the fact that it was a bulk purchaser of care. For an annual fee, it was possible for the Council to undertake an assessment and to commission a placement on behalf of someone who self-funded their own care. The Council had a certain duty of care to ensure that self-funders were not over charged.

- vi) Those who had been assessed as being eligible by the NHS to receive nursing care received a standard payment which paid for part of that care. The fee received from the NHS was a set national sum and it would not increase in proportion with any increase in Council fees. It was noted that Leicestershire had a low number of nursing care placements.

The Committee was presented with the draft consultation document including questions for Stage 1 of the consultation process. A copy of the document is filed with these minutes. This was welcomed by the Committee, in particular the Frequently Asked Questions document. The consultation was due to commence on 14 November and an update on the responses would be provided to the Committee before proceeding to Stage 2 of the consultation.

RESOLVED:

- (a) That the report be noted;
- (b) That an update on the outcome of the stage 1 consultation be provided to a future meeting of the Committee.

41. Capital Investment into Adult Social Care Accommodation Based Support Services.

The Committee considered a report of the Director of Adults and Communities providing an overview of the work being undertaken to develop a capital investment plan for adult social care accommodation based support services and the potential implications for the Council. A copy of the report marked 'Agenda Item 9' is filed with the minutes, along with a copy of the presentation that was given to the Committee.

It was noted that approval had been given at the recent Cabinet meeting for the Prior Intention Notice (PIN) to be published, and this had taken place on 24 October 2018.

The Committee confirmed that it was fully supportive of the proposals within the report, and agreed that an update would be provided on the PIN engagement exercise and progress on the capital investment plan and strategic business case at its meeting on 11 March 2019. Arising from the discussion, the following points were raised:

- i) It was noted that there was still resistance by housing development companies to build lifetime homes, and there was an under development of retirement housing. The market engagement exercise would provide the opportunity to test whether there was an appetite to develop more affordable lifetime homes. It was felt that the situation would only change if developers realised the financial opportunities arising from this.
- ii) The Council was beginning to have more of an understanding around its requirements, and was having detailed discussions with district and borough councils around local planning. Work had also been undertaken in relation to

Section 106 contributions, as these had not traditionally been sought for adult social care provision. Consideration was also being given to areas which did not have enough supported living/extra care accommodation and how this could be addressed and the market stimulated. The work being undertaken was at the early stage of considering the impact of accommodation based care on people's future care needs.

- iii) Developers were now building privately funded sheltered and extra care housing and were not asking the local authority for a contribution or a contract for providing care. In such cases, the developer and landlord would set the eligibility criteria. Where the Council was a contributor, a care and support contract would be agreed and the Council would establish the eligibility. This would be targeted at those who would benefit most and also those who would have traditionally been placed into care. The Council was keen for private developers to build these schemes in order to offer the most choice to service users.
- iv) At this stage, there was no assumption that the Council would directly deliver care services, but instead would invest in the building. A significant proportion of the Council's revenue costs for residential care related to accommodation costs. It was noted that there could be an impact on the Council's revenue position if it was not paying a high cost for accommodation and there was the potential to make an income through a joint venture partnership or lease agreement.
- v) There were possible revenue savings to adult social care through the use of accommodation based support services. Market engagement with partners and stakeholders would take place to develop a range of viable options for consideration prior to any decisions being made. However, any outcome would need to be based on a robust business case.
- vi) It was noted that a number of local authorities had established Local Housing Companies to build new homes for sale or rent. Leicester City Council was pursuing this option and discussions were also taking place with some London Borough Councils to understand the implication of going down this route.
- vii) Reference was made to the fact that the NHS received funding to build homes, but that this was rarely used for this purpose. The County Council was in discussion with the NHS to ensure that it was aware of the proposed direction of travel and inviting the NHS to participate.

RESOLVED:

- (a) That the report be noted;
- (b) That an update be provided to the Committee on the PIN engagement exercise and progress on the capital investment plan and strategic business case at its meeting on 11 March 2019.

42. Adult Social Care Target Operating Model.

The Committee considered a joint report of the Director of Adults and Communities and the Director of Corporate Resources and Transformation concerning the outcome of an

assessment undertaken by external consultants of current working methods and workflows which suggested quality improvements and savings could be made to the current target operating model for adult social care in Leicestershire. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

Some case examples were provided to the Committee to demonstrate how changing working methods and culture could lead to savings and improved outcomes. A report was due to be presented to the Cabinet on 23 November seeking approval to procure a strategic development partner and to support the department in its implementation of the target operating model.

Arising from the discussion, the following points were raised:

- i) In response to a query around contracts with the providers of care, it was noted that there had been a number of reviews. Firstly, the Institute of Public Care (IPC) had been invited to undertake an evaluation of the Help to Live at Home Scheme and how this had been implemented. An internal review had also been undertaken and this report detailed the current review. A report had been presented to the last meeting of this Committee on the outcome of the IPC findings and a number of short term and medium term actions had been developed. Work was currently taking place on the future domiciliary care contract.
- ii) When the Help to Live at Home contracts were developed, there was the provision for two rates of pay – one for reablement and one for maintenance work. The view had been that reablement would be more intensive and would therefore generate a higher hourly rate, although in some instances this had not occurred. A key finding of the consultants was that the County Council's HART (reablement) team was achieving positive results, and despite its higher cost was much more effective than reablement services provided by the private sector. Redirecting reablement investment would not only improve outcomes but deliver savings.
- iii) Concern was raised by a member around the continuity across services and providers, and a question was asked on what checks were in place to ensure service users received the right level of care. Quality Improvement Services worked with providers, particularly those who had the most challenges. The service also worked with colleagues in the NHS and Care Quality Commission to ensure that people had the best possible outcomes. It was acknowledged that there would always be some variation due to the number of providers offering a service, but the County Council's main duty was to ensure that service users received the best possible care.

The Committee welcomed the report, and although the savings were appreciated, key was the improved outcomes for residents.

RESOLVED:

- (a) That the report be noted;
- (b) That the Cabinet be advised that this Committee supports the proposed investment to develop a future target operating model for adult social care.

43. Progress with Smart Library Implementation.

The Committee considered a report of the Director of Adults and Communities providing an update of progress on the implementation of smart library technology. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

It was reported that smart library technology had now been installed at ten libraries, and implementation in the remaining four libraries was due to be completed by the end of December 2018. There were two libraries – Market Harborough and Melton Mowbray – where the installation was not currently possible and a report would be presented to the Cabinet meeting in February 2019 providing an update on the current position with these.

Arising from the discussion, the following comments were raised:

- i) A list of expected dates of closure for each library was available on the County Council's website. However, it was suggested that this information should also be provided to elected members and the local press. Assurance was given that the relevant local members would be notified when a particular library was scheduled to close, along with Parish Councils.
- ii) With regard to possible redundancies as a result of the smart library implementation, it was confirmed that, partly due to stringent vacancy management and a regular turnover of staff, the change could be achieved with minimal redundancies.

RESOLVED:

That the report be noted.

At the conclusion of this item, the meeting was adjourned.

-The meeting reconvened at 2.00pm-

44. 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 12' is filed with these minutes.

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

The exact implications of the Chancellor's announcement the previous week, that austerity was coming to end, were uncertain. The funding received by Leicestershire would depend on the outcome of the spending and fair funding reviews. It could mean that local government would receive a 'flat real terms' increase in funding, meaning that it would just match inflation. Although this was an improvement on the real terms

reductions in government funding over recent years, it did not take demographic demand into account. This was expected to cause ongoing funding pressures and require the County Council to continue to save between £10 million and £15 million per year. This was a key driver for the proposals for a unitary structure for local government in Leicestershire.

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

Arising from discussion the following points were raised:-

Overview

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

spent on local government structures rather than front line services. The Cabinet had not asked for the status quo to be examined as an option in the report because members were already familiar with it.

Financial Situation

- (vi) The basis for projecting the proposed £30 million savings had regard to the savings achieved by recently created unitary authorities, which were in the region of £25 million to £35 million per year and updating the figures and assumptions in the EY report of 2014. The County Council's assumptions had therefore been tested with a degree of accuracy and officers were confident with the figures used in the report. In addition, £3 million contingency had also been built in to meet any unexpected costs. Officers acknowledged that members would find a more detailed breakdown of how the saving would be achieved useful and undertook to share these with members to allow for these to be scrutinised.
- (vii) In terms of the back office savings calculation, it was known that the back office functions of existing Leicestershire local authorities cost nearly £60 million per year. £17 million savings would be achieved by reducing the back office spend by 30%. This was based on reductions in duplication such as payroll systems, audit fees, preparation of a single budget and statement of accounts as opposed to eight and a reduction in the complexity of the partnership landscape. It had also been test against evidence from existing unitary authorities.
- (viii) Implementation costs were estimated at £19 million and included costs related to redundancy, IT and back office integration. It was suggested that desktop analysis of contracts held by the district councils be undertaken to identify the likely costs of their termination. This could strengthen the accuracy of the projected implementation costs.

Model Unitary Structure

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

Options Appraisal

- (xi) There was no national cap placed on the council tax precept which could be raised by parish councils. The parish council precept had also not been included as part of the calculations regarding the harmonisation of council tax. However, it was acknowledged that a degree of local choice was necessary and that parish council

precepts, and indeed their level of activity, were inconsistent across the county. It was also noted that a number of parish councillors were elected unopposed.

- (xii) Council tax would be harmonised at the lowest level, resulting in a saving of £8 million for tax payers in six of the seven districts, to be funded out of the £30 million annual saving. The parish council precept had been excluded as these councils would continue to exist in a unitary structure.

Services in a Unitary Structure

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

Issues Not Already Covered

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

RESOLVED:

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

45. Date of next meeting.

It was noted that the next meeting of the Committee would be held on 21 January 2019 at 2.00pm.

11.00am – 1.05pm

2.00 – 4.04pm
06 November 2018

CHAIRMAN