



## CHILDREN AND FAMILIES OVERVIEW AND SCRUTINY COMMITTEE: 5 NOVEMBER 2018

### THE DEVELOPMENT OF A UNITARY STRUCTURE FOR LOCAL GOVERNMENT IN LEICESTERSHIRE

#### MINUTE EXTRACT

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 15' is filed with these minutes.

The Director of Corporate Resources was also present to introduce the report and made reference to the Chancellor's budget announcement the previous week, which had been more positive than expected. He suggested that the following caveats should be borne in mind:-

- Whether all Government departments would be treated the same, or whether services such as defence and the police would receive a greater share of funding;
- The Government's funding did not allow for changes in population or demand for services; there was a likelihood that these would increase, particularly for social care, and therefore increase funding requirements;
- The costs could increase at a faster rate than inflation.

The Director reminded members that, for Leicestershire County Council to achieve a balanced budget it would still need to increase council tax and meet its savings targets.

Arising from discussion the following points were raised:-

#### Overview

- (i) The Cabinet on 16 October had agreed to invite and encourage all stakeholders, including district councils, to take part in an engagement process. The Cabinet was keen for this to happen over the next few months.
- (ii) Following the publication of a statement by the Secretary of State the previous week that the clause in the Cities and Devolution Act 2016, allowing applications for unitary status to progress without full consent of the affected areas, was due to expire in March 2019, it was confirmed that the legal position set out in the Cabinet report indicated that Leicestershire intended to rely on a different Act of Parliament, should it decide to make an application.

The County Council would continue to work on meeting the Government criteria outlined in the report unless those were changed.

### Financial Situation

- (iii) Equalisation of council tax was required so that it was the same across the unitary area. Most areas that had moved from a two tier model to a unitary structure tended to set council tax at the lowest district council charge. However, this would be a decision for the administration of the new unitary authority. Members made reference to the impact of new parish councils on council tax; this would have to be borne in mind.
- (iv) It was confirmed that work on the proposals for a unitary structure of local government for Leicestershire had been undertaken within existing resources. Some staff had been able to re-prioritise their workload to undertake the extra work and some staff had worked additional unpaid hours.

### Model Unitary Structure

- (v) It was confirmed that the Local Area Committees would be decision making bodies. They would differ from district councils in that there would be no infrastructure beneath them; services would be managed centrally.
- (vi) It was acknowledged that, based on the comparative number of electors in existing unitary authorities, Leicestershire would be larger than most. However, the proposed number of unitary councillors was proportionately in-line with that of other unitary councils.
- (vii) The development of a unitary structure for local government in Leicestershire would provide an opportunity to revisit the role of the councillor and enhance the community leadership role. This proposal would be developed further through the engagement and consultation process.

### Options Appraisal

- (viii) A member suggested that the options appraisal should include an analysis of the status quo. However, it was noted that the report implied that the County Council's financial situation was such that the status quo could not be maintained. It was therefore important that debates such as this took place now, when the local area was still in a position to influence its future.
- (ix) Another member queried why work on the proposals was continuing, given that a letter from Leicestershire MPs, who had met with the Secretary of State, had been sent to the Leader requesting that work on this topic ceased. However, it was noted that, since the letter had been received, the Secretary of State had announced the formation of a single unitary council for Buckinghamshire.
- (x) Although the £30 million savings had first been identified in the 2014 EY report, the figures had been updated. EY had set out a model for defining

savings; it was partly co-incidental that the figure was still the same. The estimated level of savings had actually increased since 2014 but a level of contingency had now been built in.

- (xi) EY had estimated implementation costs of £13 million. The County Council proposals had increased this to £19 million, using both EY methodology and looking at areas from elsewhere, but this remained an area of uncertainty. Allowance had been made for the cancellation of contracts but more work was needed to clarify these costs. The implementation costs included redundancy, calculated at a higher level than the County Council average as it was more likely that senior staff would be made redundant. It was suggested that future reports should make it clearer that the saving information had been updated since the EY report.
- (xii) Although council tax would be harmonised at the lowest level, every effort would be made to maintain the quality of council services. Savings would be achieved through a reduction in management and back office staff. No service cuts had been assumed in the savings calculation. Instead, consideration would be given to the best and most effective way of delivering services. This would ultimately be a matter for the new unitary authority to decide.
- (xiii) The proposals to date were based on projections and assumptions. For business cases previously submitted the Secretary of State had required an independent validation of the financial model as part of the process.

#### Services in a Unitary Structure

- (xiv) The Children and Families Department already had a needs based approach to delivering services across the county. The current model had services managed centrally but delivered locally. The Supporting Leicestershire Families and IMPACT Teams were good examples of the effectiveness of this model, which could be built on in a unitary structure. It was confirmed that the early help services provided by district councils were valuable. The opportunity though a unitary structure was for these services to be better aligned to County Council services.
- (xv) The current Community Safety Partnerships (CSPs) offered a good and thorough understanding of local need and it would be important to maintain this knowledge as part of a unitary structure. The proposed Area Committees would be able to pick up this role. A member expressed concern that the Police had mapped services to CSP areas and the model unitary structure did not appear to offer a better service than that which was already in place.
- (xvi) The specific area that would benefit from developer contributions was required to be named in Section 106 agreements. This would prevent money from being used anywhere in the county. However, for specialist provision such as Special Educational Needs or Early Years, a unitary structure would enable a countywide approach to Section 106 contributions to be taken.

There would also be a single Local Plan for housing and economic development.

- (xvii) A unitary structure would have benefits through allowing a single approach for housing policy. At the moment, if a family or child moved from one district council area it could be difficult for front line staff, who had to work with two different policies. It was acknowledged that there would be still be a requirement to work with Housing Associations in a unitary structure.
- (xviii) The Cabinet Lead Member for Children and Family Services believed that a unitary structure of local government provided opportunities for alignment of services and a reduction of duplication. It would also reduce the number of partners involved in service delivery. His major concern was that the Department's budgets were demand led and the level of need could be difficult to predict. The Department was already overspent and unless radical change, such as seeking unitary status, was undertaken there was a risk of further cuts to non-statutory services such as Children's Centres. The proposals would generate £30 million savings per year; if the status quo was maintained that £30 million would be spent on structures rather than frontline services.

#### Issues Not Already Covered

- (xix) A presentation on the concept of unitary status had been made by the Cabinet Lead Member to Parish and Town Councils at their annual meeting in July. The response had been mixed, with more information requested. Further events had subsequently taken place and the sector was helping to shape proposals. The Leicestershire and Rutland Association of Local Councils had written to all Parish Councils to seek representation for a focus group, which would address issues such as how they would be supported to take on additional responsibilities as well as how to engage with the sector as a whole. Officers would also attend Parish Council meetings if requested.
- (xx) The County Council had saved £200 million over the last 10 years, with some of the savings attributed to cost avoidance. Some concern was expressed that it would not be long before a new unitary structure also needed to make savings to achieve financial balance and that this could have a negative impact on discretionary services currently provided by district councils. It was suggested that the County Council should instead focus on its fair funding campaign. In response, officers confirmed that the proposals did not assume any benefit from the fair funding campaign. Unitary status would make a significant difference in terms of making the authority more sustainable.
- (xxi) The Cabinet Lead Member reminded the Committee of the context for these proposals. A recent meeting at the Home Office, which he had attended in his capacity as chair of the Regional Migration Board, had confirmed that nationally it was assumed that there was a single tier of local government; two tier areas were in the minority.

- (xxii) It was confirmed that the County Council would be able to set a balanced budget for the next two years and would look for new savings in the interim period. If a balanced budget could not be set, there was no prescribed pathway but it was clear from examples elsewhere in the country that no bailouts were available from central Government and structural change was likely to be imposed. A single tier of local government was most cost effective.
- (xxiii) Concern was expressed that the district councils had disengaged from the debate about a unitary structure for local government in Leicestershire and it would therefore be difficult to make progress.

The Liberal Democrat Group asked for its view that the £30 million annual savings would be used to fund existing County Council services and would quickly disappear to be placed on record.

**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.