



ADULTS AND COMMUNITIES OVERVIEW AND SCRUTINY COMMITTEE: 6 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 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picture was one of increasing pressure on social services authorities and there was a risk that funding could be withdrawn from district councils to address the pressures in county budgets.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 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 tested 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.