



ENVIRONMENT AND TRANSPORT OVERVIEW AND SCRUTINY COMMITTEE: 7 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 11' 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 optimistic than expected. He anticipated that Government departments outside of health would see a flat real-terms increase in growth and 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, education and welfare 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.

Although the pace at which savings were required might be slower, the County Council would still need to make savings. After making the maximum permitted increase in council tax, the County Council would still need to save between £10 million and £15 million per year to meet ongoing funding pressures, especially in the light of future uncertainties such as Brexit.

Arising from discussion the following points were raised:-

Overview

- (i) It was queried why the County Council was continuing to work on proposals for a unitary structure of local government in Leicestershire, when the Leicestershire MPs, who had met with the Secretary of State, and District Council Leaders were opposed to any re-organisation. The Cabinet Lead Member for Environment and Transport advised that the County Council recognised the position of MPs and District Council Leaders but there were many other stakeholders who had not yet had a chance to make their views

known. A democratic process had been started by the Cabinet and it ought to be allowed to continue.

Financial Situation

- (ii) The County Council was confident that the projected level of savings generated annually by a single unitary authority for Leicestershire would be in the region of £30 million. This was based on evidence from recently created unitary authorities as well as a refresh of the figures used in the 2014 EY report. In reorganisations elsewhere, savings of approximately £4.5 million per year were generated for each organisation that was abolished. There was no evidence to support the assertion that restructuring would cost more than it saved, although it was noted that a one-off expenditure of £19 million was estimated for the implementation of a new unitary authority.
- (iii) The development of a unitary structure of local government for Leicestershire would deliver a level of savings which could not be achieved otherwise and would go a long way towards ensuring financial sustainability. Recent history had shown that organisations facing financial difficulties had had a unitary structure imposed on them. It was felt to be better to make a decision voluntarily and to manage the process. Indeed, the financial situation was one of the key drivers behind the proposals for a unitary structure of local government.
- (iv) The projected implementation costs included redundancy costs, calculated at a higher than average level to take account of the expectation that a higher than usual number of senior staff would be affected.
- (v) It might be necessary, as part of the implementation of a new unitary structure, to break existing contracts. However, the implementation period would last for at least 18 months and following this there was likely to be a further period of transformation where contracts could be harmonised and decisions taken about whether they were worth breaking or not.

Model Unitary Structure

- (vi) The intention was that, where appropriate, services would be managed centrally but delivered locally. The new authority would be responsible for determining how it delivered services. The overall approach, including Local Area Committees, Area Development Management sub-boards and an enhanced role for parish and town councils was intended to strike a balance between achieving economies of scale and preserving the value of local decision making. It would enable decisions which were best taken at a local level, including some highways decisions, to be taken at that level. Only members of the unitary authority representing electoral divisions within the area covered by the Area Committee would be eligible to serve on it, to guarantee a local focus.
- (vii) With regard to member allowances, a working assumption of £15,000 basic allowance had been made, although it was expected that this would be

refined through the engagement process. Attendance at the Local Area Committees had been taken into account when calculating the level of allowances. Both the proposed Area Development Management Sub Boards and Local Area Committees would be committees of the unitary authority and would be supported centrally. It was also intended that their meetings would be held in the relevant locality.

- (viii) There was no proposal to change social housing provision across the county. The future of the service would be determined by the new unitary authority once it had been established and the function had transferred over.
- (ix) Where parish and town councils wished to take on additional responsibilities, they would receive funding and support to do so. This would therefore not necessarily result in an increase to the parish council precept. It was important to note that the taking on of additional services was voluntary and that it was understood that some parish councils would not wish to do so. A view was expressed that parish and town councils were closest to local communities and that providing there was a clear distinction between their powers and the powers of the unitary authority, it would be good to see them take on additional responsibilities.
- (x) A view was expressed that bigger organisations could be more efficient but did not necessarily provide better services and there was no single approach that would suit all services. Some were best delivered at a regional level, such as major transport infrastructure. This was why the proposed Strategic Alliance for the East Midlands was important. Some services were best delivered on a smaller scale. It was confirmed that the Working Party had asked for analysis of the financial viability of existing unitary authorities, based on their size, to support their understanding of the best size for a unitary authority. It was understood that the Secretary of State would only consider proposals where the population was substantially in excess of 300,000.
- (xi) The area of Leicester City Council was not included in the proposals for the Cabinet report and there was no intention to consider it; the focus was on the best model of governance for the people of Leicestershire. It was also suggested that the edges of the county did not always associate closely with Leicestershire and perhaps a less rigid approach should be taken to the county boundaries. However, members were advised that the creation of a regional council was not a viable option; councils could not cross the boundaries of a Police and Crime Commissioner's area. There was also a requirement to take natural geographies into account and Leicestershire did have a longstanding and well-recognised border.
- (xii) A member expressed concerns that planning, particularly for major transport infrastructure to support economic growth, was increasingly being undertaken at a regional and national level. A further view was expressed that a unitary authority would have more clout than the current local government structures to influence issues such as planning of major transport infrastructure. A unitary authority would be a positive and enabling form of local government which would enable Leicestershire to work with regional colleagues to create

a better and more prosperous East Midlands. This would help combat the power of the West Midlands which has a more streamlined local government structure and was more organised as a region and consequently more successful at bidding for national funding.

Options Appraisal

- (xiii) The savings to be generated from back office services covered a range of services such as finance, HR, IT, property and legal services. As well as staffing reductions, estimated to be in the region of 400 – 500 full time equivalents, savings would be made from reductions in duplication, for example there would only need to be one statement of accounts prepared instead of eight. There would also be savings from the rationalisation of IT systems. It was confirmed that the savings from senior management referred to anyone earning over £50,000 per year.
- (xiv) The County Council generally paid managerial staff at a higher level than district councils, because of the scale of the organisation; it covered a greater area so staff had more responsibilities. The differentials reduced at operational level. In terms of which staff would transfer to the new organisation, the process would involve open competition to enable the best staff across the eight authorities to form the new unitary authority.

Services in a Unitary Structure

- (xv) A view was expressed that the County Council provided good customer service and, where services were provided by the County Council, district council and in some cases the private sector, the County Council performed best. A highly skilled and quality authority was needed to resolve the interfaces between organisations and experience had shown the County Council was best placed to do this. By way of example, a local resident tripped over a piece of metal on a footpath. This issue was referred to the local member because it was not clear where responsibility lay. Following contact with the County Council the issue was resolved and compensation was awarded. The key point from the example was that there was confusion between authorities; this would not be tolerated in a single, efficient organisation.
- (xvi) A further example of confusion between organisations was grass cutting, where the County Council was responsible for highway verges, the district council maintained its own green spaces and in some areas private developers were responsible. The County Council was praised for its comprehensive records which could resolve these issues, but it was acknowledged that confusion could create inefficiencies in service.
- (xvii) A member suggested that, to the lay person, there was a lack of clarity around who was responsible for parking enforcement. It could be complicated and time consuming for members to resolve issues and a more efficient and up-to-date system for local government in the county would be welcomed.

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.