



Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Tuesday, 15 January 2019.

PRESENT

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

Mr. P. Bedford CC	Mrs. H. J. Fryer CC
Mr. D. C. Bill MBE CC	Mrs. R. Page CC
Mr. G. A. Boulter CC	Mr T. Parton CC
Dr. T. Eynon CC	Mr. T. J. Richardson CC
Dr. R. K. A. Feltham CC	Mrs B. Seaton CC

71. Minutes of the meeting held on 30 November 2018.

The minutes of the meeting held on 30 November 2018 were taken as read, confirmed and signed.

72. Minutes of the meeting held on 6 December 2018.

The minutes of the meeting held on 6 December 2018 were taken as read, confirmed and signed.

73. Question Time.

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

74. 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).

75. Urgent Items.

There were no urgent items for consideration.

76. 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 or parish councils declared a personal interest in the report on proposals for a unitary structure of local government in Leicestershire (minute 79(a)-(e) refers).

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

There were no declarations of the party whip.

78. Presentation of Petitions under Standing Order 36.

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

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

(a) Financial Options Appraisal.

The Commission considered a report and presentation from the Director of Corporate Resources which set out the methodology used to calculate the savings arising from a unitary structure of local government for Leicestershire, drawing on the considerable evidence around the country of the savings achieved from establishing unitary councils. A copy of the report marked 'Agenda Item 9a' and the slides forming the presentation is filed with these minutes.

The Chairman welcomed Mr N J Rushton CC, Leader of the Council and Mr J B Rhodes CC, Deputy Leader and Cabinet Lead Member for Resources, to the meeting for this item.

Arising from discussion and questions the following points were raised:-

- (i) A few national commentators had suggested that a global recession was likely in the next few years. Locally, this would have an impact on both demand on council services and the financial position of the County Council.
- (ii) The analysis of the benefits of a unitary structure, compared to a shared services arrangement, had been undertaken using a management consultancy toolkit to provide a framework. The analysis focused on savings relating to overheads and management. It was not intended to undermine the democratic process or provide commentary on the quality of front line services in either structure.
- (iii) The benefits of a shared service model when compared to a unitary structure were limited. It would be unusual to have full alignment of priorities and approaches across eight organisations, meaning that compromises would have to be made which reduce the overall level of financial benefit. Governance arrangements were also like to be more complex, reducing the speed of implementation. This had been the case with the Lightbulb Programme.
- (iv) It was confirmed that the business case for a unitary structure of local government for Leicestershire would be externally reviewed by a well-known company with a good reputation in that area.
- (v) Some concern was expressed that the level of savings achieved by existing county unitary authorities, such as Wiltshire Council and Durham County Council, were smaller than that achieved by the County Council over the same period of time. However, the Commission was reminded that organisations tailored the level of savings that they needed to achieve to their funding envelope. For example

Baroness Scott, Leader of Wiltshire Council, had confirmed to the Commission that she had not had to consider closing libraries or children's centres because her Council could achieve a balanced budget without doing so. In addition, it was difficult to make a direct comparison between authorities because they all presented information differently. The saving proposals for a unitary authority for Leicestershire were in line with the savings made in the 2009 conversions and those proposed in recent business cases.

- (vi) In response to a query, the Leader of the Council advised that he had attempted to invite unitary authorities which were struggling financially to give evidence to the Commission but had not been successful. The Director of Corporate Resources advised that analysis of publicly available information indicated that only a small number of unitary authorities were in financial difficulties and these tended to be smaller in size and therefore unable to achieve economies of scale. Poor leadership and management was also a significant factor. In comparison, a far greater number of upper tier authorities were in financial difficulties; these difficulties also tended to be more serious.
- (vii) A member requested spreadsheets providing a more detailed breakdown of how the £30 million annual savings would be achieved by a unitary structure of local government for Leicestershire. The Cabinet Lead Member for Resources advised that officers had undertaken a management accounting exercise, rather than a financial accounting exercise, which involved looking at the overall picture, comparisons and estimates. The assumptions that had been made had been triangulated against other authorities that had already been through the transition to a unitary structure. There was therefore a good degree of confidence in the figures.
- (viii) In response to a concern regarding how the cost of implementation had been calculated and whether the savings would be realised as quickly as expected, the Leader of the Council reminded the Commission that the principle that a unitary authority would deliver substantial savings was sound. He was confident that the figures set out in the report were realistic. How the savings would be delivered and the speed at which they would be realised would be for the new authority to decide. He was of the view that it would be best to transition to the new council before deciding on the best way to transform services. All assets and liabilities would automatically transfer to the new council.
- (ix) In response to a query regarding the cultural services that would be provided by the new authority, the Leader of the Council confirmed that he anticipated no changes to service provision during the transition to a unitary authority. Once that authority was in place it would be able to look across the totality of cultural services currently provided by the County and District Councils and identify the best service offer for Leicestershire.
- (x) It was queried whether the projected level of savings in Members' Allowances could be achieved. Information from Wiltshire Council suggested that any savings realised in this area were negligible. The Commission was advised that, in calculating the savings, both County Council and district council expenditure needed to be taken into account. This area of savings had been calculated with a reasonable degree of certainty using publicly available information. In this regard it should be noted that savings assumed from Members' Allowances were a very small contribution to the overall savings projected.

- (xi) In response to a request for a definition of back office services, the Commission was advised that this was set out on page 132 of the report and in the table on page 134. Services which had direct contact with members of the public, including Revenue and Benefits services, had not been included.
- (xii) Some concern was expressed that the funding challenges facing statutory services such as adult social care could have a negative impact on the provision of non-statutory services. The Cabinet Lead Member for Resources reminded members that, whilst it would be a matter for the new authority, it would be in all members' best interests to protect and enhance services which were valued by the people of Leicestershire. It was suggested that the business case for a unitary authority could identify priority non-statutory services for investment and re-investment. The Cabinet Lead Member stated that the current funding position of the County Council, coupled with demographic pressures, made the protection of non-statutory services challenging. A move to a unitary structure of local government for Leicestershire would provide immediate relief and put the new authority on an upward trajectory. However, in the longer term national action was needed to halt and reverse the effects of austerity and improve the overall position for local government. He did not expect that the outcome of the fair funding review or the business rates retention pilot would be sufficient in this regard.

In concluding the debate, the Leader of the Council suggested that it was clear that, in financial terms, a unitary structure of local government was the best approach to ensuring that services remained sustainable.

RESOLVED:

That the report, presentation and information now provided be noted.

(b) Options Appraisal - Area Boards and Planning Governance Arrangements.

The Commission considered a report of the Chief Executive which provided detail information on the Area Board structures and planning governance arrangements established by Wiltshire Council and Durham County Council. A copy of the report marked 'Agenda Item 9b' is filed with these minutes.

The Chairman welcomed the Leader of the Council and the Deputy Leader and Cabinet Lead Member for Resources to the meeting for this item.

Arising from discussion and questions the following points were raised:-

General

- (i) The financial modelling for a unitary authority included a small amount of funding to support the Area Committee structure, although the model had not yet been fully costed. The views of the Commission regarding how the structure should be developed would be taken into account in the business case and the funding requirements would be revisited at this stage.
- (ii) There was general agreement to the proposal to separate the Area Committee structure from the Development Management (Planning) function. It was also recognised that any proposals put forward in the business case would be subject to public consultation and, where appropriate, co-design with local communities.

Area Committees

- (iii) The report to the Cabinet in October 2018 had not specified the number of Area Committees that would be needed, although it had suggested issues to be taken into account when designing the geographies. It would be essential to seek the views of local communities to ensure that the structure reflected local needs and identities.
- (iv) There was a general consensus that the Wiltshire model of Area Committees, which were formally constituted and had some delegated executive powers, would be a good starting point for developing a Leicestershire model. Only elected members were able to vote at the Area Committees in Wiltshire, although arrangements should be developed to enable the Committees to reach decisions by consensus based on the view of all participants. There was support for replicating this arrangement in the Leicestershire model, although it was felt that there should be an item on Area Committee agendas to enable the public to ask questions.
- (v) There was support for an Area Committee model where powers to determine minor highways schemes could be delegated. It was also suggested that the work currently undertaken by district Health and Wellbeing Boards could be picked up by the Area Committees.

Planning Governance Arrangements

- (vi) Planning policy, such as the development of the Local Plan was an executive function and final approval was required from the full Council. It would be possible and indeed helpful to involve local planning committees or even the Area Committees in the process and to seek their views on the proposals.
- (vii) A member expressed concern that currently major planning decisions were often ultimately determined by the Planning Inspectorate at a national level, where the local context was not taken into account. It was noted that moving to a unitary structure of local government for Leicestershire would not resolve this problem. However, a single, countywide Local Plan, which could only be developed by a unitary authority, would carry greater weight with the Government than the current structure of seven district level Local Plans.
- (viii) The model adopted by both Durham County Council and Wiltshire Council, of having a countywide strategic planning committee and local planning committees, was generally supported, although it was felt that further consideration was needed to the thresholds for where applications should be considered and the membership of the Committees to ensure that they were right for Leicestershire. Members welcomed the idea of the local planning committees meeting in their local areas and were keen to see as many planning applications determined locally as possible. It would also be important to use technology effectively to enable greater public access to meetings.

RESOLVED:

That the views of the Commission be taken into account in the development of the business case for a unitary structure of local government for Leicestershire.

[The meeting adjourned at 1.12pm and reconvened at 2.05pm.]

(c) Services in a Unitary Structure - Corporate Services

The Commission considered the appendices relevant to its remit in the report of the Chief Executive to the Cabinet on 16 October 2018 regarding the development of a unitary structure for local government in Leicestershire. These appendices set out the opportunities that a unitary structure could afford to corporate services. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

The Chairman welcomed the Leader of the Council, Mr N J Rushton CC, to the meeting for consideration of the appendices relating to Economic Growth and Development, and Regulatory Services and the Deputy Leader and Cabinet Lead Member for Resources, Mr J B Rhodes CC to the meeting for consideration of the appendices relating to Combined Property Services and Revenue Collection.

Arising from discussion and questions the following points were raised:-

Appendix F – Economic Growth and Development

- (i) Members advised that Oadby and Wigston Borough Council and Harborough Borough Council had retained their housing stock. The appendix had only specified Charnwood Borough Council, Melton Borough Council and North West Leicestershire District Council in this regard.
- (ii) The appendix suggested that a single choice based lettings system would be cheaper to administer than having a separate scheme for each district. However, members advised that Oadby and Wigston Borough Council had recently withdrawn from a choice based lettings scheme as it had wanted to change its criteria to match the stricter criteria that Leicester City Council had in place. In response to this it was suggested that a single unitary council would be able to determine the criteria and geography for its own scheme and there would be more scope for a single larger organisation to work with the City Council on alignment of criteria. Some members of the Commission retained their reservations about this proposal.
- (iii) Members advised that the District Councils had given consideration to Community Infrastructure Levy (CIL) schemes but had chosen not to develop them as they attracted less money to mitigate the cost of developments than Section 106 contributions. In response, it was confirmed that it would be up to the new council to consider whether a CIL would be appropriate. The reason for including it in the appendix was to highlight that a single, countywide scheme would be less expensive to introduce.
- (iv) The financial modelling included an assumption that there would be a rationalisation of the local government estate across Leicestershire on the basis that the new authority would employ less staff than the current structure. However, details including the location of buildings had not been considered. This would be a role for the new authority, taking into account the economic impact on towns and villages, cost, business need and value of the land.
- (v) The Leader of the Council confirmed that a benefit of having a single authority for Leicestershire would be the greater opportunity for promoting economic development than the current structure provided. This included being able to have

a larger economic development team which could respond strategically to opportunities.

Appendix G - Regulatory Services

- (vi) It would be possible to establish a single enforcement team including planning enforcement, due to the overlap of skills with the Trading Standards service. Some unitary authorities had done this.
- (vii) Legislation was currently going through the parliamentary processes which would require Trading Standards to have greater involvement in the private rented sector, particularly with deposit schemes. Leicestershire Trading Standards was in a strong position to respond to this requirement.
- (viii) The Trading Standards Service already had some involvement in licensing, such as explosives and making representations to district council licensing committees regarding alcohol licences, in relation to underage sales. It was felt that a single Public Protection Service for Leicestershire would be well placed to manage licensing services. There was evidence that other unitary authorities managed services in this way.
- (ix) A single Public Protection Service would still be able to put localised schemes in place, for example the selective licensing of houses of multiple occupancy. However, it would also have other tools at its disposal to tackle rogue landlords. The Trading Standards Service already targeted Freshers' Fairs at Loughborough University to advise students. A larger, multi-disciplinary team would be able to put the necessary expertise in place to deal with issues holistically and support legitimate businesses.
- (x) It was noted that a unitary authority would be better placed to bid to provide enforcement services on a regional and national scale than a two tier area. This would be a way of generating income for the new authority.
- (xi) Members acknowledged the benefits of a single Public Protection Service for Leicestershire and queried why this was not already in place as a shared service. It was confirmed that the barriers to setting up a shared service included the varying priorities and allocation of resources across organisations. A shared service arrangement across Trading Standards and Environmental Health services in Worcestershire had been in place until recently. However, different funding decisions across the authorities involved had led to its failure.
- (xii) It was expected that, once the United Kingdom had exited the European Union, small and medium sized businesses would need greater support from Trading Standards and enforcement services. A single authority providing all enforcement and compliance services as well as support would be better and easier for local businesses than the current arrangements.

Appendix H – Combined Property Services

- (xiii) The Cabinet Lead Member for Resources advised the Commission that a single property service would be more efficient than the current fragmented services. There would also be greater opportunities to employ staff with the right balance of

expertise. He confirmed that, where appropriate, buildings would be retained in localities to enable the local delivery of services.

- (xiv) There was currently pressure on the County Hall site, particularly in terms of car parking, and a project to address this pressure was ongoing. In response to a suggestion that the County Hall site be sold for housing and services relocated to more economically deprived areas, the Commission was advised that the building had recently been upgraded and the cost of disaggregating and relocating services would be too great to make this suggestion viable.
- (xv) It was felt that there were benefits to locating more than one organisation on the same site, particularly where it enabled a more comprehensive service to be provided to members of the public. The aim of any property strategy would be to provide services in the right place for residents at the most optimal cost. Where there were no public facing services there would be greater flexibility to determine the best location, taking into account issues such as travel costs.
- (xvi) It was suggested that, if the unitary proposal were to be taken forward, it would be helpful to understand how many people accessed local authority buildings across Leicestershire for help and advice. It would be important to ensure that the transition to a unitary authority did not disadvantage vulnerable residents.
- (xvii) Members emphasised that if a new unitary authority for Leicestershire was established it should seek to avoid silo working. For example any decisions regarding the deployment of local government estate must be linked to considerations regarding economic development in the county.
- (xviii) Currently, the County Council and District Councils sometimes competed for the same tenants. An example of this was in Coalville, where both authorities owned similar buildings. This was felt to be an inefficient use of public sector estate.
- (xix) The provision of leisure facilities was variable across the county. A single unitary authority would be able to take a broader view of leisure services and develop a consistent offer for Leicestershire. It was suggested that a proposed leisure offer could be included in the business case for a unitary authority.

Appendix I – Revenue Collection

- (xx) It was noted that most councils operated a combined revenue and benefits service. There were advantages to developing a single benefits service Leicestershire, for example for council tax discretionary discounts, as a strategic view could be taken and certain behaviours could be incentivised.

RESOLVED:

That the report and information now provided be noted.

- (d) Process for Transferring Staff to a New Organisation.

The Director of Law and Governance and Director of Corporate Resources advised that the latest guidance on the process for transferring staff to a new organisation was from the 2008 Regulations. Should further guidance be issued, Commission members would be informed.

The guidance stated that the post of Head of Paid Service must be subject to open competition, with the expectation that a national recruitment process would be carried out. TUPE applied to all other posts, although authorities were encouraged to follow the same process of open competition for other senior roles. In terms of TUPE, each of the eight organisations would be treated equally. The principles that would be followed were:-

- Staff would be provided with as much assurance as possible;
- There would be equality of opportunity;
- The cost of redundancy would be managed.

Where roles were unique, staff would automatically transfer to the new organisation. It was recognised that, for roles where there was duplication across organisations, there would be redundancies. Each existing council should seek to agree a joint protocol for handling redundancies. This would normally happen after vesting day but a voluntary early redundancy scheme could be put in place, subject to joint agreement.

The Commission was advised that the new council would need to operate effectively from vesting day so structures should be developed and some posts appointed to ahead of vesting day.

Arising from discussion and questions the following points were raised:-

- (i) The joint protocol for handling redundancies would need to include an appeals process, although where possible this could be avoided through the promotion of voluntary redundancy schemes.
- (ii) A consultation to look at strengthening pensions protections for local government who had had their roles outsourced had recently been launched by the Government. The financial impact of this announcement on the County Council was being analysed. However, it was not expected to affect staff in the transition to a unitary authority.
- (iii) Wiltshire Council had a Head of Paid Service but no Chief Executive. It would be possible for a unitary authority for Leicestershire to adopt this model if members chose to do so.
- (iv) It would be essential to plan the structure of the new authority prior to vesting day. The structure would need approval from both members and officers. Member approval was likely to come from an Implementation Executive or Shadow Authority comprising elected members from the existing local authorities. Once Directors had been appointed they would be empowered to build their own services and structures.
- (v) It was confirmed that the £30 million annual savings that a single structure for local government in Leicestershire would make only equated to approximately five percent of the total budget. Redundancies would therefore not be significant in the context of the total number of staff employed by the eight organisations. An exact figure had not been confirmed. It was important that staff across all organisations were treated fairly and that joint criteria to assess similar roles regardless of salary and match them to the new structure were in place. District council staff would therefore not be at a disadvantage.

- (vi) Informal briefings had already taken place with the Trade Unions. Officers had also committed to providing ongoing briefings in the light of developments. TUPE transfer regulations required Trade Unions to be involved in the process.

RESOLVED:

- (a) That the information now provided be noted;
- (b) That officers be requested to confirm whether the governance arrangements for transition were determined locally or by the Secretary of State.
- (e) Summary of Emerging and Recurring Themes from the Scrutiny Process.

The Commission considered a report which summarised the key issues and recurring themes from consideration of the proposals for the development of a unitary structure for local government in Leicestershire by the Council's Overview and Scrutiny Committees. A copy of the report marked 'Agenda Item 9e' is filed with these minutes.

Health Overview and Scrutiny Committee

The Chairman of the Health Overview and Scrutiny Committee drew attention to the fact that Harborough District Council and Blaby District Council allocated funding to Public Health, although it was not clear what this funding was spent on. He also noted that the Health Overview and Scrutiny Committee had considered the unitary proposals prior to the publication of the NHS Ten Year Plan. This might affect commissioning arrangements for some Public Health services.

Adults and Communities Overview and Scrutiny Committee

The Chairman of the Adults and Communities Overview and Scrutiny Committee advised that most adult social care services were only provided by the County Council so the transition to a unitary authority would have limited impact. More consideration needed to be given to services currently provided by district councils such as leisure and open spaces as it was not yet clear how these would fit into the new structure.

Children and Families Overview and Scrutiny Committee

The Chairman of the Children and Families Overview and Scrutiny Committee confirmed that a unitary structure made sense for the Children and Families Service as a lot of its services were already delivered in localities. This would continue to be the case in a unitary structure. It was hoped that the savings that would be realised from the transition to a unitary structure could be invested in services such as children's centres.

Environment and Transport Overview and Scrutiny Committee

In the absence of the Chairman, members of the Environment and Transport Overview and Scrutiny Committee advised that a countywide approach to services such as waste, car parking, street cleansing and environmental services would create consistency across the county.

Mr Bill CC asked for his concerns about the governance of planning, in particular major planning decisions being taken by the Planning Inspectorate rather than the local

planning authority, to be placed on record. He felt that it was difficult in this regard for local councillors to represent effectively the people who elected them.

In reference to point (xvi) in the Environment and Transport Overview and Scrutiny Committee minutes (page 204 of the report refers), Mr Boulter CC asked for it to be recorded that in his view the County Council did not have good records regarding grass cutting for the Oadby and Wigston area.

Role of Parish and Town Councils

Members then discussed the role of Parish and Town Council in a unitary structure of local government. It was noted that they could take on additional services if they wished to do so but this would not be a requirement. They would receive funding from the unitary authority where these services were in line with its policies and where they could deliver a better, more efficient service. This point would be clarified in the business case. It was suggested that, where legislation precluded Parish Councils from taking on services, the new unitary authority could lobby MPs and the Government to make changes in the law.

Officers confirmed that work to develop the devolution framework for Parish and town Council was being undertaken jointly with representatives from those Councils and more detail would be included in the business case.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the findings and views of the Scrutiny Commission be summarised in a report to be considered by the Commission at a future meeting and then submitted to the Cabinet;
- (c) That members of the Scrutiny Commission be asked to submit any further comments on the proposals for a unitary structure of local government for Leicestershire to the Scrutiny Commissioners for consideration.

80. Dates of Future Meetings.

It was noted that meetings of the Scrutiny Commission would take place on the following dates during 2019:-

28 January at 10.00am;
 6 March at 10.30am;
 10 April at 10.30am;
 12 June at 10.30am;
 4 September at 10.30am;
 6 November at 10.30am.

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