APPENDIX 3

Leicestershire County Council

HEALTH 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 positive than expected. He anticipated that Government department 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.

The Cabinet Lead Member for Resources, Mr J B Rhodes CC, reminded members that the cost pressures in adult and children's social care were significant. The proposals meant that a single unitary authority in Leicestershire would have an extra £30 million per year, less if two unitary authorities were established, which would enable front line services to be protected. The County Council was reaching the point were further savings were difficult to make.

Mr Rhodes also advised the Committee that one of the drivers for seeking unitary status was strategic. Currently, when engaging with other councils across the region, the County Council did not have the power to act on behalf of the whole county and would therefore need to seek approval from the district councils, which could significantly slow the process down. The East Midlands did not attract investment on the same scale as the West Midlands; it was thought that was partly because of the fragmented nature of local government in the East Midlands. Being

able to speak with single voice on behalf of the county would strengthen Leicestershire's position.

Arising from discussion the following points were raised:-

Financial Situation

(i) Leicestershire received less funding than Northamptonshire, on a per head basis. A rough estimate of the order of magnitude of £30 million was provided to the Committee *[it was subsequently clarified to be £16 million per annum]*. There were a number of inequalities in council funding, which was why the Government was undertaking the Fair Funding Review. It was hoped that the outcome of the review would be beneficial to Leicestershire, but the uncertainty around Brexit and Government commitment to provide the NHS with additional funding had to be borne in mind.

(ii) Structural reform appeared to be the Government's preferred option for financially struggling councils. Northamptonshire County Council was the highest profile example but there were also instances of smaller district councils which had been encouraged to merge. It was noted that there were some examples of shared service arrangements within Leicestershire's councils, but these were not widespread or on a large scale.

(iii) From a financial point of view, a unitary structure was more efficient. Savings could be generated from back office services and management, protecting front line services.

Model Unitary Structure

(iv) The Cabinet Lead Member for Resources did not believe that a county unitary would be too remote for Leicestershire residents. 80% of local government services in Leicestershire were delivered by the County Council and a number of these were already managed centrally but delivered locally. Members were not criticised for being remote when handling casework.

Options Appraisal

(v) It was suggested that the report could have included a wider range of options and queried whether the debate should continue, given the letter from MPs asking the Leader to cease work and the response from District Council Leaders, that they would acquiesce to the request. The Cabinet Lead Member for Resources advised that the status quo was an implicit option in the report and confirmed that a large part of the work to develop proposals for a unitary structure of local government in Leicestershire had already been completed. The District Council Leaders' response was therefore disappointing.

(vi) Members expressed disappointment in the stance taken by District Council Leaders and local MPs, which, in their opinion, had sought to suppress

debate before it could be established whether a unitary structure of local government was in the best interests of Leicestershire residents or not.

(vii) A view was expressed that the views of District Council Leaders and MPs should not be ignored; the Secretary of State would not approve proposals for unitary local government where there was significant local opposition. It was therefore suggested that the County Council should focus on its fair funding campaign. However, a number of members of the Committee suggested that, from their experience, District Council Leaders did not appear to have consulted with other members of their council before reaching their decision. A further view was expressed that it was better for the local area to make a decision voluntarily than be forced into it due to the financial situation of the council. Local Government should be allowed to debate its future and determine the best way of protecting front line services. The view was expressed that, if structural reform did not happen now, it would happen at some point in the future.

(viii) It was suggested that as the option for a dual unitary would require the splitting of existing County Council services, which currently worked well on a countywide basis, it was likely to be less efficient and to add to the complexity of local government, particularly for partners and service users.

<u>Services in a Unitary Structure</u>

(ix) It was felt that for both public health and health, housing and care integration there was a compelling case for the development of a single unitary authority for Leicestershire, as opposed to two unitary authorities. Leicestershire would benefit from an overall, single strategic vision for these services, with much greater power to deliver through a single organisation.

(x) In terms of air quality, monitoring responsibility sat with district councils but both the County Council's Public Health and Environment and Transport departments had a role to play. Members felt that the two tier structure of local government created complexity and made it more difficult to have a coherent and consistent response across the county.

There was currently a lack of consistency across the county in terms of the health and wellbeing services provided by the district councils. This was not always in the best interests of Leicestershire residents. In terms of supporting people to be physically active, a unitary structure would allow a cohesive approach to sport and physical activity facilities, cycle ways, walk ways and green spaces. Public Health and the Environment and Transport Department currently had a joined up approach to cycle ways, but this did not include district council managed green spaces.

(xi) It was felt that there would be benefits to a strategic, single approach to the development of assistive technology, and to the allocation of Disabled Facilities Grants (DFG), which would be better than the current arrangements, noting that some councils had not spent their full allocation. DFG resources could be utilised more flexibly across Leicestershire to match variable demand

better and support other aspects of housing services and support. It was also noted that the delivery of adaptation services, in terms of Occupational Therapist support and expertise, involved staff from both District and County authorities, and this could cause additional handoffs and delays to decisions being made.

(xii) A view was expressed that, in their casework, members currently had to co-ordinate between district council and County Council issues and could therefore find that their impact was diluted. A single authority for Leicestershire would have more power and influence which could be better for local residents.

(xiii) Members were reminded that the Clinical Commissioning Groups across Leicester, Leicestershire and Rutland (LLR) were likely to develop a single management structure in the near future. Services such as the Police and Fire Services were also LLR-wide. A number of members were of the view that it would be beneficial if local government boundaries in the area moved closer to being co-terminous with other public sector organisations.

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.