



Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Monday, 28 January 2019.

PRESENT

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

Mr. P. Bedford CC
Mr. D. C. Bill MBE CC
Mr. G. A. Boulter CC
Dr. T. Eynon CC
Dr. R. K. A. Feltham CC

Mr. J. Morgan CC
Mrs. R. Page CC
Mr. A. E. Pearson CC
Mr. T. J. Richardson CC
Mrs B. Seaton CC

In Attendance

Mr N J Rushton CC, Leader of the Council
Mr J B Rhodes CC, Deputy Leader of the Council and Cabinet Lead Member for Resources
Mrs L Richardson CC, Cabinet Lead Member for Communities (minute 89 refers)

81. Minutes.

The minutes of the meeting held on 15 January 2019 were taken as read, confirmed and signed, subject to it being noted that clarity regarding the plan for development in the South West Leicestershire area would be circulated to all members of the Commission (minute 72 refers).

82. Question Time.

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

83. 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).

84. Urgent Items.

There were no urgent items for consideration.

85. 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 councils declared a personal interest in all items on the agenda.

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

There were no declarations of the party whip.

87. Presentation of Petitions under Standing Order 36.

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

88. Medium Term Financial Strategy 2019/20 to 2022/23 - Context Setting and Overall Position.

The Director of Corporate Resources advised the Commission that the financial position of the County Council remained challenging. Savings requirements were driven by service growth pressures and price and pay inflation. It was important to plan ahead to identify where cost pressures were likely to be and how they could be mitigated against. The biggest feature of the Medium Term Financial Strategy (MTFS) was uncertainty. The next Comprehensive Spending Review and the outcome of the Fair Funding Review were expected during the next financial year. As a result, there was no certainty beyond 2020 regarding the future of grant funding or the limits on council tax increases.

The Leader of the Council, Mr N J Rushton CC, highlighted the current pressure on the Special Educational Needs and Disabilities (SEND) budget. The Cabinet Lead Member for Resources, Mr J B Rhodes CC, reminded members that despite the uncertainty surrounding the MTFS, the County Council was projecting a breakeven position for the next two financial years. In the long term funding the Capital Programme would be challenging as it was reliant on a strong revenue position.

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

- (i) The final settlement from the Government for 2019/20 was expected in the next couple of weeks. The MTFS would be updated to take into account any changes as a result of the final settlement and to include the more detailed forecasts from district councils relating to council tax collection. It was noted that the growth rate in the council tax base had reduced to 1.6%.
- (ii) Concerns relating to local government finance, including the current uncertainty faced by councils, were raised by the Leader and Cabinet Lead Member for Resources at meetings of the County Councils' Network and the Local Government Association. It was noted that councils at risk of losing funding as a result of the fair funding review were starting to make their concerns known. Members of the commission supported the principles of fair funding and recognised that moving towards a population based system should benefit the County Council. Deprivation weighting would still continue to be applied to services such as children's and adult social care where deprivation was a key cost driver. It was suggested that a longer term funding model would bring certainty to enable some councils nationally to reduce their reserves to an appropriate level. The County Council was not in this position as its reserves were largely allocated against specific risks or requirements and the position was closely monitored.

- (iii) During 2018/19, additional funding for highways maintenance had been made available mid-year. Subsequently the Government had made funding available for the same purpose. The County Council's funds had therefore been redirected for future capital investments primarily towards transport infrastructure.
- (iv) It was confirmed that the County Council would no longer receive Revenue Support Grant from the government. It was not expected that the new funding formula, to be introduced in 2020, would include Revenue Support Grant.

RESOLVED:

That the comments now made be submitted to the Cabinet at its meeting on 8 February.

89. Medium Term Financial Strategy 2019/20 to 2022/23 - Chief Executive's Department.

The Commission considered a joint report of the Chief Executive and Director of Corporate Resources which provided information on the proposed 2019/20 to 2022/23 Medium Term Financial Strategy (MTFS) as it related to the Chief Executive's Department. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

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

Growth

- (i) The Commission supported the proposal for growth in the Hardship and Crisis support service. Demand was rising and the earmarked reserve that had been used to support the service over the last couple of years was running out. In the longer term the budget would be balanced through recommissioning the service in a more holistic and streamlined way, for example through the reducing the number of referral points. The County Council did not work with the charity Help Through Crisis but was open to exploring options for collaborative working wherever possible.
- (ii) With regard to the proposed growth in Legal Services, it was noted that increasing the in-house provision would reduce spend on more expensive agency staff and would also provide a better service. Consideration would be given to using fixed term contracts for posts to support major infrastructure projects, although it was recognised that additional legal support for Section 106 agreements, to enable a timely response, would be an ongoing requirement.

Savings

- (iii) The Commission was pleased to note that the saving from the review of grants and contracts across the Communities, Policy and Resilience function would not have a detrimental effect on front line services. Savings would be made from the infrastructure to support front line services, for example through better alignment with other agencies that funded a similar service.
- (iv) It was noted that Brexit was likely to create additional demand on the Trading Standards Service, both in terms of enforcement work and supporting small and medium sized businesses. To date there had been no indication from the Government that additional funding would be made available. The £35 million of national funding that had been announced was directed to Port Authorities and

Environmental Health Services. Concern was expressed that the savings requirement for Trading Standards would affect front line services at a time where they were likely to be facing increased demand. The Leader of the Council advised that, if more resources were required for Trading Standards after Brexit, efforts would be made to ensure that they were made available.

- (v) Concern was expressed that Non Disclosure Agreements had prevent the sharing of information relating to Brexit, particularly with regard to the East Midlands Airport. However, the Commission was assured that within the last two weeks there had been a significant push to get them lifted so that information could be shared. A regional steering group had also been set up and had met with the Secretary of State during the previous week. Members would be kept apprised of any developments through the Weekly Digest and the Corporate Governance Committee was also monitoring the situation through the Corporate Risk Register.
- (vi) The savings requirement from reducing funding to tourism support services was not expected to be fully delivered because the plan to set up an organisation with Leicester City which would be self-funding by 2021 would now not be realised. The Commission had some concerns that a new organisation covering City and County would have disproportionate focus on Leicester City and emphasised the importance of tourism to market towns and the local economy. It was suggested that this could be the subject of a future report to the Commission.

Capital Programme

- (vii) In response to a query regarding why superfast broadband coverage was limited to 97% of properties, the Cabinet Lead Member for Resources advised that there were challenges in ensuring that every isolated, rural property was identified. The contract was based on percentage delivery; the location and order of roll out to properties was a commercial decision. Further details on the roll out of superfast broadband, including whether the potential introduction of 5G technology would have an impact on the project, would be provided to the Commission after the meeting.

RESOLVED:

- (a) That the comments now made be submitted to the Cabinet at its meeting on 8 February;
- (b) That the Cabinet be recommended to reconsider the saving CE4:SR Trading Standards Reduction in Staffing and Agency Budgets, particularly given the likely impact of Brexit on demand for the service;
- (c) That a report on tourism services be submitted to a future meeting of the Commission;
- (d) That officers be requested to provide members of the Commission with further information on Superfast Broadband and whether 5G technology would have any impact on the project.

The Commission considered a revised report of the Director of Corporate Resources which provided information on the proposed 2019/20 to 2022/23 Medium Term Financial Strategy (MTFS) as it related to the Corporate Resources Department. A copy of the report is filed with these minutes.

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

Revenue Budget

- (i) The Department was expected to receive £32.9 million from traded services in 2019/20. This included commercial services such as the School Food service. The County Council had been successful in providing food for a number of schools in Leicester City and had also submitted tenders for contracts in neighbouring counties. However, the profit margins were tight as it was a competitive market.

Growth

- (ii) The increase in cost of the Microsoft Enterprise Agreement was the subject of wider discussions with the Local Government Association, although a successful outcome was not anticipated. It was expected that the roll out to Windows 10 would make the Council's IT systems easier to manage. Microsoft had no plans to supersede Windows 10 with a new operating system; the intention was for it to evolve with regular updates.

Savings

- (iii) In response to a query regarding the purchasing of assets outside of Leicestershire, the Commission was advised that the vast majority of property investments were made in the county. The few that were not were solely focused on income generation to support other council services and provided a good rate of return. They were close to the county border to ensure that they could be managed effectively. The property in Nottingham was fully let. There was a small vacancy in the property in Lichfield but this was not having an adverse financial impact on the Council. The Commission was assured that the County Council took a very prudent approach to property investment. No borrowing had been undertaken to fund asset investment. The financial risk was therefore limited to rental income.
- (iv) The efficiency and productivity programme had the biggest savings target in the MTFS. It had arisen from a review undertaken by Newton Europe of the adult social care Target Operating Model. A number of efficiency savings had been identified and there was confidence that they could be delivered. This approach could also be applied to other departments, especially where services had not been reviewed for a few years. It was therefore intended to roll the programme out across the whole council.
- (v) The agile working pilots in the Workplace Strategy were at a very early stage. Further information on the outcome of the pilots would be made available in due course.

Capital Programme

- (vi) It was queried whether the East of Lutterworth Strategic Development Area (SDA) included land to the east of Junction 2 of the M69. The Commission was advised

that, although the bid to the Housing Infrastructure Fund (HIF) due to be submitted by 22 March included both areas, the East of Lutterworth SDA referred to in the Capital Programme related to land which the County Council had assembled and the associated development scheme which was included in the Harborough Local Plan. It was expected that this development would generate a significant capital receipt for the County Council in due course. The HIF bid was an aspirational bid which focused on providing transport infrastructure in the south of the county before any housing development took place.

- (vii) In response to a concern expressed, the Commission was advised that the Stoney Stanton SDA was listed in the Capital Programme as a future development subject to further detail and an approved business case. Although an outdated diagrammatic illustration of possible development sites in this area had been included in the Cabinet report regarding the HIF bid, no specific plans for development currently existed. Officers undertook to clarify whether an updated diagram would be included in the final submission of the HIF bid and it was also noted that, if the bid was successful, a report outlining the next steps would be submitted to the Cabinet. The Commission was further advised that any proposal for development in the Stoney Stanton area, whether it included County Council land or not, would first need to be included in the Blaby Local Plan. This was due to be revised and would be the subject of public consultation.
- (viii) The ongoing revenue costs for the County Council's country parks were small. There were no plans to open any new country parks or to change the management arrangements for the existing ones.
- (ix) The inclusion of funds in the Capital Programme for the redevelopment of Snibston Country Park was welcomed and it was suggested that the county and district councils could work together to develop walkways and cycleways to join up various leisure facilities and open spaces in that area.

RESOLVED:

- (a) That the Comments now made be submitted to the Cabinet for consideration at its meeting on 8 February;
- (b) That officers be requested to provide clarity on the status of any diagrams or plans for development to be included in the HIF Bid relating to transport infrastructure in the south of the county.

91. Medium Term Financial Strategy 2019/20 to 2022/23 - Consideration of Responses from Overview and Scrutiny Committees.

The Commission considered extracts from the minutes of the Overview and Scrutiny Committee meetings held to consider the Medium Term Financial Strategy (MTFS) 2019/20 to 2022/23 as it related to the County Council departments. A copy of the minute extracts is filed with these minutes.

Arising from discussion the following points were raised:-

Health Overview and Scrutiny Committee

- (i) The Chairman of the Health Overview and Scrutiny Committee underlined the uncertainty regarding the future of the Public Health grant and the indication in the NHS Long Term Plan that the NHS was seeking involvement in the commissioning of some of the more clinically-based public health services such as sexual health, school nursing and health visitors. The Commission was advised that a report providing an initial analysis of the implications of the NHS Long Term Plan would be submitted to the next meeting of the Cabinet.
- (ii) With regard to the recommissioning of homelessness prevention services, members hoped that the new service would provide more consistent community outreach across the county.

Environment and Transport Overview and Scrutiny Committee

- (iii) A request was made that if there was any chance of additional funds being made available to support the Environment and Transport Department, that passenger transport be treated as a priority. However, the Commission was advised that the policy had been set and it was important to implement it fairly. It was expected that Demand Responsive Transport would provide a suitable alternative to bus provision in the more rural areas.
- (iv) With regard to SEN transport, the Chairman of the Environment and Transport Overview and Scrutiny Committee stated that it was important for schools to assess young people's needs correctly and where possible to manage their needs in mainstream education where they could integrate with their peers. He had some concerns regarding the application of the criteria. The Cabinet Lead Member for Resources confirmed that similar concerns had been identified by members of the Local Government Association Executive.
- (v) The Leader of the Council advised that the retention of fines from speed cameras installed by the County Council to fund further installations was a topic of ongoing debate with the Government.

Adults and Communities Overview and Scrutiny Committee

- (vi) It was confirmed that options for the future of the collections hub were still being developed, recognising that it was preferable in the longer term to have a proper facility where the collections could be publicly accessed. The Chairman of the Adults and Communities Overview and Scrutiny Committee advised that the Committee had received several reports on the matter was keen to offer support in the development of options. A further report was expected at a future meeting.
- (vii) It was noted that a recent freedom of information request by the Local Government Information Unit had identified that the County Council had sold £197,000 worth of paintings in the four years up to 2017. Members were advised that this had been the subject of reports to the Cabinet and Scrutiny Committee at the time. The decision to sell had been based on external advice and the funds used to restore other works of art in the County Council's possession.

Children and Families Overview and Scrutiny Committee

- (viii) A member raised queries in relation to school funding. In particular, these related to the Minimum Funding Guarantee, age-related restrictions and the impact of

reductions in family support services on schools. Officers undertook to provide the member with a written response.

RESOLVED:

That the comments now made be submitted to the Cabinet for consideration at its meeting on 8 February.

92. Date of next meeting.

It was noted that the next meeting of the Commission would be held on 6 March 2019 at 10.30am.

10.00 am - 12.30 pm
28 January 2019

CHAIRMAN