



Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Monday, 22 June 2020.

PRESENT

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

Mr. T. Barkley CC	Mrs. H. J. Fryer CC
Mr. P. Bedford CC	Mr. D. Harrison CC
Mr. D. C. Bill MBE CC	Mrs. R. Page CC
Mr. G. A. Boulter CC	Mr. A. E. Pearson CC
Dr. T. Eynon CC	Mr. T. J. Richardson CC
Dr. R. K. A. Feltham CC	Mr. M. B. Wyatt CC

In attendance

Mr N J Rushton CC
Mr J B Rhodes CC

94. Minutes

The minutes of the meeting held on 8 April 2020 were taken as read, confirmed and signed.

95. Question Time

The following question, received under Standing Order 34, was put to the Chairman of the Scrutiny Commission:

Question asked by Mrs Sharon Scott

'With reference to both the Leicestershire Strategic Plan and the Strategic Growth Plan please can the chairman confirm that the change in events arising from the COVID 19 emergency means that the plans will now need to be substantially revised because:

1. The COVID 19 emergency has demonstrated that many people can work successfully from home. I have spoken to partners in a number of professional firms who say that their firms are now looking closely at whether to switch to more home working in the future to save on rent and heating bills. This is likely to result in more brownfield office sites becoming available in the City and immediate environs of Leicester that can be repurposed for housing. This will lessen the need for other areas of the County to take the over spill from the City.
2. The COVID 19 emergency is accelerating the move to online shopping. This is likely to lead to more retail closures within the main shopping centres in the City which can be repurposed for housing. This will also lessen the need for other areas of the County to take the over spill from the City.

3. Spending that LCC has earmarked for strategic development areas such as the proposed Stoney Stanton SDA would be better spent on providing high quality broadband, particularly in South West Leicestershire where the service industries and the professions are big employers and since these are the employers who are likely to make more of their employees work from home in the future.”

Reply by the Chairman

A review of all the County Council's key policies is likely to be undertaken as part of the County Council's planned recovery from the pandemic, including the County Council's Strategic Plan. In addition, the County Council, City Council and Leicestershire districts will also need to consider whether a review the Leicester and Leicestershire Strategic Growth Plan (SGP) is required.

With reference to points 1 and 2, COVID 19 has impacted working practices and travel and shopping patterns. Businesses will no doubt review whether any changes enforced through this unprecedented period become new established practices. Potential implications for the current Strategic Growth Plan and the County Council's Strategic Plan will be considered prior to any review.

With reference to point 3, the County Council remains committed to supporting economic and housing growth in the County. Supporting large sustainable developments and the provision of high-quality superfast broadband are key elements of the County Council's approach. As part of its work on recovery, and taking account of pressures on the public purse, market conditions and other societal changes post COVID19, the County Council will necessarily be reviewing its spending priorities.

Supplementary question

Mrs Scott asked a supplementary question on the response to points 1 and 2 of her original question to the effect that, would, as part of the review of the Strategic Plan and the Strategic Growth Plan, there be a review of extra brownfield sites arising in Leicester City and its immediate environs as a result of any permanent changes in business and retail practices arising from the current pandemic before a decision is taken to expand the urban area out into the villages of South West Leicestershire. Mrs Scott said she was aware that Blaby District Council was currently reviewing its local plan and was under pressure to take the housing overspill from Leicester City into rural areas of South West Leicestershire. As such, she asked if Leicester City would be asked to reassess their needs, given the possibility of more brownfield sites becoming available in the City before Blaby's plan was finalised, and whether priority would be given to utilising excess brownfield sites that become available as a result of changed business practices in preference to rural sites, including the County Council farms.

At the invitation of the Chairman, the Assistant Chief Executive responded that, the Strategic Growth Plan (SGP), which seemed most relevant to Mrs Scott's supplementary questions (as opposed to the County Council's Strategic Plan), covered Leicester and Leicestershire and it would therefore be a matter for the SGP Partnership through the Members Advisory Group and its constituent authorities to decide whether or not to carry out a review of that Plan as a result of new evidence arising from the pandemic, and it would be for the Partnership to identify the scope of that review. Whilst the view of the Partnership could not be pre-empted it was fair to assume that any review would look at all new relevant evidence including the supply and demand of land for development including brownfield sites in the City and across the County.

Regarding the timing of such a review, this would be a matter for the Partnership through the Member Advisory group to determine.

96. 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).

97. Urgent Items

There were no urgent items for consideration.

98. 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 a district council declared a personal interest in items 8 (LLEP Economic Recovery Strategy), 9 (2019/20 Provisional Revenue and Capital Outturn) and 10 (Coronavirus (Covid 19) Impact and response of the County Council – Recovery) (minutes 101, 102 and 103 refer).

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

There were no declarations of the party whip.

100. Presentation of Petitions under Standing Order 35

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

101. Leicester and Leicestershire Enterprise Partnership Economic Recovery Strategy

Members considered a report and presentation by the Leicester and Leicestershire Enterprise Partnership's (LLEP) Chief Executive Officer, Mr Mandip Rai, and Chair of the LLEP Board, Mr Kevin Harris, on its Economic Recovery Strategy. A copy of the report and presentation slides marked 'Agenda Item 9' are filed with these minutes.

The Chairman welcomed Mr Raia and Mr Harris to the meeting as well as Mr N J Rushton CC, Leader of the County Council and the Council's representative on the LLEP Board.

In introducing the item the Assistant Chief Executive advised that the recent focus of the LLEP had been on responding to the economic impacts of the Covid 19 pandemic. The County Council had fully participated in that response through the Leader and through officer involvement on the Local Resilience Partnership's Economic Recovery Cell which was chaired by the LLEP.

Arising from the presentation, Members noted the following:

- The Economic Recovery Strategy was a live document and would be updated as the situation changed and further data became available locally and nationally. The duration of the pandemic was unknown, and a second peak and further local downs would affect businesses further and the response therefore required.
- The Chancellor had predicted a 35% contraction in the national economy resulting in 1 in 10 jobs being lost. Aggregated across Leicester and Leicestershire this could equate to as many as 45,000 to 50,000 job losses.
- Government support would delay the true extent of the economic impact of Covid 19. A clearer picture would emerge towards the end of the year and after the furlough scheme had come to an end. Since March there had been an increase of 18,000 people claiming job seekers allowance and this would likely increase.
- The LLEPs role would be to act as a facilitator and coordinate efforts across the region to help small businesses. Leicestershire was a predominantly SME (small and medium sized enterprises) economy and such businesses had been particularly hard hit.
- The fundamental approach of the LLEP for Leicester and Leicestershire had not changed. However, some of the fundamental drivers and infrastructure within the local economy needed to be reinforced and focus diverted to protect the regions current skill base and employment.

Arising from discussion and questions, the following points raised:

- (i) The pandemic had badly affected the health of those of the older generation, but the longer-term economic impacts would disproportionately affect those in the 18 to 24 year age group. Members were concerned to note the significant increase in youth unemployment during the pandemic and agreed that the creation of new local employment and training and retraining opportunities would be critical.
- (ii) Members acknowledged that the LLEP could not provide or direct the training provided locally, but were pleased to note the work of the Skills Advisory Panel in producing an evidence bases of local business skill and training requirements which had been shared with FE colleges and universities to help inform future education provision and ensure the two were aligned. As youth unemployment would be a national issue, the Government would likely introduce wider training schemes that the LLEP would also signpost people too where appropriate.
- (iii) Concern was express that the LLEP's Plan did not include reference to manufacturing and construction businesses. Members noted that construction and increased advanced manufacturing remained central to the LLEP's long term goals as set out in the Local Industrial Strategy. However, improving productivity in this area would take longer as focus now needed to be diverted to supporting SMEs, protecting employment and creating new jobs. A key area of support provided by the LLEP now was through SME business grants that were critical to build resilience and ensure businesses could survive.
- (iv) Regarding the long term aim to increase advanced manufacturing in the region, a member raised concerns that this could exacerbate current unemployment levels as systems became more automated.
- (v) In response to questions regarding the role of the County Council in responding to the economic difficulties arising from the pandemic, Members were advised that that Council's own economic activities would be reassessed, and future plans would be aligned with the work of the LLEP to ensure this

supported the wider partnership effort. Members were pleased to note that the Council had sought and secured agreement from partners to repurpose one of its grant schemes for rural areas and towns to instead support business recovery from Covid 19 in the short to medium term.

- (vi) Members questioned whether the forecasts for reduced growth would affect the need for the County Council's recently established Growth Unit. Members noted the Unit was now fully up and running and was playing an important role in supporting the LLEP in the development of its current Strategy and short-term response to the impacts of Covid 19. The Unit also supported the Council's own economic recovery plans, but would continue to focus on long term growth delivery through securing funding and influencing government policy for the benefit of Leicestershire. It was suggested that the role of the Unit would be critical in ensuring Leicestershire did not miss out on opportunities as the government would likely prioritise infrastructure projects to drive the economy forward.
- (vii) A member suggested that to support SMEs the LLEP should seek to lobby government to change regulations which were considered overly bureaucratic and disproportionately affected such businesses. It was noted that this was a matter being addressed by LLEP's nationally.
- (viii) Concern was expressed that in addition to young people, those with learning difficulties or mental health issues risked falling through the gaps and losing support that would otherwise enable them to develop skill to enter the job market. It was acknowledged that the need to improve such support existed pre-Covid 19, but it would be necessary to ensure the pandemic did not adversely affect progress already made or continuing to be improved in this area.
- (ix) The benefit of the apprenticeships scheme and apprenticeship levy were questioned, and it was suggested that these had not benefited businesses as intended, nor had they work to improve the local skills bases. Members noted that the LLEP had and would continue to lobby government on this issue.
- (x) Whilst the current situation was very difficult it would be important to identify opportunities and be flexible to respond to these and ensure support was not only provided for existing businesses, but also for the growth of new businesses as recovery took hold.

RESOLVED:

- (a) That the report and presentation on the LLEP Economic Recovery Strategy be noted;
- (b) That officers be requested to provide a report on the work of the Growth Unit including how this has been affected by the economic impacts of the Covid 19 pandemic.

102. 2019/20 Provisional Revenue and Capital Outturn

The Committee considered a report of the Director of Corporate Resources which provided information on the provisional revenue and capital outturn for 2019/20. A copy of the report marked 'Agenda Item 9', is filed with these minutes.

Arising from discussion, the following points were made:

- (i) Pressures in areas such as SEND, Children's Social Care and Adult Social Care, which existed pre Covid 19, continued to be an issue despite actions taken. The position was also being further exacerbated by the current pandemic. The Council would continue to lobby Government which had so far not responded to correspondence from the Lead Member for Resources on the issue of SEND funding.
- (ii) A member raised concern at the 18% increase in Adult Social Care legal costs, which it was noted had been driven by the type and number of cases that had recently gone to court.
- (iii) Whilst a member expressed disappointment at the increased costs regarding the use of the energy from waste plant, it was noted that there had been a larger reduction in landfill costs which had underspent by £556,000. The Coventry facility in which the Council had shares, had been used more and this had reduced costs in that area.
- (iv) A review of the Council's commercial services would be undertaken as part of the Council's recovery work, especially as it considered longer term impacts. The Council had already experienced significant losses in income (£500,000 alone, in the last two weeks at last financial year as the pandemic hit) and the future was uncertain in areas such as the provision of school meals which depended on plans for the re-opening of schools in September. Members noted that further reports would be brought to scrutiny on the outcome of this review as appropriate.
- (v) It was unclear what longer term adult social care reablement needs might be required as a result of Covid 19 and this would be looked at as part of the Council's recovery plans. The use of its new target operating model to monitor this going forward would be considered as part of that process.
- (vi) Whilst elements of the Lutterworth East SDA project had been put on hold, the Council would proceed with its planning application, integral to which was the proposed new spine road. Members noted that the application was due to be considered by the local planning authority in July. The unsuccessful outcome of the Council's HIF bid had been disappointing, and members agreed that consideration would need to be given to future delivery and finance options. Members further noted that the Council's consultants had advised that the procurement of a joint venture partner should be delayed as the current pandemic would negatively affect this process.
- (vii) The Corporate Asset Investment Fund portfolio was performing well and generating a good capital return in respect of its industrial and office assets (6.4% and 7.8% respectively), but this was weighted against other rural and development assets which generated, as expected, a much lower rate of income and so reduced the overall capital return of the portfolio to 2.7%.
- (viii) Members were pleased to note that the Council had not been notified of any change to government funding for the A511 Major Road Network scheme which was an advanced project.

RESOLVED:

That the provisional Revenue and Capital Outturn for 2019/20 be noted.

103. Coronavirus (Covid 19) Impact and Response of the County Council - Recovery

The Commission considered a joint report of the Chief Executive and Director of Corporate Resources concerning the work being undertaken within the County Council and with partners:

- a) to address the on-going impact of the coronavirus (Covid-19) within the County;
- b) to plan the recovery and reinstatement of services linked to the gradual lifting of lockdown restrictions by the Government;
- c) the latest statistics which show the economic impact of the pandemic particularly on levels of unemployment;
- d) to outline the financial impact of the pandemic in the current financial year and the medium-term impact on the Council's finances

A copy of the report marked 'Agenda Item 10', is filed with these minutes.

In introducing the report officers advised as follows:

- There continued to be significant senior officer involvement in the crisis management arrangements set up both by the LRF (Leicester, Leicestershire and Rutland Local Resilience Forum) and the Council to respond to the Covid 19 pandemic. The focus of activity remained on both response and recovery but with the latter becoming increasingly important.
- The cross member Working Party had now met and agreed the principles that would guide the recovery. Work had commenced on interim recovery plans and the outcome of these would be reported to the Working Party in July.
- The latest position regarding the impact of Covid 19 on the Council's finances suggested pressures up to £55.8million as shown in the table at paragraph 25 of the report. However, more recent assessments had increased this to £64m due to expected reductions in the Council's income from council tax and business rates and extra costs of home to school transport. The County Council was not in the position of some authorities who were considering issuing S114 notices, but the impact on the Council was nonetheless severe and it would require the use of reserves and drastically reducing the capital programme.

In response to questions members were advised as follows:

- (i) It was recognised that the recovery process would not be straight forward and that the recovery phase would be running alongside the Council's response to the pandemic. Furthermore, there was still much uncertainty about what the new normal might be which made planning difficult and so would require several iterations of recovery plans.
- (ii) Officers were aware that in promoting Digital Value there would be significant advantages and possible cost savings particularly in the way staff work. It was recognised that the Council would need to have regard to those service users who may have difficulties with the use of digital options. As plans for reintroducing services were prepared the specific needs of such groups would be considered.
- (iii) The Council needed to strike a balance between its interim recovery plan and the longer-term objectives for the Council and County. To that end it would need to ensure that the policies put in place did not deter or stifle economic activity and investment, but also ensured that where developments were planned this was accompanied by appropriate infrastructure to serve the communities affected.

- (iv) The Working Party on recovery was not a decision making body and as such, where decisions required member approval this would be done in the usual way of consulting scrutiny and seeking a final decision from the Cabinet. Members wishing to make comment on the recovery process should contact their Group representatives on the Working Party.
- (v) The planned recovery timetable was to focus on interim recovery – i.e. to the end of the year. Departments had started to plan on this basis and it was hoped that the outcome of this would be reported to the Working Party in July. Looking ahead, the aim would be to take stock in September and then begin planning for the following and subsequent years and to do this in the context of the review of the Council's Medium Term Financial Strategy.
- (vi) Recent comments from the MHCLG (Ministry of Housing, Communities and Local Government) and from ministers reported in the press seemed to indicate that there was recognition of the financial pressures being faced by local government and the need for financial sustainability. There also appeared to be recognition that investment in infrastructure projects would offer the best way to stimulate economic activity. It was hoped that this would result in the Government supporting councils by underwriting tax bases, business rate income and generally with additional revenue funding which would mean less would need to be taken out of the capital programme to support development.

RESOLVED:

- (a) That the contents of the report and the supplementary report be noted;
- (b) That the principle and direction of the proposed recovery plan be supported;
- (c) That the significant financial impact of Covid19 on the County Council be noted and that efforts continue to lobby Government to meet the full costs incurred in responding to the crisis and the resources required to support recovery.

104. Overview and Scrutiny Annual Report 2019/20

The Commission considered the draft Overview and Scrutiny Annual Report which summarised some of the key highlights of scrutiny work during 2019/20. A copy of the report marked 'Agenda item 11' is filed with these minutes.

Members were supportive of the report and requested that this be circulated more widely following its consideration by the County Council in July.

RESOLVED:

That the draft Overview and Scrutiny Annual Report 2019/20 be approved for submission to the County Council on 8 July 2020.

105. Date of next meeting

RESOLVED:

It was noted that the next meeting of the Commission would be held on 2nd September 2020 at 10.30 am.

1110.30 am - 13.04 pm
2222 June 2020

CHAIRMAN

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