



Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Monday, 30 January 2023.

PRESENT

Mr M. T. Mullaney CC (in the Chair)

Mr. T. Barkley CC	Mr. T. Gillard CC
Mr. B. Champion CC	Mrs. A. J. Hack CC
Mr. M. Frisby CC	Mr. J. Morgan CC
Mrs. H. J. Fryer CC	Mrs. R. Page CC
Mr. S. J. Galton CC	Mr J. Poland CC

In Attendance

Mr N. J. Rushton CC – Leader
 Mrs D. Taylor CC – Deputy Leader and Lead Member for Regulatory Services
 Mr L. Breckon CC – Lead Member for Resources
 Mrs P. Posnett CC – Lead Member for Equalities and Communities
 Mr. P. Bedford CC – Lead Member for Recovery and Transformation

46. Minutes of the previous meeting.

The minutes of the meeting held on 9 November 2022 were taken as read, confirmed and signed.

47. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 34.

48. 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).

49. Urgent items

There were no urgent items for consideration.

50. 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 and/or parish councils declared an 'Other Registerable interest' in the Medium Term Financial Strategy (minutes

53 to 57 refer). These items did not directly relate to or affect the financial or other wellbeing of either such bodies to an extent that prevented any members from participating in the meeting.

Later in the meeting (minute 55 refers) Mrs A. Hack CC declared a non-registerable interest in item 10 (Medium Term Financial Strategy for the Corporate Resources Department) as she was employed by a competitor of Nottingham Communities Housing Association which was referenced in the report.

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

There were no declarations of the party whip.

52. Presentation of Petitions under Standing Order 35.

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

53. Provisional Medium Term Financial Strategy 2023/24 - 2026/27

The Commission considered a report of the Director of Corporate Resources which provided information on the proposed 2023/24 – 2026/27 Medium Term Financial Strategy (MTFS) as it related to Corporate and Central items. The report also provided an update on changes to funding and other issues arising since the publication of the draft MTFS and provided details of a number of strategies and policies related to the MTFS. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The Chairman welcomed the Leader of the Council, Mr N. J. Rushton CC, the Deputy Leader, Mrs D. Taylor CC, and Cabinet Lead Member for Resources, Mr L. Breckon CC, to the meeting for this item.

In introducing the report, the Director of Corporate Resources highlighted that the Council's medium term financial position had improved slightly as a result of the Government's Autumn Financial Statement. This had meant that a balanced budget could be delivered, but this would still be dependent on some difficult decisions having to be made over the period of the MTFS.

The Leader commented that:

- Whilst the increased funding allocated by the Government was welcomed and a balanced budget had been set, the position remained very challenging. Ongoing impacts from the Covid-19 pandemic, the war in Ukraine, rising energy costs and staff shortages continued to add pressure on the Council and added to future uncertainty. This would be particularly difficult to manage and forecast given these were factors outside the Council's control.
- It was disappointing that discussions regarding Fair Funding had been pushed back, but a planned meeting with the Chancellor in April was very welcome. The Leader thanked local MPs for arranging this.
- Population growth was a key factor causing problems with the current funding system. Census data showed some parts of London declining by more than 20%, whereas areas such as Leicestershire with increasing populations, had not received a commensurate rise in Government funding to support this.

Arising from discussion, the following points were made:

MTFS Summary and changes to the Revenue Budget

- (a) Although the Council's financial position had improved the specific savings identified in the report to Cabinet in December had not been adjusted or reduced. Members noted there was £1m of funding that had been allocated to lessen service reductions that could be offset against those savings identified. This was under consideration and the Lead Member for Resources welcomed suggestions from the Scrutiny Commission.
- (b) The £4.0m adult social care sustainability and improvement fund detailed in the report was good news. Whilst referenced with a 'minus' (for accounting reasons) this would in fact be additional money received by the Council. Members noted, however, that detail and grant conditions relating to how these funds could be used were still awaited.

Corporate and Central Items and Corporate Growth and Savings

- (c) Contingencies for pay awards (£34m) and national living wage (£52m) increases were significant and outside the control of the Council. Concern was raised at how the Council could continue to absorb such additional costs without further support from the Government.
- (d) There was very little, if no tolerance in the estimates made within the MTFS. It was recognised that inflation last year had been much higher for longer than expected. This had significantly affected the Council's budget across all service areas over the last year. Members noted that any similar unexpected impacts would affect the MTFS and require more savings to be made.

Adequacy of Earmarked Reserves and Robustness of Estimates

- (e) There had been some confusion regarding reference in the media to £25m savings being made within the Special Educational Needs and Disability (SEND) budget. The Deputy Leader clarified that this was *not* a saving, but that a service transformation programme had been put in place to bring the Council's spend on SEND services in line with the grant allocated by Government (the High Needs element of the Dedicated Support Grant). The Council's spend was significantly higher than the grant received. Members noted that the Council could not legally add funding to the High Needs budget and so had to address the deficit through a reduction in costs.

Capital Programme 2023/24 – 2026/27

- (f) Members were reassured that the contractual arrangements regarding the Freeport included a 'no detriment' clause which would ensure that all councils affected (including the County Council) would retain the existing level of business rates from the Freeport tax site locations. Whilst an issue for some larger authority areas, it was not expected that there would be any displacement of businesses from Leicestershire to the Freeport area.

- (g) Members expressed frustration that whilst the Council's capital programme was affected by inflation rises, Government grants to support large scale projects were not index linked and so did not similarly go up to reflect the rise in costs. Grant funding was fixed at the point it was allocated. However, it was recognised that projects might not begin for some years after that point, given the work involved.
- (h) There were two key infrastructure demands arising from existing and emerging local plans – school places and highway infrastructure. The County Council would need to prioritise developer funding allocations to support the delivery of school places given its statutory responsibilities in this area. It was recognised that the timely delivery of highway infrastructure could therefore suffer as a result. The Council would now be reliant on developer contributions before being able to deliver future major road schemes.
- (i) Members were assured that equality and human rights impact assessments would be undertaken as part of the development of each savings proposal following agreement of the MTFs. These would be considered by Members as proposals were individually put forward for consideration in more detail through Scrutiny and the Cabinet as appropriate.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments now made be submitted to the Cabinet at its meeting on 7th February 2023.

54. Medium Term Financial Strategy 2023/24 - 2026/27 - 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 2023/24 – 2026/27 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.

In addition to the Leader, Deputy Leader and Lead Member for Resources who remained for this item, the Chairman welcomed Mrs Posnett, Lead Member for Communities and Equalities, to the meeting.

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

Growth

- (i) Connectivity (Broadband) Team – The Council had supported the delivery of superfast broadband across the County and the team supporting that work had to date been funded by gainshare receipts from Openreach (i.e. money paid by Openreach to the Council when broadband was taken up in those hard to reach areas supported by the Superfast Leicestershire programme). Growth funding was now being sought to support this work.

Savings

- (ii) Planning, Historic and Natural Environment – This was not a direct saving but an expected increase in income from planning application fees. The figures were

based on recent income trends. Whilst there had been a slight reduction in fees last year, this was expected to improve in 2023/24.

- (iii) Heritage team structure review – In house staff to provide this service was no longer warranted. Such specialist advice had not been requested/provided to applicants for some time. District councils also no longer required such advice. The service was considering how best to realise the saving.
- (iv) Coroner's Service - Merging the two coronial areas covering Leicester, Leicestershire and Rutland would likely generate savings in the long term. In the short term this had been offset by a rise in case work. The rise in demand had been in part due to the higher rate of excess deaths. However, other factors and an increase in complex cases had been a factor. Members noted that a four times increase in the cost of post-mortems was also a significant issue. These fees were payable to the NHS and were non-negotiable.
- (v) Place Marketing - Discussions were ongoing regarding use of the Business Rates Pool. One area being considered within that was the funding of the Place Marketing Team currently supported by the County and City Council.
- (vi) SHIRE Grants Programme – It was commented that SHIRE grants had provided valuable support to charities and voluntary and community organisations. In considering areas where the Council might use the unallocated £1m funding to offset planned savings, it was suggested that this might be one of those areas.

It was moved, seconded and agreed that the Scrutiny Commissioners be requested to consider the establishment of a five member review panel to look at the SHIRE Grants Programme.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments now made be submitted to the Cabinet for consideration at its meeting on 7th February 2023;
- (c) That the Scrutiny Commissioners be requested to consider the establishment of a five member scrutiny review panel to look at the SHIRE Grants Programme.

55. Medium Term Financial Strategy 2023/24 - 2026/27 - Corporate Resources Department

The Commission considered a report of the Director of Corporate Resources which provided information on the proposed 2023/24 – 2026/27 MTFS as it related to the Corporate Resources Department. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

In addition to the Lead Member for Resources, Mr Breckon CC, who remained for this item, the Chairman welcomed Mr Bedford CC, Lead Member for Recovery and Transformation, who had joined the meeting remotely.

Arising from discussion and questions, the following points were made:

Growth

- (i) Customer Service Centre (CSC) – The reduction in funding would not affect services. A programme of improvement had been put in place two years ago which had resulted in new on-line processes being developed. With further improvements planned, for example on the blue badge scheme, whilst demand had increased, the impact of this on the CSC was being reduced. Similarly, improvement in providing on-line feedback had been developed in areas such as home to school transport. This meant that the Council was now more proactive in keeping parents up to date on their applications which reduced the need for them to contact the CSC.
- (ii) Compared to three years ago, Members noted that the adoption rates for recently developed online access had risen from 75% to 97%. This had significantly reduced the number of calls into the CSC. Assurance was provided that the service recognised many residents still preferred to telephone through the CSC and this would therefore always be an option open to residents.
- (iii) Call waiting times were measured both in real time and on a monthly basis. The vast majority of callers were kept waiting between 1 - 13 minutes. There were some cases where people were kept waiting for longer, but this was during busy periods, for example during school admission periods. It was acknowledged that performance was not as good in the adult social care section of the service, but this was due to difficulties in being able to recruit suitably qualified staff to that area.
- (iv) New processes had been introduced which meant the CSC would now monitor officer responses to queries raised and passed on through the centre.
- (v) Lone Working App – This application helped to support and ensure the safety of officers working alone out in localities. Different solutions had been tested but this had been identified as the best approach. It was considered a moderate spend for something that would help reduce the risk and vulnerability of officers working in the community. It was suggested that this might also be useful for Members.

Savings

- (vi) Ways of Working Programme – This programme continued to be rolled out and whilst it was recognised that the County Hall campus was not currently being fully utilised, good progress towards this was being made.
- (vii) That Council had learnt from the restrictions imposed during the pandemic requiring people to work from home and was now moving towards a more long-term hybrid approach. Many organisations including other local authorities were operating in this way.
- (viii) The cost to support the adjustment to new ways of working (including improved IT software) had resulted in an increase in the budget initially, but this had been taken into account when the business case for the Ways of Working Programme had been developed. These costs had been offset by existing infrastructure being removed and the savings made through delivery of the Programme. In response to a question raised, Members noted that it cost the Council significantly less to support officers to work flexibly and that spend on IT had been reduced by over

£1.2m over the period of the MTFS.

- (ix) A general policy requiring staff to be in the officer for a set number of days per week had not been imposed. The approach adopted was for managers to agree arrangements which best suited their service area and whilst providing flexibility prioritised meeting the business needs of the Authority. It had to be recognised that, given the range of services provided by the Council a single approach would not work as well. Also, a return to imposed office working would increase costs and risked further impacting the current pressures faced to recruit and retain staff.
- (x) The Lead Member for Recovery and Transformation provided assurance that steps were being taken to make the best use of the County Hall campus both to support services and the needs of the Council's own staff, but also to reduce cost and generate income through renting parts of the building. Productivity was also being monitored to ensure this was retained as changes were made. If it was shown that productivity started to drop, or services were negatively affected by the change in approach, then the Programme would be reviewed.
- (xi) As part of the Ways of Working Programme staff welfare and wellbeing continued to be a key consideration, as well as support provided to new members of staff. Offices were being adapted to ensure the best use of space to support a more collaborative working environment. Members were assured that Departments and service teams would continue to be located together. A Member commented that on a visit to County Hall they had been provided with some assurance when speaking with officers that the refurbished offices were being used and working well.
- (xii) Contact with officers remained unchanged and the Deputy Leader emphasised that Members should be able to continue to contact officers via Teams or to email them in the usual way, irrespective of whether they were based at home or in the office. The needs of the business were prioritised by managers and so contact during normal business hours was supported.
- (xiii) Place to Live – The contract with Nottingham Communities Housing Association (NCHA) was working well. They now managed sites and acted as the first point of contact for tenants.

At this point in the meeting Mrs A. Hack CC declared a non-registerable interest in this item as she was employed by a competitor of NCHA.

- (xiv) Sale of Castle House – The savings identified had taken into account the loss of the rental income that would otherwise be generated from the property. Such income had been small and there had been an overall net cost to the Council, hence the proposal to sell to deliver the identified saving.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments now made be submitted to the Cabinet at its meeting on 7th February 2023 for consideration.

56. Medium Term Financial Strategy 2023/24 - 2026/27 - Consideration of responses from other 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) 2023/24 – 2026/27 as related to the County Council departments. A copy of the minute extract had been circulated to Members and a copy is filed with these minutes.

In considering areas where the Council might use the unallocated £1m funding to offset planned savings, the following were suggested for consideration by the Cabinet:

- (i) Highway repairs and improvements – Given that the Members Highway Fund would come to an end this year and many Members received comments from residents regarding the deteriorating condition of roads in the County, it was suggested that some of the unallocated funds could be targeted towards highway repairs and improvements.

This proposal was supported by the Commission, but it was suggested that in the first instance a briefing should be provided on this topic to help all Members understand the constraints and pressures faced by this service and how they could raise queries about issues in their area. Consideration could then be given to how these might then be addressed/improved with some additional funding.

A Member questioned whether there was scope to include in section 106 planning agreements a provision requiring developers of large logistic sites to contribute to highway repair and maintenance costs given the damage caused to roads around those areas by large logistical vehicles. Officers undertook to come back to Members on this matter after the meeting.

- (ii) Average Speed Cameras – There were a number of potential areas where the siting of average speed cameras would be of benefit. Road safety and reducing traffic speeds was necessary to reduce accidents and fatalities.

It was noted that the capital cost of siting another seven average speed camera was in the region of £500,000 and unfortunately the Treasury had refused the Council's proposals to retain fines arising from cameras once installed to recoup these costs. The Leader commented that without a change of policy from the Treasury the Council did not have the capital resources to support this.

- (iii) Buses – It was recognised that pressure to cut bus services continued to mount as usage fell but costs increased. Members recognised that the delivery of bus services was a commercial decision for private bus operators. The Leader commented that if services were not used and therefore no longer considered viable by operators, the Council did not have adequate resources to subsidise these. The Leader further commented that it was Council policy to try to support sustainable travel options, but it was likely in the future this would be through a demand responsive transport service.
- (iv) Travel Packs - A member commented that use of section 106 developer contributions to provide travel packs was not working effectively. It was questioned whether such funds could be re-prioritised to support bus routes or to look at alternative options to support demand across a broader area.

RESOLVED:

- (a) That the comments now made be submitted to the Cabinet for consideration at its meeting on 7th February 2023;
- (b) That an all Member Briefing be arranged regarding the constraints and pressures faced by the Highway Maintenance Service and how Members could raise queries about issues in their area;
- (c) That officers be requested to consider the legal position regarding the use of section 106 developer funding to support travel packs and whether this could be reallocated to other more suitable travel options;
- (d) That officers be requested to consider whether there was scope to include in section 106 planning agreements a provision that would require developers of large logistic sites to contribute to highway repair costs.

57. Corporate Asset Investment Fund Strategy 2023 - 2027

The Commission considered a report of the Director of Corporate Resources which sought members views on the revised Corporate Asset Investment Fund (CAIF) Strategy for 2023 to 2027. The report set out the proposed approach to management of the CAIF and future acquisitions, the strategy utilising the Capital Programme funding, together with amended Terms of Reference for the CAIF Advisory Board which reflected the core provisions of the Strategy and would support the future management of the estate. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

In response to questions raised the Director commented as follows:

- (i) The CAIF had been established in 2014 to address the acute budget pressures and reductions in government grants faced at that time. These pressures still remained and the CAIF therefore remained relevant to the Council's MTFS.
- (ii) The Fund had been a success, now generating over £7m in revenue income, which had year on year reduced the level of savings required.
- (iii) The Council had been prudent and never borrowed to support CAIF investments, these having been funded from underspends.
- (iv) The Fund had been robust and performed well despite the pandemic and economic pressures arising from the war in Ukraine, including rising inflation costs. The Council had invested sensibly over the years and ensured it maintained a varied portfolio which meant the impact of such external factors had been minimised.
- (v) The County Council's external auditors had not raised any issues or concerns regarding the CAIF since its inception.
- (vi) Recent changes in CIPFA (Chartered Institution of Public Finance and Accountancy) rules meant that the CAIF would now be repurposed. Some authorities had been reckless in the level of commercial investments made, spending billions of pounds and borrowing significant sums. This had resulted in the rules being changed so that borrowing was not permitted purely to generate

income.

- (vii) The investment appraisal process outlined in the Strategy included all costs and income. The stated 7% target would therefore be the net return sought. Although the primary focus of the fund would no longer be to generate an income, it was still considered good financial management to ensure through the Strategy that Council assets achieved a good return.
- (viii) Sites purchased and ongoing developments held in the CAIF would be unaffected by the change in CIPFA rules. Schemes such as Airfield Farm and Leaders Farm would not only generate a future income but would provide jobs and regeneration in the area which was still permitted.
- (ix) The Scrutiny Commission would continue to receive reports regarding the performance of the Fund. It was suggested that a more detailed explanation of the changes and impacts of the new CIPFA rules would be helpful and the Director undertook to provide this as part of the next planned report to the Commission.

The Lead Member for Resources commented that the Fund had supported Council Services well but would now be rebranded to ensure the Strategy reflected the change in tone and focus of the Fund in line with the new CIPFA rules. These changes would be made to the Strategy in time for its presentation to the Cabinet and full Council in February.

RESOLVED:

- (a) That the update now provided be noted;
- (b) That it be noted that the revised Strategy would be presented to the Cabinet on 7th February and thereafter to full Council on 22nd February as part of the MTFS for approval.

58. Date of next meeting.

RESOLVED:

It was noted that the next meeting of the Commission would be held on Wednesday, 15 March 2023 at 10.00am.

10.00 am - 12.02 pm
30 January 2023

CHAIRMAN