

Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Wednesday, 3 February 2010.

PRESENT

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

Mr. A. D. Bailey CC	Dr. R. K. A Feltham CC
Mr. R. Blunt CC	Mr. Max Hunt CC
Mr. G. A. Boulter CC	Mr. P. G. Lewis CC
Mrs. R. Camamile CC	Mrs. R. Page CC
Mrs. J. A. Dickinson CC	Mr. R. J. Shepherd CC

In Attendance:

Mr. J. B. Rhodes CC, Deputy Leader of the Council
Mr. M. B. Page CC, Cabinet Lead Member for Corporate Resources

37. Minutes.

The minutes of the meeting held on 9 December 2009 were taken as read, confirmed and signed.

38. Question Time.

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

39. Questions asked by members under Standing Order 7(3) and 7(5).

Mr Hunt CC asked the following questions of the Chairman:

(A) George Ward Community Centre

“1. Could the Chairman:

- (a) Update the Commission on the present management of the George Ward Community Centre, the status of the Steering Committee, and their responsibilities in law?
- (b) Report on current estimated annual income and expenses of the Centre and indicate if the County Council will be meeting any losses, should they arise over the first four years?”

The Chairman replied as follows:

- “1. (a) The George Ward Community Project Group (the current Steering Committee) is in the process of setting up the George Ward Centre Limited, who will lease the Centre from the County Council (and the Steering Committee as it currently stands will be abolished). They are currently in the process of appointing trustees and representatives to sit on a management committee. The new structure will be in place well before the Centre is due to open in May 2010
1. (b) The Group has produced a Business Plan with financial projections for income based on conservative estimates of usage (particularly in the first year of operation) drawn from the experience of other buildings of similar size. The projection shows a break-even position early in Year Three of operation but the County Council will have a representative at Management Committee meetings who will be able to maintain an overview of the financial position.

The Group currently receives £20,000 per annum revenue support from the County Council and there will be £120,000 additional revenue from the money raised from the sale of The Cedars. This is to assist them in running the Centre in the first 3 years of operation and will be tapered as usage of the Centre builds up.

The sale of the Cedars building in 2004 raised £1.72 million. This money was invested and has generated almost £400,000 of interest. We are able to use a proportion of this towards running costs because we secured an additional £220,000 capital grant from the East Midlands Development Agency. The intention is that the Community Centre becomes self-funding, as the County Council has no policy or budget to provide ongoing revenue funding for a community facility.”

Mr Hunt asked the following supplementary question on the reply to question 1(a):

“Is it common practice to establish a limited company in circumstances such as these?”

The Chairman replied to the effect that:

The organisation has been incorporated as a company limited by guarantee as opposed to a company limited by share (the latter being the most common incorporation). Most charitable groups do not need to incorporate because their assets are generally high in relation to liability and the majority of charitable groups do not have their own properties, hence if they fold there is no liability on the trustees, they just deregister as a charity.

However, the George Ward Community Project group are asset rich in the sense that they will have the lease on a £2 million property and operate solely to generate income to support that asset, hence there is greater potential financial risk to the trustees who would become financially liable to the County

Council to honour the lease through the termination period, plus pay additional overheads. To prevent this, they will incorporate and thus make the business a legal entity in its own right thereby protecting the trustees by "limiting their liability to the guarantee sum", normally £1 per trustee. However, this does not excuse liability in the event of fraud or acting in a negligent or foolhardy way.

Further information is available on the Charity Commission's website at: www.charity-commission.gov.uk/publications/cc22 under the section on "when to use articles of association".

(B) Broadband Access

"2. The County Council has previously run a very successful campaign for better Broadband access, particularly in rural areas of the County. Improving broadband delivery also supports several of our partnership objectives in learning, economic development and access to services.

Would the Chairman:

- (a) Report on the extent of current delivery of broadband in the County and identify known weaknesses in geographical areas?
- (b) Report on whether he is aware that weak signals are still being encountered in areas of new housing at distance from exchanges? If so, could he indicate if they are widespread?
- (c) Indicate if the County Council or its partners are able to assist areas still receiving poor signals and how?"

The Chairman replied as follows:

"2. (a) Improvements to broadband connectivity within Leicestershire are essential to ensure inward investment, business growth, improved access to services, better access to new learning opportunities, and reducing social isolation (digital divide). Whilst commercial service providers are investing in improvements, there is a need to ensure that all Leicestershire residents and businesses can benefit from improved broadband connectivity. This is especially the case in the more sparsely populated rural locations of Leicestershire.

In 2004, the County Council commissioned '*The intelligent landscape – growing Leicestershire's knowledge economy through ICT*'. This identified specific barriers including the communications infrastructure and services, and the risk of losing a competitive advantage by not using ICT effectively to reduce costs. In 2007, a further study was conducted – '*Digital Inclusion Review*'. This identified, for example, that there was a greater need to support business connectivity issues, there was insufficient evidence regarding the impact of digital inclusion activity, and that there was not a strong case for increasing the overall levels of investment.

Following Government's publication of Digital Britain, and previous studies conducted in Leicestershire, there is a great need to re-assess broadband connectivity within Leicestershire. This includes identification of areas with poor connectivity, the needs of businesses and communities, the nature of specific connectivity issues, and opportunities to secure public funding to support improvements.

Published in parallel to the Government's Digital Britain report the Commission for Rural Communities published '*Mind the Gap: Digital England – A rural perspective*'.¹ This included national mapping which showed areas that have broadband connectivity of up to 2Mbps and only one internet service provider. Within Leicestershire, these areas include the Vale of Belvoir, south of Melton Mowbray, Osgathorpe/Whitwick, Desford/Market Bosworth, and north west of Market Harborough. More detailed consideration of the issues affecting rural communities, including comprehensive mapping, is due to be included in a report published by Defra very shortly.

Within Leicestershire the Belvoir Community Forum has identified broadband connectivity as a key issue and a special meeting was held to consider this in detail. Broadband issues in this area have been further confirmed through research conducted by emda on the economic and social contribution of rural estates.² It is known that one estate in Melton Borough, for example, recently lost a potential tenant for a rural workspace development as a result of poor connectivity.

Broadband connectivity has been identified as a key priority within the Leicester and Leicestershire Strategy for Economic Growth, 2010-20. Prospect Leicestershire, as a delivery partner with the new sub-regional governance arrangements, is currently leading interventions within the County. In January 2010, Prospect Leicestershire's Board agreed to seek funding through the sub-regional economic governance process to commission an updated study on broadband in Leicestershire which will establish an accurate picture of broadband penetration across Leicestershire. The County Council will work closely with Prospect Leicestershire on the commissioning and delivery of this to ensure the needs of businesses and communities are reflected and addressed.

2. (b) An assessment of this issue will be considered within the research to be commissioned by Prospect Leicestershire subject to funding being secured.

BT has been working to ensure broadband connectivity improvements in areas of population concentration. In January 2010, BT announced a major expansion of super-fast broadband provision within Coalville (and Stoneygate in Leicester) affecting 20,000 homes and businesses. This investment follows the 14,000

¹ <http://www.ruralcommunities.gov.uk/files/CRC104%20Digital%20Inclusion%20Report1.pdf>

² http://www.emda.org.uk/uploaddocuments/emda_Rural_Estates.pdf

premises which have been upgraded through an early round of the programme.

These improvements are part of a national programme by BT to ensure super-fast connectivity using fibre-optic cables. By the summer of 2012 40% of the UK population (10million homes) will have access to improved connectivity.

Work is on-going to identify locations for new housing development through Sustainable Urban Extensions within Leicestershire as part of the Local Development Framework process. The need for further upgrading of the broadband infrastructure will be considered as part of this process.

2. (c) It is important that public funding is made available to ensure improvements to connectivity in areas where commercial service providers will not support improvements through their investment programmes.

Limited funding to support improvements to broadband connectivity in rural areas has been secured at a regional level. Through the EU's European Economic Recovery Plan £400,000 has been allocated to the East Midlands. This will be delivered through the Rural Development Programme for England, 2007-13 (RDPE). Emda, the Forestry Commission and Natural England have conducted a review of funding allocations within the RDPE to take account of new priorities and spend to date. Regional partners have proposed that the additional £400,000 fund be supplemented to establish a regional fund of £4.5m. Subject to Defra approval, the fund will be available from spring 2010. Although delivery arrangements are yet to be confirmed, some initial thoughts have been presented, as follows:

- It will not support broadband connectivity improvements over a wide geographical area (e.g. district) but will tackle specific connectivity issues across a number of parishes;
- Eligible applicants will be locally led partnerships which will represent both community and business interests;
- Applicants will need to demonstrate the benefits to both businesses and communities within the area. This will include homeworkers, Small and Medium Enterprises (SME) and larger businesses;
- Applicants may have to identify a preferred model of delivering improved broadband connectivity. This could include, for example, fixed cable, wireless or satellite;
- It is envisaged that the fund could support c.10 projects within the East Midlands;

³ <http://www.berr.gov.uk/files/file54154.pdf>

- The fund will only provide capital funding to support improvements. Applicants will need to demonstrate the sustainability of projects.

Further consideration to the delivery arrangements will be explored at an emda seminar on 12 February 2010. To support delivery, emda is considering investing in technology which will help to measure broadband connectivity speeds within the East Midlands' rural areas.

The County Council-led Leicestershire Rural Partnership (LRP) is currently exploring opportunities to ensure that this funding is secured within rural Leicestershire. Based on initial community and business interest this will focus on the Belvoir and West Melton Community Forum areas. Initially, work will be undertaken to identify specific connectivity issues within these areas. If it is deemed that public investment is required, the LRP will work with the Rural Community Council (Leicestershire and Rutland) to support an application for funding.

Furthermore, in response to Digital Britain, the Government has announced proposals for a Next Generation Fund (NGF).³ This will support interventions in areas where commercial operators will not invest. The NGF aims to:

- support the roll out of Next Generation Access to at least 90% of households in the UK by 2017;
- promote the roll out of infrastructure that meets the needs of businesses and households in the UK, and supports economic growth;
- ensure value for money through minimising deadweight and ensuring competition in the procurement process;
- meet affordability constraints implied by the income stream from the new 50p per month landline duty imposed on all fixed lines.
- maximise synergies with the Government's Universal Service Commitment, a parallel infrastructure investment programme to ensure virtually every community

The Government is consulting on proposals until April 2010 and a response will be submitted by the Leicestershire Rural Partnership. When the NGF programme is launched efforts will be made to ensure funding is allocated within Leicestershire.

The County Council will continue to work closely with Prospect Leicestershire, the Leicestershire Rural Partnership, internet service providers, communities, and the business sector to identify areas where broadband connectivity is poor, identify the specific

nature of connectivity issues and, if possible, encourage quick solutions. Where public intervention through the RDPE or NGF is required efforts will be made to secure necessary funding.”

Mr Hunt asked the following supplementary question on the reply to question 2(b):

“There are a number of areas in Loughborough, particularly in Hathern, that suffer poor broadband speeds. How is the County Council working to resolve these issues?”

The Chairman replied to the effect that:

The County Council is currently developing a methodology to identify broadband connectivity issues within areas of rural Leicestershire. At the present time there is a lack of data available to enable a robust comparison of broadband speeds across the County. Prospect LeicesterShire, the County and City Councils’ new economic delivery company, are hoping to carry out extensive mapping work which would provide detailed information on areas of poor broadband speed, pending a funding application.

Hathern has four broadband services - these being BT ADSL, BT ADSL Max, EMNET Nottingham Wireless Broadband and Virgin Media (cable). The BT ADSL Max service offers in the region of 6.5Mbps, and the standard ADSL service offers 2Mbps. In this context, it is important to note that the Government’s ‘Digital Britain’ report sets out a Universal Service Broadband Commitment of 2Mbps by 2012. In a more recent consultation paper relating to the ‘Digital Britain’ report, the Government announced proposals for a Next Generation Fund which seeks to support the roll out of Next Generation Access (super-fast broadband) to at least 90% of households by 2017.

(C) Consultancy

“Would the Chairman please list the projects, costs and occasions where consultants have been employed at a fee of over £10,000 over the last three years in both the Chief Executive’s and the Highways, Transportation and Waste Management Departments?”

The Chairman replied as follows:

Chief Executive’s Department

“Panache are employed as Executive Catering Consultants by the Chief Executive’s Department as part of the County Council’s review of catering services. This is an ongoing arrangement at a monthly cost of £3,700 during 2009/10. The total cost to the Department for this financial year up to December 2009 is therefore £33,430.

The Youth Offending Service commissioned consultants to undertake practice improvement work in 2008/09 at a cost of £13,700. However, 78% of the cost was met by external Youth Justice Board grant (£10,700) and 22% (£3,000) by partnership funding, of which the County Council’s contribution was £1,800.

Two tables setting out the consultancy costs attributed to the Community Planning Branch of the Chief Executive's Department and the those attributed to the Highways, Transportation and Waste Management Department are attached as Appendix A and Appendix B respectively to these minutes."

40. Urgent Items.

There were no urgent items for consideration.

41. 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.

Mr. J. B. Rhodes CC and Mr Page CC each declared a personal and prejudicial interest in respect of the reports on the 'Medium Term Financial Strategy 2010/11 to 2013/14' having been present at the Cabinet meeting when the MTFS was discussed (Minute 45 refers).

The following members each declared a personal and non-prejudicial interest in respect of 'The Leicester and Leicestershire Total Place and Total Capital Pilot Reports' as members of district/borough councils (Minute 46 refers):

Mr. A. D. Bailey CC
 Mr. R. Blunt CC
 Mr. G. A. Boulter CC
 Mrs. R. Camamile CC
 Mrs. J. A. Dickinson CC
 Mr. S. J. Galton CC
 Mr. Max Hunt CC
 Mr. P. G. Lewis CC
 Mrs. P. Posnett CC
 Mr. R. J. Shepherd CC

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

There were no declarations of the party whip.

43. Presentation of Petitions under Standing Order 36.

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

44. The Medium Term Financial Strategy 2010/11 to 2013/14.

The Commission considered a joint report of the Chief Executive and Director of Corporate Resources concerning the Medium Term Financial Strategy (MTFS) 2010/11 to 2013/14. A copy of the report, marked 'B', is filed with these minutes.

The Commission also considered a supplementary report setting out the comments of the Budget and Performance Monitoring Panel and the Overview

and Scrutiny Committees on the Medium Term Financial Strategy relating to their respective service areas. A copy of the supplementary report, marked 'BB', is also filed with these minutes.

The Chairman welcomed to the meeting the Deputy Leader of the Council – Mr. J. B. Rhodes CC and the Cabinet Lead Member for Corporate Resources – Mr. M. B. Page CC, who were attending for this item.

Following the publication of an online survey and the circulation of consultation material to members of the public on the budget proposals, the Commission was advised that:

- 127 responses to the online survey had been received, most of which had disagreed with the budget proposals. Many of the responses were in relation to the proposed reduction in the Council's contribution to the Arts in Education Service;
- Six comments had been received in response to a consultation leaflet, all of which were in disagreement with the budget proposals.

During the discussion, the following points arose from discussion and questions:

General

- (a) There were risks associated with the delivery of challenging efficiency targets in the later years of the MTFs and it was therefore important going forward that robust project management was in place to manage the efficiency agenda. PricewaterhouseCoopers, the Council's auditors would be undertaking a review of the governance and project management arrangements in place to deliver the required savings. In the event of a critical situation in regard to the Council's finances, the Council's priority would be the maintenance of service provision;

Adult Social Care Department (now 'Adults and Communities')

Breaking the Barriers Team

- (b) Concern was expressed in relation to the proposed review of Council investment in the Breaking the Barriers Team and the effect this would have on service users;

Eligibility Criteria

- (c) The proposed changes to the eligibility criteria would generate significant long-term savings. Concern was expressed in regard to those with 'moderate' needs who would now no longer qualify for services and would be signposted to the voluntary sector. This, coupled with proposals to reduce voluntary sector funding, may have an adverse effect on the capacity of voluntary organisation services to deliver signposting. It was noted that this issue would be considered again by the Cabinet, arising from a consultation exercise to be carried out in the summer;

Chief Executive's Department

Voluntary Sector

- (d) The proposal for savings of £50,000 in 2010/11 would be realised through a £10,000 reduction in grant funding provided to Voluntary Action LeicesterShire and a further £5,700 reduction in contribution to each of the community hubs;

Children and Young People's Service

Arts in Education

- (e) Concern was expressed in regard to the reduction in subsidy for the Service which would affect the provision of drama and dance education. It was suggested that there could be a compound effect of proposed savings on partners that were also suffering their own financial difficulties and having to make significant cuts to service contributions. The Director of Corporate Resources advised that the County Council was involved in ongoing discussions with key partners in regard to their respective budget positions in an effort to identify in advance any service budget shortfalls;

Adult Learning Service

- (f) Issues relating to funding provided by partners, including the Learning and Skills Council, were also relevant to proposed savings in this area;

Community Services Department (now part of the 'Environment and Transport' Department)

The Stepping Stones Project

- (g) There was a proposed reduction in the County Council's contribution toward The Stepping Stones Project. It was highlighted that there would be implications for the Project, given the likely reduction in district/borough council contributions.

It was moved by Mr. Hunt and seconded by Mr. Bailey:-

“That the Cabinet be advised of the Commission's concerns in regard to the compound effect of the proposed savings on key services that were part-funded by partners who may also have to make savings and that the Cabinet be requested to give further consideration to the likely impact of these savings on service provision.”

The motion was put and not carried, 4 members having voted for the motion, 7 against with 1 member having abstained.

RESOLVED:

- (a) That the comments of the Budget and Performance Monitoring Panel and the Overview and Scrutiny Committees, together with those of the Commission be forwarded to the Cabinet for consideration at its meeting on 9 February;
- (b) That officers be thanked for providing comprehensive budgetary information in a timely fashion that enabled full consideration of the issues;
- (c) That officers be requested to provide further information in relation to savings being made in provision to the voluntary sector.

45. The Leicester and Leicestershire Total Place and Total Capital Pilot Reports.

The Commission considered a report of the Chief Executive concerning the Leicester and Leicestershire Total Place and Total Capital Pilot projects. A copy of the report and supplementary report, marked 'C' and 'CC' respectively is filed with these minutes.

The Chief Executive reported that the draft Total Place and Total Capital Pilot reports were required by Government by 5 February. The matter would be considered by the Cabinet on 9 February prior to submission to Government in final form by 19 February.

Arising from discussion, the following points were noted:

- The findings of the final reports would be fed into the Efficiency Change Programme with a view to developing a £250 million Multi-Area Agreement efficiency target, though many of the identified savings included in the draft documents were, at this stage, provisional. Full Government backing and a lead authority would be required if the project was to progress and achieve its stated aims;
- Seminars on the aims of the project would be held in order to further engage members on the subject and increase understanding amongst the district/borough councils;
- The reports did not appear to cover some of the likely knock-on effects of making alcohol more expensive, of which the purchase of cheap 'legal high' drugs by youngsters was suggested should be an issue that be given further consideration;
- The boundaries for licensing committees did not enable committee members to take account of issues arising in close proximity, but outside the geographical area, resulting in a potential lack of consistency;
- Clear pathways of treatment were needed to deal with abuse of alcohol in the same way as abuse of drugs.

RESOLVED:

That the Cabinet be advised that the Commission is generally supportive of the proposals for the Total Place and Total Capital Pilot projects.

46. Date of next meeting.

It was noted that the next meeting of the Commission would be held on Wednesday 3 March at 2.00pm.

2.00 pm - 4.00 pm
03 February 2010

CHAIRMAN