

LOCAL GOVERNMENT REORGANISATION JOINT SCRUTINY COMMITTEE

Minutes of a Meeting of the Local Government Reorganisation Joint Scrutiny Committee held in the Canalside Conference Centre, Marsh Lane, Bridgwater, TA6 6LQ, on Monday 31 January 2022 at 1.00 pm

Present: Cllr A Bown, Cllr Buller, Cllr B Filmer, Cllr Grimes, Cllr A Groskop, Cllr P Ham, Cllr B Hamilton, Cllr C Inchley, Cllr J Lock, Cllr P Maxwell, Cllr T Munt, Cllr L Redman, Cllr D Rodrigues, Cllr Wakefield, Cllr W Wallace and Cllr J Williams

Other Members present: Cllrs F Purbrick and D Fothergill (in person), Cllr A Bradford, Cllr P Fineran, Cllr D Hall, Cllr D Johnson, A Kendall Cllr C Lawrence, Cllr M Lithgow, Cllr J Lloyd, Cllr D McGinty, Cllr B Smedley, Cllr R Tully, and Cllr L Whetlor (attended Virtually).

1 Apologies for Absence - Agenda Item 1

Apologies were received from Councillors R Williams (Cllr J Williams attended as a substitute) and P Maxwell (attended virtually).

2 Appointment of Chair - Agenda Item 2

The LGR Scrutiny Committee duly appointed Councillor Sarah Wakefield as the Chair of the Committee, following a proposal by Cllr Lock, which was seconded by Cllr Inchley.

3 Appointment of Vice-Chair - Agenda Item 3

The LGR Scrutiny Committee duly appointed Councillor Bob Filmer as the Vice-Chair of the Committee, following a proposal by Cllr Groskop, which was seconded by Cllr Ham.

4 Declarations of Interest - Agenda Item 4

The Committee noted the details of the personal interests of all Councillors present already declared in relation to their membership of County, District, Town and Parish Councils.

5 Public Questions - Agenda Item 5

Mr Nick Hall provided the following statement to the Committee: -

"Our community has been undermined by systemic failings of Planning and Licensing functions. Mendip District Council in its denial about there being a problem.

I appreciate the need to strike a balance between the economic benefits of Planning and Licensing versus the needs of the local community affected. In our case we are out of balance.

This is now being compounded by complaints not being addressed - in effect the governance system has failed. Covid management, the Local Government Reorganisation and the upcoming 2022 Festival will exacerbate the situation. Will our Council have adequate resources and management time to regulate the activities in our community?

The new Somerset Council will inherit these issues.

Under Section 4.1 of your Terms of Reference you are tasked with a number of roles including:

- Providing critical challenge to ensure that the Joint Committee provides the high-level strategic direction for the implementation of the new unitary Council.
- Scrutinising the form, function and constitution of local community networks
- Scrutinising the development of policies and protocols for the unitary Council and across the Constituent Councils for use during the transition period.

I believe that our community urgently needs:

1. A fully functioning governance system including a proactive complaint process;
2. A suitable level of Planning enforcement to deter abuse of the Planning system;
3. A Licensing Policy that includes the requirement for appropriate consultation and a Cumulative Impact Policy;
4. Some form of local community network that addresses our particular issues;
5. Reassurance that our Council will have the appropriate staff in place to carry out their regulatory function in the weeks and months ahead.

I request that this Committee considers the issues that I have raised today as part of its work programme for future meetings."

Mr Hall was thanked for his statement to the committee and informed that these were all areas the committee were likely to want to consider as part of its work during the transition period ahead of vesting day. These could also be

addressed at Mendip District Council ahead of the formation of the New Council.

6 **Joint Scrutiny Committee Terms of Reference and Meeting Guidance Protocol** - Agenda Item 6

The Monitoring Officers for Sedgemoor District Council and Somerset County Council introduced the report setting out the Terms of Reference and Meeting Guidance Protocol.

Proposals for the Joint Scrutiny Committee ("JSC") together with the draft Terms of Reference had already been considered and approved by the Constituent Councils at Full Council meetings in November and December 2021.

All of the Constituent Councils had appointed members onto the Joint Scrutiny Committee, the purpose of the report was to seek Member's approval to the Terms of Reference and the Meeting Guidance Protocol.

Following the Secretary of State's decision, extensive collaborative work had been undertaken by the five councils to support the implementation of the single unitary council in April 2023. Through partnership, the programme governance arrangements had been jointly established with oversight and direction from the Somerset leaders and chief executives. The LGR Joint Committee has agreed the Terms of Reference for the LGR Joint Committee and included provision for the creation of a JSC in those Terms of Reference.

Joint scrutiny committee arrangements were already well established by the five councils such as the Heart of the South West Joint Committee and the Somerset Waste Board.

The establishment of the JSC would create a collaborative democratic mechanism which would establish a countywide scrutiny framework allowing the Constituent Councils to scrutinise the LGR Joint Committee in an effective and timely manner in relation to the preparation for the establishment of the unitary council in Somerset. It would also positively respond to The Department for Levelling Up, Housing and Communities (DLUHC's) expectations for collaborative arrangements to be established as early as possible in the implementation programme. The JSC would be consulted and had an opportunity to make representations to the LGR Joint Committee in relation to budget setting for the new Unitary and any medium-term financial plans. The establishment of the JSC would also ensure that all Councils could play an important role in helping shape the direction of the implementation process but without leading to duplication and delay.

The Terms of Reference provided for a JSC of sixteen members drawn from the relevant overview and scrutiny committees of the Constituent Councils, eight from the County Council and two from each of the District Councils (eight in total) with the Chair being appointed from the District membership and the Vice Chair from the County membership.

Allocation of the above seats had been based on individual councils. This ensured the political make up of each constituent council is represented and is reflective of the fact that the Constituent Councils were individual sovereign councils.

The Terms of Reference set out in Appendix 1 provided that any 5 members of the Constituent Councils, to include members from at least 3 of the Constituent Councils, may request a call-in of a decision of the LGR Joint Committee. The Chair and the Vice Chair of the JSC would consider call-in requests and would reach a conclusion as to whether to accept or reject the call-in in accordance with the criteria set out in the Terms of Reference and after taking advice from the Scrutiny Officer and Monitoring Officer of Somerset County Council.

Appendix 2 provided the Meeting Guidance Protocol setting out in more detail the procedures for LGR JSC meetings would sit underneath the Terms of Reference and was included for the Committee's approval.

During the debate the following comments and questions were raised: -

- Political proportionality for subs were questioned and considered if this could be removed, Amendments could be made to the Terms of Reference, but substitutes had to be from the same political group.
- Following concerns over some political parties not being able to provide alternative substitutes, it was confirmed there was the potential to draw on members from other scrutiny committees if required.
- Access to a copy of the recording from the LGR Joint Committee was questioned, with concerns expressed over the ability to find this information.
- Assurance was provided that additional meetings could be scheduled if required.
- Scheduling in future meetings to ensure advanced notice before the meetings was suggested and considered sensible to schedule in meetings ahead of other joint committee meetings to ensure adequate timeframes between them.
- In consideration of the likely formation of the Implementation Executive in March after the Structural Changes Order is approved then there will be a need to review the schedule of future meetings at the appropriate time to work in conjunction with the joint committee's timetable.

- A suggestion was made to attach FAQ's which answered some of the questions at the end of the TOR's which enabled clarification of any initial points.
- The committee were reminded of consideration of the forward work programme and implementation plan in agenda item 10 in consideration of what forthcoming decisions it may want to focus on.
- The opportunity to consider key items of business prior to committees was discussed.
- Concerns were expressed over there only being one further meeting before the elections. It was debated where further meetings would be required in April or early May but no conclusion was reached.
- The view of the committee was to approve the detail of the TOR's in its existing version with discussions to take place outside of the meeting in relation to potential amendments which could be considered at a future committee.
- It was understood that the approach to political representation of substitutes would be considered by the respective Councils with advice from their Monitoring Officers.

Recommendations:

The LGR Joint Scrutiny Committee agreed:

1. the Terms of Reference attached at Appendix 1 (Terms of Reference).

2. the Meeting Guidance Protocol attached at Appendix 2 (Meeting Guidance Protocol).

7 Programme Director Update - Agenda Item 7

Cllr Purbrick, Cabinet Member for LGR and Transformation at Somerset County Council provided an introduction to the report and invited the LGR Programme Director to present the update to the Committee.

The report provided an update to the Joint Scrutiny Committee on the LGR programme and recent activity to deliver it. The report and appendices were intended to enable the committee to discuss and agree their forward work programme for the next 15 months.

To deliver the benefits proposed in the business case, including freeing up £18.5m per year for frontline services, the County and 4 Districts came together in late summer to begin work. Since then, this partnership had created: -

- A mission statement, vision, values and principles for the programme

- Strong governance and leadership for the programme with representatives from all 5 Councils, including a Joint Committee and Joint Scrutiny Committee.
- A Programme Board comprising each council's Chief Executive.
- An officer-led Programme Steering Group and a Programme Management Office to provide structure, support and additional leadership for the entire programme.
- 6 work streams to coordinate and lead design and delivery of the new council:

1. Governance
2. People (Human resources, organisational development, culture and ways of working)
3. Assets Optimisation (property, information technology)
4. Service Alignment and Improvement (bringing front-line services together)
5. Finance
6. Customers, Communities and Partnerships (Local Community Networks, customer access, devolution, information and data management).

Each work stream was jointly led by a County and District senior manager. Their role is to identify, develop and deliver "products" (specific goods, services and outputs that need to be delivered by Vesting Day) and lead their work stream to deliver them.

Local Community Network (LCNs) pilots had been set up to test ideas and produce evidence to inform the final design of LCNs. LCNs existed in other unitary councils and had been shown to be successful. They were public forums based in communities allowing discussion, action, oversight, listening, consultation on local issues, and to set priorities and take decisions in the places that will be affected, right across Somerset: -

- They are constituted committees of council with real decision-making powers – this also means the devolution of council assets will not apply
- It was anticipated between 15 and 20 LCNs would be set up. Between four and nine unitary Councillors would serve on each LCN joined by local town & parish councils, police, health, education and other partners.
- They would use local data, evidence and local knowledge to drive decisions and address local issues and priorities.

Appendices A and B provided Programme Director updates to the first two LGR Joint Committee meetings, which took place on 5th November and 17th December 2021. They were included in the report to provide additional background information.

During the debate the following comments and questions were raised: -

- Assurance was requested that work was not duplicated by the LGR workstreams

- There was potential to introduce nominees from the committee as workstream champions, to consider different LGR areas and assist the committee with an insight into any specific areas of interest for programme delivery and scrutiny.
- A list of areas of interest was encouraged to be put forward by the committee.
- The committee was encouraged to approach the Programme Director where there were specific areas within workstreams that scrutiny could add value.
- Duplication between workstreams was a recognised risk, looking at gaps and areas where there was likely duplication and recognising this going forward was an ongoing focus.
- It was requested that duplication gaps and Scrutiny champions are items considered at a future meeting. A further request was made for the programme director to circulate an LGR point of contacts list for elected members.
- Considering the timeline, assurance was requested that the back-office functions were in good order to ensure councils are functioning from vesting day and ensuring asset registers were up to date and had a robust finance system in place.
- There continued to be the opportunity to explore how services could be delivered differently with partners, with elected members to help determine and design services.
- Planning and Licensing are not proposed to be initial functions for the proposed LCN's, more information was requested in relation to how the new Council would deliver its planning and licensing functions.
- Council tax rates were a concern with the cost of living and residents in fear of an increase in rates within the next year with poor productivity and low wage and skill economy leading to Somerset being adversely impacted. These was understood to be key elements in the business case to bring organisations together and for the new Council to achieve investment sufficient for the challenges and have a bigger voice on the national stage.
- More information was anticipated in relation to the levelling up white paper anticipated this week and opportunities for further devolution.
- The committee highlighted its interest in relation to improvements in Childrens and Adults Services, Social Mobility and Economic Development.
- Pressures were recognised with the challenges faced of rural poverty, isolation and the ageing population across the county.
- The delivery of Healthcare and the impact from LCN's was questioned in the ability to address public health and social care issues. A good example was provided from a Wiltshire LCN, understanding the issues of poor air quality and dealing with this and improving air quality as a result.
- Identifying the difference between strategic and operational risks were requested to be considered at a future meeting.
- The Risk Register would be considered at the joint committee on Friday 4th February and at future LGR scrutiny meetings.

- Outcomes and learning from the LCN pilots were agreed to be considered at a future committed. LCN's continued to evolve at other Unitary Councils and learning continued.
- 50-60 town and parish clerks attend meetings every 2 weeks, with the LGR team working closely with Somerset to provide frequent LGR updates to Parish and Town Councils.
- Committee members were informed Steve Coomber had been appointed as the Internal Communications and Engagement Lead and had been in post for two months.
- Section 151 officers would be working together to produce a shadow budget over the coming months.

Recommendations:

The LGR Joint Scrutiny Committee:

- i) Noted the work that had been undertaken on the programme and scrutinised the report and presentations in appendices A and B dated 5th November and 17th December 2021.**
- ii) Used the report and presentations to define their forward work programme for the next 15 months.**

8 Implementation Plan Budget Update (Presentation) - Agenda Item 8

The Strategic Director and Section 151 Officer for Sedgemoor District Council provided a presentation which set out details of the Implementation Plan and Budget Update.

The Business Case identified that £18.5m of on-going savings could be achieved by creating a unitary council. In order to achieve this, the estimated implementation costs set were estimated to be £16.5m

The proposed contributions for each council were based upon an 80:20 split between County & Districts which approximately reflected the relative net budgets. The 20% contribution from District Councils was then split between the individual councils based upon population.

The process for applying for resources was set out, with bids being reviewed by section 151 Officers and members of the Programme Management Office and assessed against approved criteria. The criteria for approving resources had been approved by the LGR Programme Board on 30th November.

The deadline for workstream leads submitting implementation bids was 20th January 2022. 35 bids have been received, of which 5 are for project management resources for the overall project and specific workstreams. The total of all bids were approved is £7.5m. The bids are currently being reviewed against the approved criteria.

During the debate the following comments and questions were raised: -

- It was questioned if there would be additional costs after the five-year period.
- Savings were predicted to be generated by 2025, however further savings were anticipated beyond this period.
- The Proposed funding of implementation costs and split and how this was decided was questioned with SCC funding 80% and Districts 20%.
- This had been agreed by members at the Joint Committee on 5th November and was based on the existing authority's budgets which was considered reasonable by both SCC and Districts Councils.
- It was recognised the timescale of the LGR programme remained a challenge but ensuring the right resources were in place to deliver the challenge remained key to its success.
- A RAG rating was requested in future updates to consider which areas were on track or not. This would be considered for introduction at future meetings.
- Financial risk was a recognised risk on the risk register. There was likely to be areas of the LGR programme where specific advice was needed in relation to tax arrangements leading into the new council.
- Districts had set up a SPV's to carry out investments, it was questioned if there was the internal expertise to undertake these associated tasks.
- External advice could be used and was funded from the implementation budget, it was questioned if the budget could be used to ensure Business as usual activities and backfilling could take place.
- After concerns were raised around hidden costs it was understood the implementation budget would not cover backfilling of posts.
- The Programme Board included 5 CEOs' 151 and programme director
- £16.5 million was fixed and didn't account for inflation, this needed to be utilised to ensure value for money is achieved.
- The risk register was being considered at the joint committee on 4th February and was requested to be considered at the next LGR Scrutiny committee.
- Officers were thanked for the update by the Committee

Recommendation:

The LGR Joint Scrutiny Committee noted the implementation budget monitoring report, the process and approved criteria.

9 **Finance and Assets Protocol** - Agenda Item 9

The Director of Finance and Governance at Somerset County Council introduced the item

A new unitary council would come into existence from 1 April 2023 with all of the financial resources and commitments from the predecessor councils transferred to the new Somerset Council at this date. It was considered important, therefore, that decisions and actions taken in the existing councils were made against the background of avoiding adverse financial pressures for the new Council where possible.

It was important that the financial pressures for the new Council were minimised to give the best possible start and that any residual financial pressures are identified at the earliest opportunity. In that way, effective financial planning can begin for 2023/24 and beyond.

It is envisaged that the Secretary of State is likely to issue a direction to local councils under Section 24 (Local Government and Public Involvement in Health Act 2007) after the Structural Change Order (SCO) is enacted. The purpose of such a notice is to protect the finances and interests of the new Unitary Council. This allows the Secretary of State to direct that a relevant authority may not without the written consent of a person or persons specified to: -

- (a) dispose of any land if the consideration payable for the disposal exceeds £100,000;
- (b) enter into any capital contract under which the consideration exceeds £1m or which includes a term allowing the consideration payable to be varied;
- (c) enter into any non-capital contract under which the consideration exceeds £100,000;
- (d) commit existing financial reserves by a specified amount.

It could take up to 6 months after the SCO before the Section 24 notice would be put in place and therefore exposed the new Unitary Council to a period of risk. DLUHC officers recommended that the 5 Somerset councils come together with a voluntary protocol which could be quickly put in place. It was proposed to introduce a Finance and Assets Protocol based upon the likely Section 24 notice and that each Council adopts this as part of the 2022/23 budget setting process to become effective for the 2022/23 financial year.

The principals set out in the protocol included proposals that all Councils sign up to principles during the transition period and that they come into effect from April 2022 and apply to the 2022/23 financial year. These included

- Councils remained responsible for taking their own day to day decisions for spending on service delivery within the revenue and capital budgets for 2022/23 agreed by each Council.
- Councils should not enter into any new financial or asset-related commitments (beyond those specifically agreed within their approved budgets)

or create any new liabilities on behalf of the new Council - subject to agreed limits of £100,000 for revenue and £1m capital.

For the purposes of the Protocol "any new commitments" were deemed to be those that arise in addition to any existing approved 2022/23 revenue and capital budgets.

During the debate the following comments and questions were raised: -

- It was clarified that financial limits were introduced where activities were not part of an already approved budget as part of the normal budget process.
- If the financial limit set out in the report had been exceeded then this could then be considered by the Section 151 Officer, Programme Board and Joint committee.
- The limits of capital expenditure below £1million and £100k in revenue were the same figures used by central government.
- Clarification was provided in respect of asset disposals if the value of the asset exceeded £100k. This applied to any new purchases or disposals, auditors would raise questions on value for money as part of the audit process.
- All council's remained individual sovereign bodies and had arrangements in place to set budgets.
- The LGR Joint committee budget, set out some of 22/23 budget proposals. It was an important part of policy to protect both existing and the new Councils finances.
- The section 151 officer was thanked for his report.

Recommendations:

The LGR Joint Scrutiny Committee considered the proposed Finance and Assets Protocol in Appendix A and provided comments for the LGR Joint Committee to consider at its meeting on 4 February.

10 **Future Meetings and Work Programme** - Agenda Item 10

The next meeting is scheduled for 2pm on 7th March 2022.

(The meeting ended at 2.56pm)

CHAIR