

THE OVERVIEW AND SCRUTINY COMMITTEE

23 September 2013

REVIEW OF STATUTORY SERVICES INFORMAL SCRUTINY GROUP –
RECOMMENDATIONS

REPORT OF CHAIR OF THE ISG, COUNCILLOR ROBERT SANDERS

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RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

The Overview and Scrutiny Committee decided at its meeting on 28 May 2012 to establish an Informal Scrutiny Group (ISG) to review statutory provisions with regard to service delivery, particularly in those areas where the Council retained discretion. The scrutiny review would also consider how functions were undertaken; the level of service provision and how much was spent.

In summary, the ISG agreed that the majority of aspects of those statutory services that the Council delivered did not require changes, and any potential savings to be achieved were likely to be only marginal. However, as part of its investigations, the ISG identified two areas where potentially financial savings could be achieved: all-out elections every four years and reducing the number of Councillors.

Both Cabinet and The Overview and Scrutiny Committee are to consider a Governance Review as a part of their work programme this year. A fundamental issue to be addressed will be the number of councillors needed to operate the Council, given current and possible future options for methods of working. This will recognise the need to involve Members in key issues and challenge the extent to which they need to get involved in operational detail. It will also need to take account of maximising the potential of the reducing staffing resource available to the Council as a result of the current economic situation. Review of the electoral cycle is also an associated option for consideration. In addition to this, since the ISG undertook its investigations, the Local Government Boundary Commission for England (which has a national responsibility for local electoral arrangements) has advised that it has decided to undertake a review of our electoral arrangements as a

part of its own work programme. Although the Commission's work will mainly focus on District ward boundaries, the Commission will also expect the Council to consider the Council size and number of Members elected as the first stage of a review. The Commission anticipate that all stages of the review will have to be completed in good time for implementation in the 2016 elections. Both Cabinet and The Overview and Scrutiny Committee will also be involved in aspects of this significant piece of work.

The ISG's Report also recommendations that further consideration is given to how the pest control and public health functions are undertaken.

This Report describes the process of the review and the ISG's consequent recommendations for further action.

RECOMMENDATIONS:

That The Overview and Scrutiny Committee consider the recommendations of the ISG and recommend to Cabinet the following:

1. That Cabinet together with the Leaders of other parties on the Council:
 - i) consider potential changes to the electoral cycle to move to all-out elections every four years, having regard to a potential average annual saving of £45,000 per annum, and the appropriate timing for possible implementation
 - ii) consider a significant reduction in the number of Members of Winchester City Council from 57 to say, 40, having regard to the likely savings of associated base costs of approximately £100,000 per annum plus potential for further cost savings accrued from across the organisation.
2. That having regard to the high gross costs to the Council from providing a Pest Control Service, Cabinet consider the appropriateness, or otherwise, of each the following:
 - (i) increase the level of charges to further offset the costs to the Council from providing the service.
 - (ii) reduce the number of staff responsible for delivering the service.
 - (iii) undertake a service review to look at options to reduce costs further.
3. That in light of the recent legislative changes, with regard to Public Health, Cabinet be asked to review the Council's position with regard to supporting the County Council in delivering its new responsibilities.

THE OVERVIEW AND SCRUTINY COMMITTEE

23 September 2013

REVIEW OF STATUTORY SERVICES INFORMAL SCRUTINY GROUP – RECOMMENDATIONS

REPORT OF CHAIR OF THE ISG, COUNCILLOR ROBERT SAUNDERS

DETAIL:

1 Introduction

- 1.1 At its meeting on 28 May 2012, The Overview and Scrutiny Committee (OSC) appointed an Informal Scrutiny Group (ISG) to review the Council's Statutory Services. The Members of the ISG were Councillors Sanders (Chair), Collin, Nelmes, Phillips and Warwick.
- 1.2 At the ISG's first meeting on 24 January 2013, the following terms of reference were agreed as follows:

Purpose:

The review some of the statutory duties placed on Winchester City Council by Government and to look at whether this is still relevant and use this to determine whether the level of service and method of delivery is appropriate.

Terms of reference:

1. To review the legislative basis for the following Council services:

(i) Administration

Benefits
Cemeteries
Electoral Services
Local Taxes

(ii) Housing

Homelessness
Housing Management
Housing Care and Support
Property Services Housing
Housing Central Control

(iii) Environmental

Pest Control
Community Safety
Public Health

2. To ascertain how the level of service provided by the Council for the services listed above compares with what is set out in the relevant legislation – should we be providing this service to this level (if at all) and in the way that we do now.

3. To review the extent that the Council has complied with the Government's directives for reducing bureaucracy and red tape.
 4. To assess relative costs by comparison with other Councils and the importance that communities attach to that service where it is provided on a statutory basis.
- 1.3 The details of the broad themes of the ISG's discussions are set out in its final report at Appendix 1. The report also sets out its recommendations for further consideration by The Overview and Scrutiny Committee.

OTHER CONSIDERATIONS:

2 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS
(RELEVANCE TO):

- 2.1 The subject of the ISG is directly relevant to delivery of the priority outcomes of the Sustainable Community Strategy as well as supporting our aim to be an Efficient and Effective Council.

3. RESOURCE IMPLICATIONS:

If the recommendations are pursued this will require significant officer time. This would be particularly the case for an electoral review (the cost of which could be in the order of £25,000) and a detailed assessment will be made if Members wish to pursue the options further. An outline of the potential savings is included in Appendix 1.

4. RISK MANAGEMENT ISSUES

- 4.1 There are no significant risk management issues associated with this report.

5. EQUALITIES

- 5.1 An assessment will need to be made if the recommendations for further investigation go to the next stage.

BACKGROUND DOCUMENTS:

Minutes of the ISG, held by the Democratic Services Team

APPENDICES:

Appendix 1: Final report of the Review of Statutory Services Informal Scrutiny Group

FINAL REPORT

OF

REVIEW OF STATUTORY SERVICES
INFORMAL SCRUTINY GROUP

1. Introduction

- 1.1 This report describes the conclusions of the Review of Statutory Services Informal Scrutiny Group. The ISG was established by The Overview and Scrutiny Committee at its meeting on 18 June 2012 and held its first meeting on the 24 January 2013. The reason for the establishment of the ISG was to review some of the statutory duties placed on Winchester City Council by Government and whether the level of service and method of their delivery (and associated costs) remained appropriate.
- 1.2 In advance of the first meeting of the ISG, a survey had been undertaken with Heads of Teams to identify their statutory duties and areas for consideration. Approximately 600 statutory duties applied to district councils, some of which were prescriptive on how they were delivered and others had more discretionary guidance applied. Following subsequent email consultation with the members of the ISG, it was agreed that the following service areas be of particular focus and these informed the ISG's terms of reference (and its subsequent programme of work:
- a) **Administration**
 - Benefits
 - Cemeteries
 - Electoral Services
 - Local Taxes
 - b) **Housing**
 - Homelessness
 - Housing Management
 - Housing Care and Support
 - Property Services Housing
 - Housing Central Control
 - c) **Environmental**
 - Pest Control
 - Community Safety
 - Public Health

2. Meetings of the ISG

- 2.1 The ISG met on 3 occasions (13 January 2013, 26 February 2013 and 5 June 2013) and received evidence from the Chief Executive, the Chief Operating Officer, the Assistant Director (Chief Housing Officer) and the Chief Finance Officer. Information was also circulated subsequent to meetings to help inform discussion.

3. Review of Statutory Service Areas

3.1 Administration

(i) Benefits

Following the full implementation of Universal Credits in 2017, the Council would no longer have a statutory responsibility for administering Housing Benefit. The future for the staff presently administering the service (estimated to be around 16 FTE) is therefore currently uncertain. In the meantime, the Council may be required to provide a residual service to support personal callers with Universal Credit applications and to signpost to the relevant agencies.

The ISG agreed that in view of the proposed legislative changes to this service area, no action was required.

(ii) Local Taxes

Council Tax benefit (to be known as Council Tax Reduction (CTR)) would continue to be administered by the City Council, as a discount rather than a benefit, but with reduced central government financial support (reduced by 10%). It was estimated there are 14 to 16 employees (FTEs) responsible for the administration and collection of Council Tax and NNDR (business rates). These employees carry out a range of tasks as well as administering Council Tax discounts. At this stage it is not clear what level of resource would be required to administer CTR.

The ISG agreed that no changes were necessary for the service.

NNDR (business rates) were collected by the City Council and redistributed by central government. There could be potential ways to increase efficiency but it was agreed that such a study would only provide marginal benefit.

The ISG agreed that no changes were necessary for the service.

Changes proposed for Housing Benefit and Council Tax Benefit support would inevitably impact on the System Support Team and this would need to be monitored.

Senior Management would consider the remaining functions within this service area and whether they could be better integrated with the Financial Services team, or potentially as a shared service. There was also the opportunity to discuss with Hampshire County Council whether savings accrued to the County in Council Tax collection within the Winchester District could be redistributed locally.

(iii) Cemeteries

Since 1 April 2013, this service was administered as part of the Business Support Team. There is no statutory duty to provide this service and the fee charged for burials was intended to achieve as close to a breakeven on costs

as possible. The Council owns two cemeteries in the Winchester Town Area – Morn Hill and West Hill. The 2013/14 grounds maintenance budget was £55,000, with an overall net cost (i.e. gross costs, less income) to the Winchester Town account budgeted at £35,000. The majority of cemeteries located outside the Town area were funded by parish precept or provided by the parish church.

In view of the valuable service to the public and the marginal costs in comparison, it was agreed that no changes were necessary to the service.

The ISG agreed that no changes were necessary for the service.

(iii) Electoral Services

There was generally little discretion in the running of electoral services, including the levels of spend in associated budgets. Costs for national elections were generally reimbursed by central government and the Council was reimbursed for the marginal costs of running elections for other authorities. Although Councils had some discretion in deciding the number of polling stations, there was required to be at least one in each parish and that no station was permitted to have more than 2,500 voters allocated to it (not including postal voters). The number and location of polling stations was reviewed every four years. The ISG therefore agreed to focus its discussion upon two key areas within the discretion of Members to determine where there might be potential to achieve financial savings: all-out elections every four years and reducing the number of Councillors. These are set out at (iv) and (v) below.

The ISG agreed that no changes were necessary for the service.

(iv) All-out elections (as opposed to the current election by thirds)

The Localism Act 2011 now made it easier to change to electing the whole Council every four years (rather than by thirds) and this could potentially achieve financial savings. If agreed, the City Council's all-out elections could not be held at the same time as those for the County Council.

Other advantages of moving towards all-out elections included achieving continuity in political leadership, however, to elect by thirds arguably provided more opportunity for more regular accountability. It was also easier to manage the training/induction of Members at more regular elections, especially as the number of new Councillors was generally in single figures and not the more dramatic changes in membership seen by some 'all-out' authorities.

The existing budget for direct costs for City Council elections was £107,000 per annum in each of the three years of the four year cycle in which an election was held. If the Council moved to all-out elections every four years, it was likely that some annual financial savings could be achieved, as well as savings in officer time. The following comparative costs were referred to:

2011 - **One third District shared with AV Referendum - £74,500 (cost to WCC)**

Expenditure Summary:

Poll Card Delivery	£5,000
Ballot Papers	£4,000
Polling Stations	£5,000
Staff Fees	£34,000
Guildhall Hire	£7,500
Postal Vote Process	£15,000
Other	£4,000

2012 - **One third District not shared i.e. 100% of cost to WCC - £115,000**

Expenditure Summary:

Poll Card Delivery	£10,000
Ballot Papers	£4,400
Polling Stations	£9,000
Staff Fees	£47,500
Guildhall Hire	£11,500
Postal Vote Process	£26,000
Other	£6,600

The ISG also referred to the following cycle of forthcoming elections:

- 2013 - Hampshire County Council
- 2014 - European Parliamentary
District and Parish
- 2015 - Parliamentary (Winchester and Meon Valley Constituencies)
District and Parish
- 2016 - **District** and Parish
Police and Crime Commissioner
- 2017 - Hampshire County Council
- 2018 - **District** and Parish
- 2019 - European Parliamentary
District and Parish
- 2020 - Parliamentary
District and Parish
Police and Crime Commissioner
- 2021 - Hampshire County Council
- 2022 - **District** and Parish

Therefore if all out elections were held from May 2014, there would be financial savings from not having one third District elections in 2015 and 2016 of approximately £75,000 in each of those years. 2018 would become the next District election year and, as there are no other elections scheduled for that year, this would make the administration of an all-out election easier. The same situation would apply for 2022 and so on.

However, the cost of an all out election would be around £155,000 (i.e. £40,000 more than for a one third election).

Therefore, savings accrued over the whole electoral cycle up to 2033 were likely to be an average annual saving of approximately £45,000. A 20 year projection has been done to take account of the different planning cycles (4 and 5 years) for different types of election. It would not produce a smooth annual saving so the Chief Finance Officer advises that a suitable approach would be to set an annual budget of the average cost and then to manage the peaks and troughs through reserve movements.

The Council would be required to formally consult with residents before implementing any such proposal and to achieve the support of at least two thirds of the Council. The ISG noted that it would now be difficult for consultation to be completed in time to achieve all-out elections in 2014, as to commence the process would require a resolution of full Council. Consideration would also need to be given as to whether to combine any change in the electoral cycle with the introduction of a scheme reducing the number of councillors and warding arrangements.

The ISG agreed that Cabinet and Group Leaders be invited to consider potential changes to the electoral cycle to move to all-out elections every four years, having regard to a potential average annual saving of £45,000 per annum, and the appropriate timing for possible implementation.

(v) Reducing the number of elected Councillors

Comparative information for other Councils on the numbers of Councillors, geographic areas and percentage of population per Member showed that Winchester has one of the largest numbers of elected Members, relative to the size of its area and population. See Annexes 1, 2 and 3.

Of those Councils who were currently reviewing the numbers of their Councillors, the vast majority were looking to reduce their numbers, although it was acknowledged that these changes may be due to changes in the governance arrangements and/or shared resources.

Significant savings could potentially be achieved from the proposal, e.g. by reducing the number of Councillors from 57 to (say) 40. This could be based on a crude 'cost' per Councillor per year, as follows, but did not include any associated on costs/overheads etc – for example savings following from a reduction in the number of meetings held:

Basic Allowance - £5,580 x 17	£94,860
Average travelling expenses - £200 x 17	£3,400
<u>Other associated costs per Member (e.g. training) - £300 x 17</u>	<u>£5,100</u>
Average annual savings based on the above	£103,360

There would not necessarily be any reduction in the number of Special Responsibility Allowances (SRAs) following such an exercise. There may be some reduction in the number of committee meetings, although that does not necessarily follow, so there is potential for reducing other fixed costs by having fewer Members. It also did not necessarily follow that there could be a

tangible reduction in staffing if the number of Councillors was reduced, however there was likely that there would be an amalgamation of other cost savings accrued from across the organisation.

However, Members would also wish to consider whether any reduction was felt to reduce direct democratic accountability of the Council to the electorate. Concern was also expressed that changes could significantly increase Ward Member workload. It was recognised that there needed to be a wider debate with Members on this option, which the ISG considered should be instigated.

The process to instigate in advance to any such change was a significant piece work which was required to be undertaken by the Council. Public consultation on any proposal to change the size of the Council would need to be undertaken with a 'brief' as agreed by the majority of Members i.e. what should the approximate size of the Council be. Before it embarked on any review, the Local Government Boundary Commission would require clear evidence that the proposal had the support of the majority of the Council. The Commission would also need to agree that the review would be included in its work plan and much of the detailed work would need to be undertaken by the Council which would have to prepare draft proposals. The time table for undertaking a review and subsequent implementation would be in the order of 20 months from the time the Commission accepts a review onto its work programme. At this stage it is unlikely that the work could be potentially undertaken for implementation in time for 2016 - unless the Commission decides to include Winchester in a review for other reasons as part of the programme of reviews it sets each year to review electoral equality between wards. District Council all out elections cannot be held in the same year as the County Council (2017) so the next possible implementation date would be 2018.

The ISG agreed that Cabinet and Group Leaders be invited to consider a significant reduction in the number of Members of Winchester City Council from 57 to say, 40, having regard to the likely savings of associated base costs of approximately £100,000 per annum plus potential for further cost savings accrued from across the organisation.

3.2 Housing Services

- (i) Homelessness
Housing Management
Housing Care and Support
Property Services Housing
Housing Central Control

There was no requirement for the City Council to be a direct provider of Housing Services and many local authorities now achieved this via housing associations etc, for example in the case of Eastleigh Borough Council. Winchester tenants had regularly indicated that they wished to retain the City Council as their landlord. There was statutory duty to allocate tenants across all other RSLs according to individual housing need.

The Head of Housing Services (Richard Botham) utilised internal services such as Human Resources, Finance and Legal for which there was a recharge to the Housing Revenue Account (HRA). Housing Services employed approximately 90 staff including the New Homes Delivery Team, Housing Allocations and Homelessness Services. There was an element of financial contribution from the General Fund towards private sector housing. There was also some General Fund contribution towards Central Control.

Homelessness was a statutory service (within the definitions of providing interim housing when required to do so, which did not include those making themselves intentionally homeless, for example by a failure to pay rent) and was funded by elements of the General Fund and the Housing Revenue Account.

The ISG noted HouseMark comparators which had been summarised in report [CAB2446\(HSG\)](#) and it was agreed that Housing Services provided good value for tenants, with consistently good performance in many areas, when compared to other authorities. The HouseMark information had indicated where the Council should make improvements (i.e. void repairs), but it generally provided assurances that it provided good service to its tenants.

The ISG questioned whether the same consistency of service and levels of performance could be delivered with fewer staff and associated overheads, although acknowledged that a previous exercise to investigate the potential to achieve savings from establishing a shared Allocations Team had concluded that there were no additional savings to be made.

The ISG also agreed that that a peer inspection of Housing Services in the near future was likely to be unproductive as housing teams were still only in the first year of self financing and adjusting to a very significant increase in resources and focussing their resources on getting the new programmes on track. In addition, effective peer review exercises required significant resource to properly facilitate.

The ISG discussed in detail the ring fencing of the Housing Revenue Account (HRA) and noted that anything that directly funded tenant services must not be charged to the General Fund. If there were occurrences of significant benefit to owner occupiers from spend then a split had to be made between the HRA and General Fund – for example, estate grounds maintenance. The HRA also paid for various support services across the Council, including via recharges. The ISG noted those services that were contributed to from the HRA, e.g. the Choice Based Lettings, the Housing Allocations Team, Homelessness Service.

Legislation indicated that the ring fence rules were specific in many areas but in other areas could be subject to interpretation. This could allow the opportunity for a general fund service to be recharged to the HRA, but only if the benefit to tenants could be demonstrated, or if its focus was changed more towards tenants than general ratepayers. A basic principle was “who benefits, pays”, so the same principle would also apply to ensure that Council Tax was spent properly so to benefit the general rate payer. Ultimately, it would be for the Section 151 officer to determine if any such charge was reasonable.

There was some judgement required with regard to internal recharges from the General Fund to the HRA and it was appropriate for officers to regularly review these. They were also reviewed annually by the Assistant Director (Housing Services), in conjunction with the accountancy team.

The ISG agreed that no changes were necessary for the service.

3.3 Environmental

(i) Pest Control

This service had recently been brought in-house having previously been administered on behalf of the Council by Serco. An in-house service offered more flexibility for it to be better controlled and efficiencies identified.

The gross actual cost of the service to the City Council for 2012/13 was £241,555 (comprising of running costs of £177,102 and support costs of £64,453) and income was £58,605, giving a net cost to the Council in 2012/13 of £182,950.

The ISG noted that the Council was only statutorily required to provide a Pest Control service to manage vermin, so to prevent damage from infestation. The Council had implemented a new charging regime to offset much of the costs of the service. It could be debated whether it was appropriate for there to be full cost recovery which may stop some residents from acting on low level issues which could then escalate to infestations.

The ISG were concerned at the high gross costs to the Council from providing a Pest Control Service but acknowledged the risks associated from making significant changes to it. Any changes considered appropriate would need to be accompanied by an associated risk assessment.

The ISG agreed that, having regard to the high gross costs to the Council from providing a Pest Control Service, Cabinet consider the appropriateness, or otherwise, of each of the following:

- **Increase the level of charges to further offset the costs to the Council from providing the service.**
- **Reduce the number of staff responsible for delivering the service.**
- **Undertake a service review to look at options to reduce costs further.**

(ii) Community Safety

The Council had duties under the Crime and Disorder Act to work with other agencies to prevent re offending and to gather evidence and intelligence of matters ranging from domestic violence, alcohol related issues to rural theft. The principal partner agencies were the Police and Hampshire County Council.

The Council's Community Safety Officer and the Neighbourhood Warden Scheme came under this heading and the service. The Wardens were part funded by the HRA (20%) and also by the Winchester Town Forum.

That ISG agreed that this was a valuable community service and no further action was required.

(iii) Public Health

Recent legislative changes had resulted in the transfer of the responsibility for public health from the Primary Care Trusts to Hampshire County Council including a £37m budget. The City Council had a duty to cooperate under this arrangement and the level of the Council's involvement was duly under review. Under the previous arrangement with the PCT the Council had a joint funded post with the PCT (Head of Community Wellbeing), but under the new arrangement the £30,000 joint funding was to be withdrawn. Representation had been made to Hampshire County Council as factors such as housing made a large contribution towards the benefits of public health but were not being taken into consideration.

The ISG noted that in light of the recent legislative changes with regard to Public Health, Cabinet be asked to review the Council's position with regard to supporting the County Council in delivering its new responsibilities.

Annexe A – Benchmarking Information – CIPFA Local Authority Family Group

Annexe B – Benchmarking Information – Hampshire and IOW Local Authorities current position

Annexe C – Information on Electoral Reviews Currently undertaken elsewhere – Local Boundary Commission Website