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## North Yorkshire Council

### Transition (LGR) Overview and Scrutiny Committee

Minutes of the meeting held on Monday, 4th December, 2023 commencing at 2.00 pm.

Councillor Malcolm Taylor in the Chair plus Councillors Philip Broadbank, Nick Brown, Caroline Dickinson, Kevin Foster, Richard Foster, Bryn Griffiths, George Jabbour, Andrew Lee, John Mann, Heather Moorhouse, Bob Packham and Subash Sharma (substitute).

In attendance (in person): Councillors Chris Aldred, Derek Bastiman, Michelle Donohue-Moncrieff, Tom Jones and Carl Les.

In attendance (virtual): Councillors Andy Brown, Melanie Davis, Caroline Goodrick, Paul Haslam, Mike Jordan, Simon Myers, Tony Randerson and Andy Solloway.

Officers present: Angela Crossland, Trudy Forster, Jo Ireland, Barry Khan, Robert Ling and Will Baines.

Apologies: Councillors Stuart Parsons, Clive Pearson and John Ritchie (substitute Councillor Subash Sharma)

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**Copies of all documents considered are in the Minute Book**

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#### **1 Apologies for Absence**

Apologies for absence were received from Councillors Clive Pearson, Stuart Parsons and John Ritchie, with Councillor Subash Sharma substituting.

#### **2 Minutes of the Meeting held on 4 September 2023**

##### **Resolved -**

That the minutes of the meeting held on 4 September 2023, having been printed and circulated, be taken as read and confirmed as a correct record.

#### **3 Declarations of Interests**

Councillor Kevin Foster declared a personal interest in agenda item 8 (Mayoral Combined Authority Governance).

#### **4 Exclusion of the Public**

This item was not required.

#### **5 Public Participation**

No public questions or statements were received.

## 6 Verbal update from Robert Ling, Director of Transformation on LGR progress

Robert Ling, Director of Transformation, attended to update the committee:

- Following a review of service plans, meetings are now taking place to discuss the budget proposals for 2024/25 and future years.
- On the broader transformation programme, a key period of convergence is coming up, to bring service teams together.
- The challenge now is to bring these service teams together so they can work as one. Restructures are taking place to focus on how teams need to operate in the future.
- Work to bring the IT systems together to be used by one team is ongoing at pace. As the restructures move forward and teams align into one, this will become more of an issue. As this work is carried out, it will have knock on effects early next year, for example the different policies and fees and charges of the predecessor authorities not aligning, so these will need to be resolved.
- The Target Operating Model will put the customer at the heart of the process. There are elements of this that are not quite right at the moment, from the website to face to face, but work is agreed and being carried out.
- The way we work as a council, with teams located in different offices and in different ways, is another key focus for the months ahead. In some areas there are currently eight ways of carrying out tasks, so it is important that we learn the best practice from each of the predecessor councils, agreeing the best way of working and then rolling that out across the service delivery teams
- Trying to resolve these issues is important for officers to work as effectively and efficiently as they can.
- Bringing the service teams together (convergence) and tackling the budget deficit is the biggest areas of work at this time.
- The next stage following this is aligning the resources and the approach to decide which programmes and projects move forward as part of this.
- Staff with multi-disciplinary roles is a challenge to unpick and it isn't straightforward. Extra investment has gone into HR teams and the job evaluation process to facilitate the restructures as quickly as possible.
- Although the garden waste and bulky waste service have been centralised at the front end on the website, the customer services and systems in each locality area to process the applications are currently all using different systems to administer that.

Following this, questions and comments raised by the committee included:

- The time taken for the convergence process of bringing together staff under one umbrella was raised as a concern, and whether there was any benchmarking data available around corporate buy-in. In response, it was noted that some teams are having restructures quicker than others, but there is an understanding that colleagues want certainty. The challenge of rewriting job descriptions and making sure the new alignment of teams works is one that does take a bit of time.
- On bringing in external support, it is important to get the balance right between the improvement in the pace of delivery that extra support will bring against the expected cost.
- The delays with answering phone calls from residents, sometimes up to 8 to 10 minutes to get through to an advisor was highlighted as a concern. Further information was to be sought into the examples raised.
- The importance of getting the customer services approach and performance levels right was highlighted. The customer is a cross-cutting theme across the Target Operating

Model, as it is fundamental that the first point of contact at the front door with citizens is the right one to deliver the experience and level of customer satisfaction required.

- The timelines for the transformation process were queried. In response, it was noted that there is a lot of focus at the moment on convergence, but there are also opportunities once one team and one system is in place to start making transformative change, initially through getting every area of the county up to one service standard. In some areas this will mean no change, as their previous service standards and processes are adopted across North Yorkshire, but in other areas they will see the benefits of an improved service through the standardised approach.

**Resolved** – That the verbal update be noted.

## 7 Strategic Leisure Review

Considered – Report of the Assistant Director of Culture, Leisure, Archives and Libraries setting out the key findings from the first phase of the Strategic Leisure Review (SLR).

Some of the key points highlighted in the covering report and presentation are as summarised below:

- The work of the SLR has been supported by a cross party member working group to help shape the review recommendations with their valuable insight and perspective.
- Physical activity levels as a population are now lower than they have been in previous decades, so enabling citizens to get active is key to improving the physical and mental health of individuals.
- In North Yorkshire, there are some great leisure assets, physical facilities, skilled staff and significant programmes and outcomes, but we could do a lot more to positively impact on the health of the population and tackling health inequalities.
- The original scope of the Strategic Leisure Review was outlined, with a focus on the three pillars of 'Built Facilities', 'Community Sport & Outreach' and a wider system piece of 'Active Environments'.
- Phase one of the SLR has been the development of a clear, long-term vision and delivery model, to shape what North Yorkshire Council want our future leisure service to look like. Recommendations are also made on the management model for how leisure services are delivered going forwards.
- Phase two (from the new year onwards) is the development of a Leisure Asset Investment Strategy, which will set out options for individual sites around future investment, rationalisation and other options (asset transfer etc).
- North Yorkshire Council has the largest local authority leisure portfolio in the country. The council leisure budget for 2023/24 is £7.1 million, with an income of around £16.1 million across all sites. The portfolio comprises 23 leisure centres and 16 pools, with a developing health and wellbeing offer alongside a strong sports development offer in some parts of the county. This shows the size and scale of the service area but also the opportunities that brings.
- North Yorkshire currently has a complex mix of leisure providers, consisting of five different operators. Whilst this adds complexity, the breadth of expertise, experience and good practice across the county is a real strength. The current leisure service operators across North Yorkshire are already delivering a range of universal and targeted services that are in line with the new delivery model. There is a focus on inclusion and tackling inequality, and this forms a strong foundation upon which we can build on in the coming years.
- There is a varied condition of facilities, but condition surveys have indicated the portfolio overall is not bad, with asset condition and maintenance liabilities lower than in

other similar local authority areas.

- Extensive consultation has been undertaken with elected members, communities and key stakeholders through a range of methods, such as workshops, surveys, focus groups and reviews of previous consultations.
- The consultation feedback has shown strong stakeholder support for a health and wellbeing approach, with the significance of community sports and volunteers also highlighted as important parts of any future approach.
- Accessibility, in terms of transport and travel, is one of the main challenges, with a concern that rural residents will feel forgotten about.
- Leisure facilities were highly valued in the feedback received, as a base for community clubs and for all abilities, but the condition of some was highlighted as requiring improvement. The cost and affordability of facilities were also raised as barriers to using them.
- The new approach aims to move from a traditional leisure service to a sport and active wellbeing one, with a renewed focus on inclusive, wellbeing services that improve physical and mental health and reduce inequalities through a mix of universal and targeted services. There is a strong relationship in the new delivery model between facilities, local place based delivery and sports development. It is felt that this closely aligns with the latest national policy and strategies.
- The aim is to focus on prevention and to take demand out of the health and mental health care system as a whole, improving population health and improving individual outcomes as well as aiming to reduce system costs.
- It is proposed that assets will be turned into Sport and Active Wellbeing hubs, with a universal offer, supported by a network of locally based and digital services collaborating and co-producing activities with other organisations that are tailored to local areas.
- There are challenges around integrating systems and processes as part of the new unitary council, but officers are keen to build on what works already, as well as to test, scale up and try new approaches in different areas where alternative delivery methods are needed.

On the Management Model:

- North Yorkshire isn't typical in its leisure set up, it has a little bit of everything when trying to find the right model. It is not easy to analyse and compare the different management models.
- The size and scale of North Yorkshire is particularly significant, as it gives opportunities that a small district council wouldn't have in terms of building up staff expertise and providing economies of scale.
- A range of financial and non-financial criteria were used to evaluate the different management models. This was supplemented by national assumptions around model behaviour.
- The models considered were: Outsourcing, Local Authority Trading Company (LATC) and In House.
- The preferred management model is a single in-house approach, to provide clarity and consistency for customers, a clear link with democratic decision making and strategic control for the council. It will represent significant management change, but does bring real opportunities because of the size and scale as services are integrated. Contracts would be migrated in a phased way to an in-house model, as current contracts end between 2024 and 2027.
- The Leisure Investment Strategy (phase 2) is needed as it is appreciated that there is a positive correlation between the quality of the facilities and the level of income

generated, with targeted investment in facilities having the ability to drive increased revenue. This next phase will look at options for specific sites, issues around demand, supply, condition, and where potential investment could drive delivery of the new model.

Following the presentation, questions raised by the committee included:

- How will the new model integrate with existing or proposed voluntary and private sector sports and leisure provision? In response, it was noted that community sports provision and a sports development approach has been built into the new model and the resulting staff structures will reflect this. Work is also underway with planning service colleagues to review the overarching strategy documents.
- The community facilities across a large county like North Yorkshire was felt to be patchy at the moment. It was asked what can be done to improve this given the tight financial situation. It was made clear that having a clear strategic framework was essential, with opportunities around S106 and external funding will help to support this critical area.
- The inclusion of culture within the SLR was queried. In response, Councillor Simon Myers, the Executive Member for Culture, Arts and Housing informed the meeting that separate work on developing a culture strategy for North Yorkshire was underway.
- The TUPE arrangements for the current leisure centre staff were asked about and how the process may work.
- The benefits of the council having strategic control as part of an in house model, to be able to influence areas, such as the carbon emissions savings at the various leisure centre sites was seen as a positive move forwards.
- The increased emphasis on health and well being was highlighted as a positive and the greater opportunities to work with health and social care partners. Officers advised that future investment of public health resources for the revamped sport and active wellbeing service are currently under discussion. Meetings are also taking place with a number of parts of the NHS and the public sector about how they can be involved as part of this review process and on an ongoing basis.

#### **Resolved –**

- i) That Members support the new delivery model for the sport and active well being service as set out in the committee report.
- ii) That Members support the phased transition over the next 4 years to a single in house management model for the service. As part of this that the Selby services transfer to the in house service from September 2024 when the current contract with IHL ends.
- iii) That Members support the undertaking of a Leisure Investment Strategy as set out.

**Note:** *Following the meeting, further VAT advice in relation to leisure was received. This updated advice will be reflected in the report that goes to the Executive in January 2024.*

*The key differences from the report presented to Members of the LGR Transition O&S Committee are reflected in the paragraphs below. Changes are shown in yellow highlight.*

4.25 *The in house model is the most VAT efficient model, following the recent Chelmsford ruling and offers financial benefits over both the LATC and the procured operator model. However, it should be noted that recent VAT advice suggests that the difference in VAT between other models and in house could be alleviated through the use of “agency agreements”. These will need to be explored further,*

however, currently the Council does not have these in place and so currently irrecoverable VAT is higher with both the Trust and the LATC models.

9.2 In addition financial modelling has been undertaken to assess the financial impact on the Council of the preferred option of migrating the existing contracts into a single in house model over the next 4 years. This takes into account key variables relating to NDR costs, VAT treatment, staffing costs and external management fees. The modelling assumes that income and expenditure of sites remains broadly similar, although it would be expected that the service will drive additional efficiencies in the medium to longer term through economies of scale once the service is fully integrated.

	Fully In-house		
	0% Support Cost Absorbed £	50% Support Costs Absorbed £	100% Support Costs Absorbed £
Irrecoverable VAT*	-348,889	-348,889	-348,889
Staffing	504,301	504,301	504,301
NNDR	525,682	525,682	525,682
<b>Estimated Cashable Growth / (Efficiency)</b>	<b>681,093</b>	<b>681,093</b>	<b>681,093</b>
External Central Support	0	-230,922	-461,844
<b>Net position taking into account Central Support Costs</b>	<b>681,093</b>	<b>450,172</b>	<b>219,249</b>

\* Irrecoverable VAT is shown as a net gain based on the current position, as VAT savings will be achieved once the service comes back in house. However, following recent VAT advice this benefit could potentially be achieved irrespective of the management model (i.e. with the existing Trust/LATC models through the use of an "agency agreement"). It should be noted, therefore, that whilst this is a saving based on the current position potentially this saving is "model neutral" and not linked specifically to the transfer to an in house model.

In terms of the cost impact, the figures presented in the LGR Transition O&S Committee report are correct and remain unchanged. As it stands, the irrecoverable VAT is more advantageous with the in house model and would represent a saving for the Council (as shown in the above table) if all of the service moved in house. The recent advice however suggests we could potentially also make this saving through other management models with the use of an agency agreement. Overall, the analysis and conclusions remain the same as in the existing report and there is no change to the recommendations.

## 8 Mayoral Combined Authority Governance

Considered – Report of the Assistant Chief Executive – Legal and Democratic Services to update the committee on progress with creating the Combined Authority (CA) for York and North Yorkshire and the associated governance issues.

Some of the key points highlighted in the report and presentation are as summarised below:

- The benefits of the Devolution Deal for York and North Yorkshire were outlined. Creating a Combined Authority provides a platform to bid for additional funding and provide a voice for the region.
- The Order that creates the Combined Authority was laid before Parliament on 7th November 2023, it will be debated in the House of Commons and House of Lords, with the current working assumption that Government will approve the Order in the week commencing 8th January 2024.

- The planned timetable for the Combined Authority is that once the Order has been signed and the Combined Authority created, Mayoral Capacity Funding will then be received, along with half of the money from the Annual Investment Fund, the Brown Field Housing Fund, Net Zero Fund, Housing Capacity Funding and the Transport Capacity Funding. The other half of the funding will be received when the new Mayor is elected.
- The inaugural meeting of the Combined Authority is planned to take place towards the end of January 2024, to approve the Constitution, appoint external auditors, approve the committee structure (including appointments) and agree the budget.
- Mayoral elections will take place on 2nd May 2024, followed on 7th May with the move of the PFCC powers and functions across to the now fully functional Mayoral Combined Authority, along with the rest of the funding entitlements.
- The Mayor will Chair the Combined Authority, along with two members from each of the constituent councils involved (City of York Council and North Yorkshire Council) as voting members, of which one will act as the Lead Member for their authority. A non-voting representative, the Chair of the LEP/Business Committee, will also sit on the Combined Authority.
- A proposed committee structure was included in the Scheme that was consulted upon, although the final decision will sit with the Combined Authority. This includes an Overview and Scrutiny Committee (6 members from each constituent council), Audit and Governance Committee (4 members from each constituent Council and 1 independent person), a Business Committee (consultative body set to be integrated from the LEP) and potentially a separate Transport Committee (TBC).
- The proposed structure includes a Deputy Mayor for Policing and Crime, but the decision on whether to proceed with this set up will be for the Mayor once elected. Currently a Joint Independent Audit Committee/Panel for Policing and for Fire and Rescue will sit underneath this to provide checks and balance.
- The Devolution Deal devolves functions to the Combined Authority into two strands: those exercisable solely by the Mayor (e.g. Housing, Planning, Finance, Transport and PFCC functions) and those exercised by the Combined Authority (e.g. Economic Development, Adult Education, Skills, Transport – Key Route Network, Housing functions (related to CPO) and the power to borrow (up to an agreed cap).
- On the decision making of the Combined Authority, each decision will be by a simple majority of those present and voting, but the majority must include the vote of the Mayor.

Following this, questions and comments raised by the committee included:

- The checks and balances put in place as part of the draft Combined Authority Constitution to operate efficiently and transparently were widely welcomed.
- The role of the proposed Business Committee and whether it would have the required ability to encourage public involvement in it was discussed. As an advisory, non-decision making body, there will be checks and balances put in place, along with the Overview and Scrutiny Committee providing challenge. The current proposal for the Business Committee membership is to have four private sector members and four public sector members, but this is subject to change.
- Whether a Housing or a Climate Change Committee has also been considered? The model across other Combined Authorities around the country is for a number of other thematic boards to be set up as required.
- There are two types of deputies: 1. the Mayor could appoint a deputy from the Combined Authority councillor members to act as a deputy in their absence. 2. Separate option to appoint a Deputy Mayor for Policing and Crime, but the selection pool is wider, also including council members from the constituent authorities or a member of

the public.

- Clarification was sought on the rule that the chair and vice-chair of the Combined Authority Overview and Scrutiny Committee cannot be a member of the same political party as the Mayor.
- Mechanisms for removing Mayors displaying inappropriate behaviour was discussed, such as through the role of the proposed Audit and Governance Committee and by applying the new Combined Authority Code of Conduct.
- It was noted that North Yorkshire Council will continue to retain its highways functions under the Mayoral Combined Authority, with the main addition being the power to allocate routes as 'Key Route Networks'.

**Resolved** – To note the proposals on the governance of the Combined Authority.

## 9 Delivering Restructures

Considered – Presentation from the Assistant Chief Executive – HR and Business Support on the progress of the service restructures so far.

Some of the key points highlighted in the report are as summarised below:

- The approach to the restructures so far has been starting from the top and then moving down through the organisation.
- The Heads of Service recruitment is almost complete. The next stage will see more service areas move into consultation phase in the new year.
- Work is continuing at pace, with feedback from staff that they want certainty over jobs and structures. The process for a restructure is a long one, from developing a business case, writing job descriptions and carrying out job evaluations all taking place before going out to consultation. However, it is key to give staff the opportunity to contribute and shape the proposals put forward and to get the new structures right.
- An excellent relationship exists with the trade unions and they're involved at all stages of the restructures and form part of the consultation process.
- There is continuous engagement and support for staff to help manage change.
- Where staff are at risk of redundancy, then redeployment support measures are well established.

Following this, questions and comments raised by the committee included:

- There was a query about whether the large number (121) of Heads of Service posts would be revised in the future. It was noted in response that this was a rationalisation from the number of posts as part of the predecessor councils. Following service transformation and system changes this may be looked at again, but it is uncertain at this early stage.
- How many 'Risk of Redundancy' notifications have been issued so far?
- It was asked how corporate buy-in to the new authority is being achieved to create a new 'Team North Yorkshire'? In response, it was felt by bringing teams together as part of a new structure and getting to know new colleagues will help in this regard, with a lot of organisational development and staff values work also going on to change the culture.
- The pace of the service restructures was felt to be faster than other new unitary authorities have carried them out, in order to give clarity as soon as possible, with May 2024 an initial target date.



- Information on the financial savings generated from staff restructures would form part of the quarterly HR performance reports during the next financial year.
- The importance of keeping valued and experienced staff within the organisation was highlighted and the retention of them was important for the future of the new authority moving forwards.

The Chair summed up by reiterating that staff are the most important asset for North Yorkshire Council and the progress made to date with the service restructures is encouraging. Alongside this, the huge amount of work undertaken by HR colleagues to support the service restructure process and the challenges that change management will bring in the months ahead was acknowledged. The Committee were keen to be updated on this subject at regular intervals.

**Resolved –** That the report be noted.

#### **10 Discussion on committee name change**

This item was deferred.

#### **11 Standing items update**

The updates received on the standing items (Customer Services and the Finance system) were noted.

#### **12 Work Programme**

**Resolved –**

That the Work Programme be noted.

#### **13 Any other items**

There were no further items.

The meeting concluded at 4.10 pm.

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