



Meeting: **Scrutiny Commission**

Date/Time: **Wednesday, 26 February 2014 at 2.00 pm**

Location: **Sparkenhoe Committee Room, County Hall, Glenfield**

Contact: **Mr. S. J. Weston (Tel: 0116 305 6226)**

Email: **sam.weston@leics.gov.uk**

Membership

Mr. S. J. Galton CC (Chairman)

Mrs. R. Camamile CC Mr. A. M. Kershaw CC
Dr. R. K. A. Feltham CC Mr. P. G. Lewis CC
Mr. S. J. Hampson CC Mr. K. W. P. Lynch CC
Dr. S. Hill CC Mr. R. J. Shepherd CC
Mr. Max Hunt CC Mr. L. Spence CC

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– Notices will be on display at the meeting explaining the arrangements.**

AGENDA

<u>Item</u>	<u>Report by</u>
1. Minutes of the meeting held on 29 January 2014.	(Pages 5 to 13)
2. Question Time.	
3. Questions asked by members under Standing Order 7(3) and 7(5).	
4. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.	
5. Declarations of interest in respect of items on	



the agenda.

6. Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16.
7. Presentation of Petitions under Standing Order 36.
8. Home to School Transport Policy - Consultation. Director of Environment and Transport (Pages 15 - 34)

A copy of the Home to School Transport consultation documents are attached for the Commission to consider any response it would wish to make. It is intended that the draft Policy for Home to School Transport, together with an overview of the consultation responses, will be considered at the Commission's meeting scheduled to be held on 30 April.

The Director of Environment and Transport will deliver a presentation under this item, the slides to which are attached for your information. An all member briefing on this issue was held on 12 February.

9. 2013/14 Medium Term Financial Strategy Monitoring - Period 9. Director of Corporate Resources (Pages 35 to 62)
10. Strategic Economic Plan. Chief Executive (Pages 63 to 65)
11. Date of next meeting.

The next meeting of the Commission is scheduled to take place on 26 March 2014 at 2.00pm.

12. Any other items which the Chairman has decided to take as urgent.

QUESTIONING BY MEMBERS OF OVERVIEW AND SCRUTINY

Members serving on Overview and Scrutiny have a key role in providing constructive yet robust challenge to proposals put forward by the Cabinet and Officers. One of the most important skills is the ability to extract information by means of questions so that it can help inform comments and recommendations from Overview and Scrutiny bodies.

Members clearly cannot be expected to be experts in every topic under scrutiny and nor is there an expectation that they so be. Asking questions of 'experts' can be difficult and intimidating but often posing questions from a lay perspective would allow members to obtain a better perspective and understanding of the issue at hand.

Set out below are some key questions members may consider asking when considering reports on particular issues. The list of questions is not intended as a comprehensive list but as a general guide. Depending on the issue under consideration there may be specific questions members may wish to ask.

Key Questions:

- Why are we doing this?
- Why do we have to offer this service?
- How does this fit in with the Council's priorities?
- Which of our key partners are involved? Do they share the objectives and is the service to be joined up?
- Who is providing this service and why have we chosen this approach? What other options were considered and why were these discarded?
- Who has been consulted and what has the response been? How, if at all, have their views been taken into account in this proposal?

If it is a new service:

- Who are the main beneficiaries of the service? (could be a particular group or an area)
- What difference will providing this service make to them – What will be different and how will we know if we have succeeded?
- How much will it cost and how is it to be funded?
- What are the risks to the successful delivery of the service?

If it is a reduction in an existing service:

- Which groups are affected? Is the impact greater on any particular group and, if so, which group and what plans do you have to help mitigate the impact?
- When are the proposals to be implemented and do you have any transitional arrangements for those who will no longer receive the service?
- What savings do you expect to generate and what was expected in the budget? Are there any redundancies?
- What are the risks of not delivering as intended? If this happens, what contingency measures have you in place?

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Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Wednesday, 29 January 2014.

PRESENT

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

Mrs. R. Camamile CC
 Dr. R. K. A. Feltham CC
 Mr. S. J. Hampson CC
 Dr. S. Hill CC
 Mr. A. M. Kershaw CC

Mr. P. G. Lewis CC
 Mr. K. W. P. Lynch CC
 Ms. Betty Newton CC
 Mr. R. J. Shepherd CC
 Mr. L. Spence CC

In Attendance:

Mr. R. Blunt CC, Cabinet Lead Member for County Council Planning and Minerals (for Minute 60)

Mr. J. T. Orson JP CC, Cabinet Lead Member for Safer Communities (for Minute 60)

Mrs. P. Posnett CC, Cabinet Lead Member for Trading Standards and Shire Grants (for Minute 60)

Mr. J. B. Rhodes CC, Deputy Leader of the County Council and Cabinet Lead Member for Resources (for Minutes 58, 59 and 60)

Mr. N. J. Rushton CC, Leader of the County Council (for Minutes 58, 59 and 60)

51. Minutes.

The minutes of the meeting held on 6 November 2013 were taken as read, confirmed and signed.

52. Question Time.

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

53. Questions asked by Members.

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

54. Urgent Items.

There were no urgent items for consideration.

55. 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.

No declarations were made.

56. Declarations of the Party Whip.

There were no declarations of the party whip.

57. Presentation of Petitions.

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

58. Medium Term Financial Strategy 2014/15 - 2017/18 - Context Setting and Overall Position.

The Commission considered an oral update from the Director of Corporate Resources concerning the financial context and overall position of the County Council in respect of the Medium Term Financial Strategy (MTFS) 2014/15 – 1017/18.

The Chairman welcomed to the meeting Mr. N. J. Rushton CC, Leader of the County Council and Mr. J. B. Rhodes CC, Deputy Leader of the County Council to the meeting.

Introduction

The Director of Corporate Resources, the Leader and the Deputy Leader all spoke. The Commission's attention was drawn to the following points:

- The Coalition Government's policy was to eradicate the fiscal deficit and that, despite the recent economic growth forecast, the austerity measures were likely to continue until 2019;
- Given the reducing level of Government support and the increasing spending pressures, particularly in relation to the care of elderly and vulnerable people, the County Council's budget would be facing ongoing pressures beyond the current MTFS;
- The current Local Government Settlement was a two year settlement up to 2015/16 recognising that there was a General Election due to be held in May 2015. The MTFS would need to be revisited when local government settlements beyond 2015/16 were known;
- The Government had now decided not to top slice the New Homes Bonus Fund, which would have cost the County Council approximately £3 million. This, together with the recent announcement regarding the Better Care Fund (which in Leicestershire amounted to approximately £38 million over 3 years) would help address some of the service pressures, particularly in Adult Social Care;
- The significant increase in Capital Grant, particularly for the provision of primary school places, was welcomed;
- The County Council's Capital Strategy was predicated on no new borrowing and, where possible, repayment of debt;
- There would still be significant risks in relation to the budget, particularly the delivery of some of the savings and the uncertainties concerning the Care Bill implications

and the funding of the Dilnot proposals on care for the elderly. The budget had allocated growth of £25 million over 4 years, £21 million of which was to meet pressures in Adult Social Care.

Council Tax

The Leader advised the Scrutiny Commission that, following the Government's announcement that a grant equivalent to a 1% increase in council tax would be available in 2014/15 and 2015/16 to those authorities that froze council tax, and this grant would be built into the base, the Cabinet would be recommended to agree a freeze in council tax. The impact of this would be a reduction in income of £900,000. This would be met mainly by underspends that had occurred in the current financial year. The Leader advised that he had consulted with political colleagues and the general consensus was that the Government Freeze Grant should be accepted. He also advised that other local authorities in Leicestershire would adopt a similar approach. With regard to future years, the MTFS had provision for a 1.5% increase, but this would be revisited in the light of any announcement regarding the continuation of a freeze grant and future local government settlements.

The Government had yet to announce a referendum cap level, but it was hoped that an announcement would be made before the County Council met to consider the budget on 19 February.

RESOLVED:

That the oral update of the Director of Corporate Resources be noted and that the proposal to freeze council tax for 2014/15 be welcomed.

59. Medium Term Financial Strategy 2014/15-2017/18 - Corporate Resources and Corporate Items.

The Commission considered a report of the Director of Corporate Resources concerning the proposed Medium Term Financial Strategy (MTFS) 2014/15 – 2017/18 as it related to the Corporate Resources Department and Corporate Items. A copy of the report, marked "Agenda Item 9", is filed with these minutes.

Introduction

The Director of Corporate Resources advised that the overall savings requirement for his Department was £7.3 million and that this would need to be achieved by:

- Seeking to increase income from trading activities, particularly with schools. Currently the Department generated in the region of £33 million from trading activities and would be looking to increase income by £1.4 million. It was recognised that this would be challenging and he welcomed the opportunity to work with a Scrutiny Review Panel which was due to be established to look at the Council's approach to trading;
- Transforming the way support services were structured and delivered to ensure that issues raised were more effectively prioritised.

Growth

G21 School place planning strategy: time limited contribution of £500,000 in 2014/15

This additional growth to help establish a dedicated cross-departmental team to research, plan and co-ordinate the Children and Families Service capital programme was welcomed.

Savings

In relation to paragraph 22 of the report, the Director advised that the County Council had been working to develop management capacity within the organisation. The Leading for High Performance programme, which had initially targeted senior managers, was now being rolled out to middle managers. The objective was to empower managers to examine their service areas critically and to innovate to achieve the savings and transformation that the Authority required.

In relation to the concern about being less responsive to support requests, the intention was to examine requests for support critically and focus such support on “must have” services rather than those that were considered “nice to have”.

S81 – Review of Strategic Finance, Property & Procurement: £350,000 in 2014/15 rising to £570,000 in 2015/16 and to £1,110,000 in 2017/18

The Director advised that ESPO was a successful partnership and, following the management restructuring of the organisation, significant surpluses amounting to between £2-3 million were now being generated. Given the confidence level about the ability of ESPO to continue to generate these surpluses, a decision had been made to include the County Council’s share of the surplus in the base budget.

S87 – Strategic Information Technology and Communications Review: £30,000 in 2014/15 rising to £80,000 in 2015/16, to £420,000 in 2016/17 and to £620,000 in 2017/18

The Commission was advised that the initial review of communications and engagement activity within the Council had resulted in the centralisation of these activities and more targeted marketing campaigns. This had resulted in a 60% reduction in expenditure. The savings identified would be accrued by further centralisation of communications activities and a greater focus on digital rather than paper-based marketing materials. The intention was to continue producing Leicestershire Matters three times per year as this was the best means of communicating directly with residents of Leicestershire.

S88 – Efficiency savings from sharing services with Nottingham City Council: £190,000 in 2014/15 rising to £390,000 in 2015/16

Members were advised that there had been initial teething problems with the software supporting the East Midlands Shared Service. These had now largely been resolved and the intention was to focus on seeking additional partners such as district councils or police and fire authorities to take up the services offered.

S92 – End support for community ICT: £70,000 in 2015/16

The proposal was to work with local parishes and partners with a view to providing the existing service in a more cost-effective way. These savings were not expected until

2015/16. The Director undertook to provide members with a list of organisations that would be affected by the changes.

Capital Programme

Members of the Commission welcomed the proposals for renewable energy generation on County Council sites.

With regard to paragraph 40 of the report, the Director undertook to provide members with details of the two vacant sites proposed for demolition to improve saleability.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments made at this meeting be forwarded to the Cabinet for consideration at its meeting on 4 February 2014.

60. Medium Term Financial Strategy 2014/15-2017/18 - Chief Executive's Department.

The Commission considered a report of the Chief Executive and Director of Corporate Resources concerning the proposed Medium Term Financial Strategy (MTFS) 2014/15 – 2017/18 as relating to the Chief Executive's Department. A copy of the report, marked "Agenda Item 10", is filed with these minutes.

The Chairman welcomed to the meeting the following Cabinet Lead Members for the Chief Executive's Department:

- Mr. R. Blunt CC, Cabinet Lead Member for County Council Planning and Minerals;
- Mr. J. T. Orson JP CC, Cabinet Lead Member for Safer Communities;
- Mrs. P. Posnett CC, Cabinet Lead Member for Trading Standards and Shire Grants.

The Chief Executive introduced the report and drew attention to the need to review how support services provided by the Department were to be delivered in the future. The Department was required to make savings of £4.7 million and the proposals now put forward sought to reflect the themes emerging from the public consultation undertaken on the MTFS last year.

With regard to the transfer of the Supporting Leicestershire Families (SLF) programme, the Youth Offending Service (YOS) and the Community Safety Team, the Chief Executive reminded members that this had always been the intention and was now taking place as a new Director of Children and Families had now been appointed.

Savings

S71 – provision and refocusing of grants to individuals and community groups: £430,000 reduction in 2014/15

Members were advised that the proposals were to reduce the number of existing grant streams and to merge these into a single Shire Grants programme. The concerns expressed by members that support for communities was being reduced at a time when the County Council was also seeking to get local communities to take over certain services provision (eg. libraries) were noted. Members were advised that a review of the

“Communities in Charge” programme was being undertaken with a view to determining how the County Council would support local communities in future including matters such as providing library services. The findings of this review would be reported to the Transformation Board in the near future.

S72 – Funding and support to agencies: £210,000 reduction in 2014/15 rising to £590,000 in 2015/16

Members were advised that good practice required draft equalities impact assessments to be prepared which would be revised in the light of responses to processes of consultation. The Leader stated that he recognised the good work that a number of voluntary and community groups undertook but that, given the financial pressures on the Council, it was only reasonable for them to contribute towards the savings requirement.

S75 – Review Planning, Historic and Natural Environment Services: £70,000 reduction in 2014/15 rising to £120,000 in 2015/16, to £160,000 in 2016/17 and to £180,000 in 2017/18

The County Council had been recording and maintaining historic and environmental records for a number of years. These records were necessary when dealing with planning matters. The County Council was keen to continue to maintain these records, but could only do so if other users (principally, district councils) made a contribution to the cost. The County Council would continue to look for appropriate opportunities to make charges to developers for services provided to them.

S77 – Trading Standards reduced enforcement, inspection and testing activity: £100,000 reduction in 2014/15 rising to £180,000 in 2015/16 and to £250,000 in 2016/17

In identifying the areas where savings were to be realised, the Department was mindful of the need to ensure that services which directly focused on public protection matters were not adversely affected. Examples of this included counterfeit goods which could cause harm, the illicit production of alcohol, underage sales and other activities to safeguard the human food chain. With regard to the recording of farm animal movements, this was now being discontinued, as the function had transferred to Defra.

S79 – Cease contribution towards Police Community Support Officer: £430,000 reduction in 2014/15

Members noted that the Police and Crime Commissioner had indicated that he was proposing to use £2 million of reserves to fund existing and additional Police Community Support Officers.

S80 – Review of IMPACT programme and the Youth Offending Service: £350,000 reduction in 2015/16, rising to £440,000 in 2016/17 and to £550,000 in 2017/18

Members were advised that there were currently 30 IMPACT workers operating in 20 areas of the County. Anti-social behaviour levels had reduced significantly over the last few years and the intention was to reduce the number of workers and areas covered, but not the quality of the service.

Other Funding

Members were advised that the Police and Crime Panel grant allocation referred to in paragraph 33 the report had yet to be confirmed. The Youth Offending Service grant allocation was expected to be reduced by 8%.

With regard to the grant funding for the SLF programme, members were advised that the County Council needed to demonstrate to the Government that the programme was delivering the necessary savings. The County Council was working with the Department of Communities and Local Government on this issue. There was also a need to demonstrate the effectiveness of this programme to partners, including the Clinical Commissioning Groups, who had contributed approximately £2 million into this programme.

RESOLVED:

- (a) That the report and information now provided be noted;
- (b) That the comments made at this meeting be forwarded to the Cabinet for consideration at its meeting on 4 February 2014.

61. Consideration of Responses from and Information Requested by Overview and Scrutiny Committees.

The Commission considered a supplementary report setting out the responses to their respective areas of the Medium Term Financial Strategy (MTFS) of the Adults and Communities, Children and Families, Environment and Transport and Health Overview and Scrutiny Committees, together with any further information requested in relation to the MTFS. A copy of the supplementary report is filed with these minutes.

Adults and Communities Overview and Scrutiny Committee

S34 – New models of early intervention and prevention support

Members were advised that the intention was to bring a detailed report on the potential list of organisations affected to the Adults and Communities Overview and Scrutiny Committee prior to the implementation of the savings proposal.

S37 – Reduction in funding for community libraries

The concerns now expressed about the loss of community libraries and the impact it would have on local communities was noted. As reported earlier, the County Council was reviewing its “Communities in Charge” programme and, as part of that review, would be addressing the support structures that would need to be in place to enable local communities successfully to take over the running of local services to ensure their sustainability.

S35 – Redevelopment of Snibston Discovery Museum

Members noted the additional information now provided in relation to contingent liabilities and covenants. The Leader indicated that, whilst noting the concerns that had been expressed, it was not possible to continue to subsidise Snibston Museum at its current level. The County Council would therefore be asked to agree a reduction in the level of

support for Snibston and a refocus of its activities. With regard to the contingent liability in relation to the fashion gallery, the Leader stated that, were it possible to accommodate the display at another accredited museum, the Heritage Lottery Fund would be informed. With regard to the gallery building, the Leader reminded members of the Commission that there were significant structural problems with the building.

The County Council remained committed to ensuring that the Scheduled Ancient Monument would be maintained, and to date, the County Council had spent in excess of £2 million in support of this.

RESOLVED:

- (a) That the supplementary report be noted;
- (b) That the comments made at this meeting be forwarded to the Cabinet for consideration at its meeting on 4 February 2014.

62. Consultation Principles.

The Commission considered a report of the Chief Executive which was to be submitted to the Cabinet at its meeting on 4 February concerning a revised set of consultation principles setting out what the public could expect from consultation exercises conducted by the County Council. A copy of the report, marked "Agenda Item 12", is filed with these minutes.

The Chief Executive reported that it was timely to update the Council's consultation principles to bring them in line with standards and guidance that had been adopted by the Government.

Arising from the report, the following comments were made:

- Some concern was expressed that hard copy consultation was susceptible to abuse, with the potential for multiple returns from one person or household. It was noted however that online surveys did not allow for multiple returns from one computer;
- Guidance for managers would ensure that there was a consistent approach taken across the Council. It was noted that this should make it easier for members to scrutinise the activities of the Council in this area;
- It was stated that a robust quality assurance process was in place.

RESOLVED:

That the comments as outlined be submitted to the Cabinet for consideration at its meeting on 4 February.

63. Date of next meeting.

It was NOTED that the next meeting of the Commission would be held on 6 November at 2.00pm.

2.00 - 4.10 pm
29 January 2014

CHAIRMAN

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Public consultation:
Submit your views by 12 March 2014



Home to school transport policy consultation

What is the council consulting on?

The home to school transport policy for mainstream schools.

Why is the council consulting?

- The council is consulting because it needs to make changes to the current policy.
- The Government has encouraged schools to become academies. This means that schools are allowed to set their own new catchment areas for admission of pupils and to change the age range of pupils that they admit.
- The traditional link between eligibility for free transport and the pupil's catchment area school is broken by this change.

Tell the council how this might affect you

- **Online**

www.leics.gov.uk/school_college_transport

- **By post**

Cut off the questionnaire attached to this leaflet and return to the freepost address

For general queries or comments phone 0116 305 0002 or email transportassessments@leics.gov.uk

What does the current policy say?

- Schools in Leicestershire have two stages of secondary education (covering 11-16 years of age) up to GCSE level, with high schools for 10/11-14 year olds and upper schools for 15-16 year olds.
- Transport and catchment areas have developed over time to take account of traditional boundaries and school capacity. This was to ensure that high and upper schools had enough students to fill the school. In practice, this meant that pupils were transported to schools with space and not necessarily their nearest school.
- The current policy (www.leics.gov.uk/mainstream_policy_2013_-14_update_july_2013_v1.0_final.doc) says that free transport is offered to:
 - primary school pupils who attend the catchment area school for their home address (or other nearer school) and the distance is more than two miles and
 - secondary school pupils who attend the catchment area school for their home address (or other nearer school) and the distance is more than three miles.

What is happening to make the council consider a change in the policy?

- Some academies have already changed their catchment areas – a decision made independently from the council.
- Some schools and academies have changed already, or are considering a change, to an 11-16 age range.
- These changes to age ranges mean the catchment area is also changed, resulting in a number of transport eligibility areas overlapping.

What are the changes the council is proposing?

- The council is proposing that free transport for pupils over the statutory walking distances (two miles for primary age and three miles for secondary age) is given only to the nearest school (or educational placement) with available spaces to the pupil's home address.
- The nearest school is measured by the shortest road distance over these walking distances.

Why is the council proposing these changes?

- Providing transport over the statutory distance to the nearest school is the legal minimum the Government require the council to provide.
- This means that the transport provided is fair for everyone. This doesn't prevent parents from choosing a different school for their child but it does mean that transport will not be free (over statutory walking distances) if the school chosen is not the nearest.

What is the likely impact?

- Free transport to primary schools is likely to be largely unchanged. But the secondary school that pupils traditionally move on to may not be the nearest school – so free transport eligibility may change.
- Where an upper school changes its age range from 14-18 to 11-18, the younger pupils at the school would be entitled to free transport only if the school is the nearest to their home address and more than three miles away.
- There are extended rights for low income families – see the frequently asked questions on page 4.

What about 16+ transport?

Transport for those aged 16+ is discretionary. The proposals, similar to those above, are:

- To continue to offer transport on a discretionary basis at a charge of £425 to either the nearest school or to the nearest post 16 Further Education college.
- To withdraw a “choice”. For example, the policy currently allows a student to travel to the school or college offering their chosen course. In future, we would not transport to a school/college that is further away because the course is not available at the nearest school/college.
- There will still be a charge for those who are eligible to post 16 transport assistance (unless they are from a low income family – see the frequently asked questions on page 4).

What are the proposed transitional arrangements?

The council is proposing that any change to the policy will only affect pupils entering into primary education or transferring to a secondary school in September 2015.

If you have a child who is already part way through their education and they currently have transport this will continue until they reach a transfer point where they would have to leave or move to a new school because of their age. Eligibility for free transport would be reassessed at this point – as it is currently.

For 16+ students who have been eligible for assistance under the old policy, the proposal is that they will retain their eligibility providing they stay on the same course i.e. if they change course, start a new course or their personal circumstances change (move address for example) then they will be reassessed under the new policy.

How do I respond to the consultation?

Your views are important in helping the council understand what effect the changes being proposed might have on you. Please submit your views by 12th March 2014. Respond to the consultation by filling in our questionnaire. This can be accessed:

- **Online**

www.leics.gov.uk/school_college_transport

- **By post**

Cut off the questionnaire attached to this leaflet and return to the following freepost address (no stamp required):

School Transport Consultation
Sustainable Travel Group
Leicestershire County Council
Have Your Say
FREEPOST NAT18685
Leicester
LE3 8XT

Frequently Asked Questions (FAQs)

How does the council determine the nearest school?

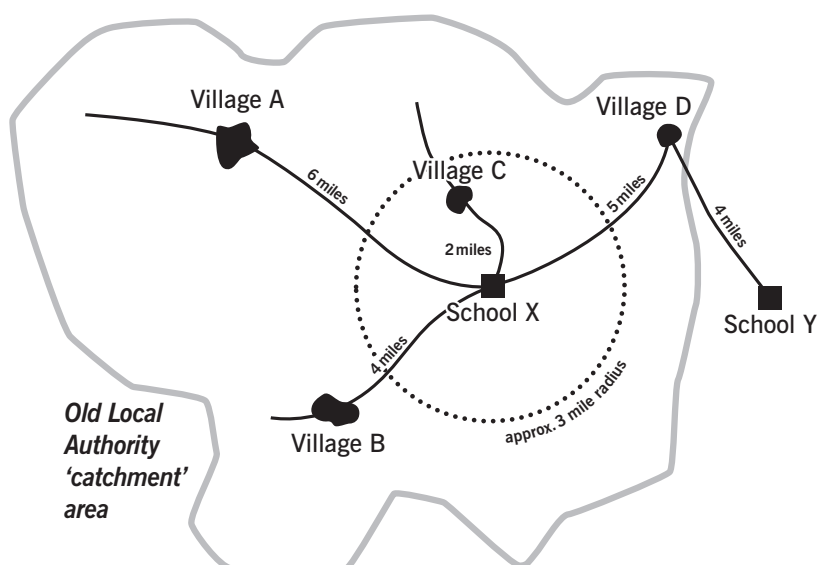
Under statutory walking distances of two or three miles this measurement is by the shortest available walking route. Over these distances the measurement is by the shortest available road route (this is because over three miles a walking route may not exist).

The assessment of nearest school would be undertaken at the same time as the normal admissions round and would take account of available space in schools i.e. if the nearest school was full transport would then be provided to the next nearest school.

How will the 'nearest school' policy work?

Under the current policy school admission catchment areas do not overlap. Therefore, there is no ambiguity about which school would entitle a pupil to free transport. In practice, there have been instances where the catchment area school is further from the child's home than another school. The current policy allows for this as it entitles the pupil to free transport to the catchment or nearer school. In certain instances, the nearer school can be outside Leicestershire e.g. in a neighbouring County or Leicester City.

The diagram opposite gives a simple example of the secondary entitlement under the existing policy and how this would be affected by the possible introduction of the proposals upon which the council is now consulting i.e. a 'nearest school' policy.



Under the current policy children living in villages A, B and D are eligible to free transport to School X, as this is the catchment area school and over three miles away. Children living in village C do not qualify for free transport as they are under three miles from the school and a walking route is available.

If the proposed new policy is accepted, children living in villages A and B would be entitled to free transport to School X as it is their nearest school and over three miles away. Children living in village C would still not qualify for free transport as they are under three miles (no change). Children living in village D would no longer qualify for free transport to School X even though this may be either their traditional catchment area school and/or within School X's academy admissions area. This is because School X is not the nearest school to these pupils' home addresses. These pupils would be eligible for free transport to School Y as it is the nearest school and is more than three miles from the home address. Note that School Y may be in a different local authority area but this does not affect the decision on transport eligibility.

How does the council measure distance?

The council uses a highly accurate software programme for measuring distances (MapInfo), but for families wanting to assess what might be their nearest school in future they can use an online mapping tool to give an approximate indication of distances e.g. Google maps, AA maps.

Is this about saving money?

No, this proposed policy change is not expected to save significant costs but it may reduce the risk of increasing costs in the future, by avoiding areas of multiple transport eligibility when academies have overlapping admissions catchment areas. The council's current policy is more generous than the statutory requirements. If the proposals are implemented it is expected that there will still be large numbers of children entitled to transport assistance because they live over the statutory walking distance to their nearest school.

It is worth noting that many other local authorities who have operated 'catchment' transport are also going through a similar process of reviewing their policies along similar 'nearest school' lines. Furthermore, the Council has noted that one of the Government's aims of its education reform programme is to get the schools system to the point where all parents have access to a good school that is close to where they live, thereby reducing the need for extensive home to school transport arrangements.

Are there alternatives to a 'nearest school only' policy?

Yes the council may propose a different policy. That is why this consultation is important so that your views can be taken into account in developing the policy. The council does have to act reasonably, rationally and fairly to families and to schools/academies across Leicestershire.

At a time when the council is faced with making cuts of £110million over the next five years it must ensure that it protects essential services and avoids unnecessary expenditure where possible. These proposals are also consistent with the recent public consultation into the council's spending plans over the next few years – where residents listed home to school transport as a service that could be reduced.

How does the proposed policy affect parental choice?

Parental preference for admission to a particular school or academy is unaffected by these proposals. However, it has never been the case that eligibility to free transport is based on the parental choice of school – there has always been a policy setting out the criteria for eligibility to free transport. If these proposals are accepted the new policy will still require an eligibility assessment but this will focus on the distance between home and the nearest school with places rather than to the traditional catchment area school.

It is also important to note that, if this policy is agreed, for children who live nearest to a high school (11-14 age) that has or is converting to an 11-16 school they will only have transport entitlement to this nearest school from September 2015 i.e. they would not have free transport if they transfer at age 15 to an upper school as they may have done previously.

Are there any extra rights for low income families?

Yes, the current extended rights for low income families are not affected by this consultation and continue to be available as required by statutory guidance and law. Details are in paragraph 6.0 of the current policy (www.leics.gov.uk/mainstream_policy_2013_-14_update_july_2013_v1.0_final.doc).

What other transport is available?

Some schools have bus services organised by parents or the school itself, other schools have commercial 'school specials' and there are student season tickets available on most commercial bus services in Leicestershire.

If you require this information in an alternative version such as large print, Braille, tape or help in understanding it in your language, please phone 0116 305 0002.

ਜੇ ਆਪ ਆ ਮਾਭਿਤੀ ਆਪਨੀ ਭਾਸ਼ਾਮਾਂ ਸਮਝਵਾਮਾਂ ਥੋੜੀ ਮਦਦ
ਓਲਝਤਾਂ ਡੋ ਤੋ 0116 305 0002 ਨੰਬਰ ਪਰ ਫ਼ੋਨ ਕਰਯੋ ਅਨੇ
ਅਮੇ ਆਪਨੇ ਮਦਦ ਕਰਵਾ ਔਵਸਥਾ ਕਰੀਯੁੰ.

ਜੇਕਰ ਤੁਹਾਨੂੰ ਇਸ ਜਾਣਕਾਰੀ ਨੂੰ ਸਮਝਣ ਵਿਚ ਕੁਝ ਮਦਦ ਚਾਹੀਦੀ
ਹੈ ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ 0116 305 0002 ਨੰਬਰ ਤੇ ਫ਼ੋਨ ਕਰੋ ਅਤੇ
ਅਸੀਂ ਤੁਹਾਡੀ ਮਦਦ ਲਈ ਕਿਸੇ ਦਾ ਪ੍ਰਬੰਧ ਕਰ ਦਵਾਂਗੇ।

এই তথ্য নিজেৰ ভাষায় বুঝাৰ জন্য আপনাৰ যদি কোন
সাহায্যেৰ প্রয়োজন হয়, তবে 0116 305 0002 এই নম্বৰে
ফোন করলে আমরা উপযুক্ত ব্যক্তিৰ ব্যবস্থা করবো।

اگر آپ کو یہ معلومات سمجھنے میں کچھ مدد درکار ہے تو براہ مہربانی اس نمبر پر کال کریں
0116 305 0002 اور ہم آپ کی مدد کے لئے کسی کا انتظام کر دیں گے۔

假如閣下需要幫助，用你的語言去明白這些資訊，
請致電 0116 305 0002，我們會安排有關人員為你
提供幫助。

Jeżeli potrzebujesz pomocy w zrozumieniu tej informacji
w Twoim języku, zadzwoń pod numer 0116 305 0002,
a my Ci dopomożemy.

Consultation on proposed changes to home to school transport policy

Submit your views
by 12 March 2014

The council is proposing a policy that would provide free transport to the nearest academy or maintained school only if this is over two miles for children in primary education and over three miles in secondary education. This is the nearest school or academy to the child's home address which has available places at the time when school places are allocated. This may not necessarily be the admissions catchment area school or one of the preferred schools applied for in the admissions process.

The council is proposing that there be no change to the policy in relation to pupils for whom there is an available walking route below two miles (for primary) or three miles (for secondary). Free transport is not provided to this group of pupils and that will continue to be the case.

Your views

The council is now asking for your views about this revised proposal to make changes to home to school transport. Following the consultation period, your views will be considered by the council. If you have any questions about this consultation please phone 0116 305 0002 or email publictransportpolicy@leics.gov.uk.

Return this consultation form to: School Transport Consultation, Sustainable Travel Group, Leicestershire County Council, Have Your Say, FREEPOST NAT18685, Leicester, LE3 8XT
Alternatively you can complete an online version at www.leics.gov.uk/transportconsultation

Q1: Do you agree or disagree with the council's proposed policy for the provision of transport to schools and academies?

Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Any other comments on our proposed policy for the provision of transport to academies:

Q2: Do you agree or disagree with the council's proposed policy for the provision of post 16 transport to schools, academies and colleges?

Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Any other comments on our proposed policy for the provision of post 16 transport:

Q3: Do you agree or disagree with the council's proposals for transitional arrangements if this revised home to school transport policy is adopted?

Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	Don't know
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Any other comments on our proposals for transition arrangements:

Q4: Do you have any alternative suggestions for a revised home to school transport policy?

About You

Leicestershire County Council is committed to ensuring that its services, policies and practices are free from discrimination and prejudice and that they meet the needs of all sections of the community.

We would be grateful if you would answer the questions below. You are under no obligation to provide the information requested, but it would help us greatly if you did. Information will be used to inform service development to ensure that what we are providing is fair and effective.

Q5: Are you male or female?

Male Female

Q6: What was your age on your last birthday?

Q7: Do you have any long-standing illness, disability or infirmity?

Yes No

Q8: What is your ethnic group? *(Please tick one box only)*

White Black or Black British Mixed Other ethnic group Asian or Asian British

Q9: Are you a parent/carer of a child or young person?

Yes No

If yes, what are the ages of the children in your care? *(Please tick all applicable)*

0-4 5-10 11-15 16-18

Q10: Do you or your child(ren) make use of the home to school transport provided by Leicestershire County Council?

Yes No

Q11: Are there any post 16 students in your household who currently use our transport to education?

Yes No

Q12: Are you employed by a school in Leicestershire?

Yes No

Q13: Are you a school governor?

Yes No

Q14: What is your religion?

No religion Christian (All denominations) Buddhist Hindu
Jewish Muslim Sikh Any other religion or belief

Q15: What is your full postcode?

Q16: In total, how many cars or vans are owned or available for use by members of your household?

None One Two Three Four or more Don't know

Data Protection: Personal data supplied on this form will be held on computer and will be used in accordance with the Data Protection Act 1998. The information you provide will be used for statistical analysis, management, planning and the provision of services by the county council and its partners, Leicestershire County Council will not share any personal information collected as part of this survey with its partners. The information will be held in accordance with the council's records management and retention policy.

Academies and catchment areas Migrating to a new policy

Scrutiny Commission

26th February 2014



- Catchment areas set by LEA to balance numbers
- Concept of primary schools feeding upwards
- Transport based on catchment or nearer school to support the catchment policy
- No dual eligibility
- All contained within the County, with the exception of some, e.g. Uppingham, East Leake, Grantham
- Very well established position – met parents' expectations

- Catchment areas set by Academy to underpin business model
- Element of competition, overlapping catchment areas
- Age range changes, such as 11-14 becoming 11-16
- Academies independent of County Council; need for LCC not to favour one business over another
- Catchment areas do not need to make reference to administrative boundaries

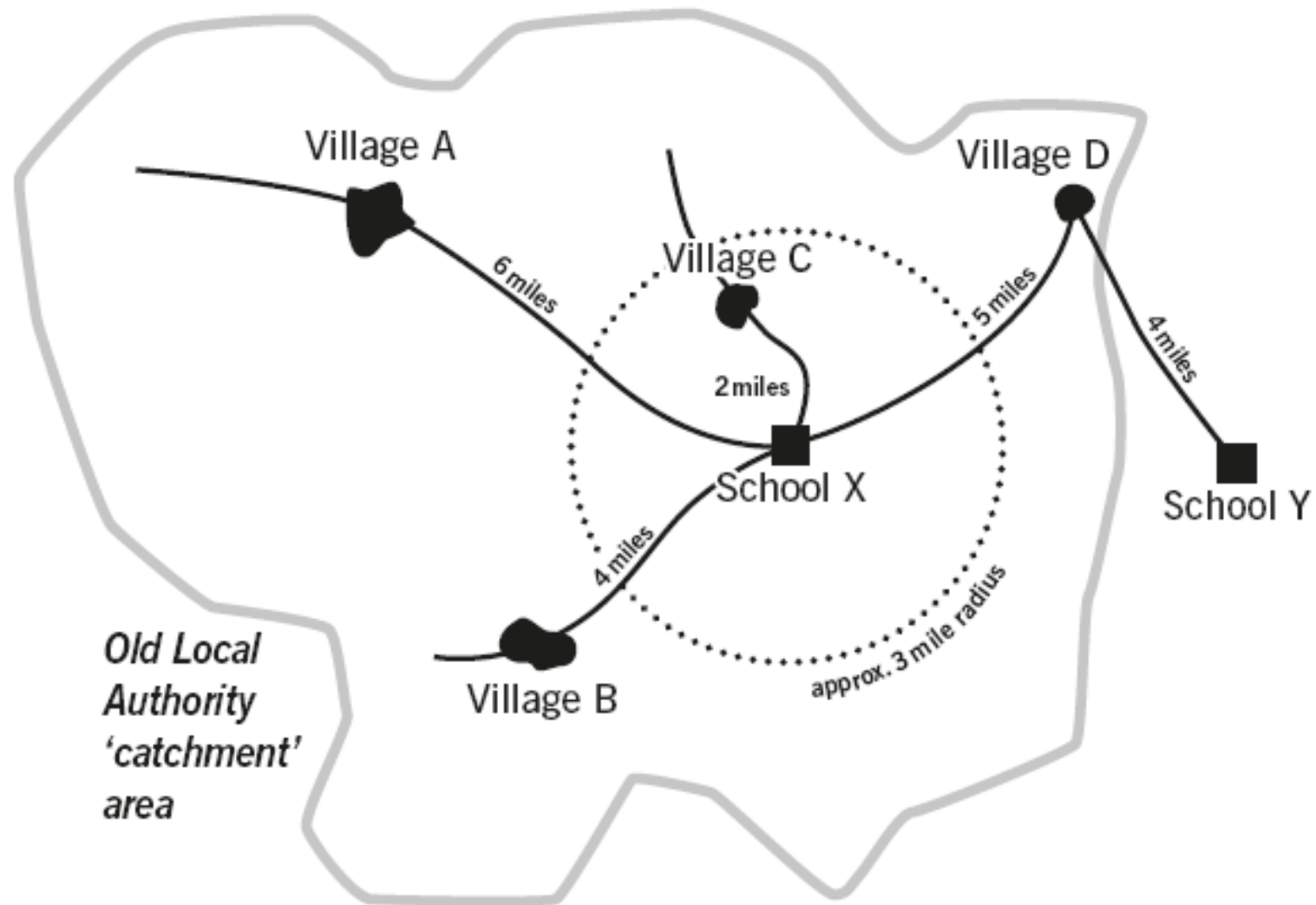
- Dual eligibility, or more, can create multiple travel arrangements from individual settlements
- Catchments change as new schools emerge or existing schools change age range
- Need to reduce the amount of transport on the roads and manage cost pressures
- Need to ensure clarity and fairness for parents so they can make informed choices and can be sure that all receive a consistent offer

- Academies well established throughout Leicestershire
- Home to School Transport Policy “frozen” as of 31st May 2012
- Challenges starting to emerge
 - Changes to age ranges
 - Overlapping catchment areas
 - Some schools already feeling exposed
- Meeting with Schools Minister piqued interest but little realistic prospect of significant change
- Government guidance on Home to School Transport to be consulted on at some point
 - A re-hash of guidance withdrawn as a result of Judicial Review
 - Not likely to address this issue

- LCC is obliged to offer free transport to school for eligible children
 - 1996 Education Act sets the obligation as nearest school
- Cannot let Academies set Transport Eligibility Areas as they are not accountable for costs of schools travel
- Policy must not be seen to favour one Academy (business) over another or different types of providers e.g. maintained sector over academies
 - Any discretionary service has to be fairly applied and universally available
- Therefore policy recommended is
Nearest school only (with available space)

- Traditional catchment areas no longer apply
- Feeder primary school arrangement can be broken
- Nearest school not necessarily in Leicestershire
 - Tamworth, Atherstone, Corby, Leicester as examples
- Studio or free schools may change transport eligibility from one year to the next
 - Need to decide on continuity of eligibility
- Parents may seek to manipulate the system by late applications
 - Detailed procedures and rules will be needed

How a Nearest School policy would work



- Requirement to consult widely and to conduct Equality Impact Assessment and consider Public Sector Equality duty
- Requirement to publish policy by no later than mid September 2014 for implementation with effect from September 2015
- School place and transport eligibility decisions advised to parents/pupils from March/April 2015
- Requirement to consider phasing /transitional arrangements

Timetable for delivering the change (2)

- Cabinet authority to consult 13th November 2013
- Consult 27th January – 12th March 2014
- Scrutiny considers consultation responses 30th April 2014
- Cabinet to consider consultation outcome and determine policy 6th May 2014
- Publication of policy no later than 12th September 2014
- Policy effective September 2015

Consultation questions

Q1: Do you agree or disagree with the council's proposed policy for the provision of transport to schools and academies?

Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree Don't know

Any other comments on our proposed policy for the provision of transport to academies:

Q2: Do you agree or disagree with the council's proposed policy for the provision of post 16 transport to schools, academies and colleges?

Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree Don't know

Any other comments on our proposed policy for the provision of post 16 transport:

Q3: Do you agree or disagree with the council's proposals for transitional arrangements if this revised home to school transport policy is adopted?

Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree Don't know

Any other comments on our proposals for transition arrangements:

Q4: Do you have any alternative suggestions for a revised home to school transport policy?

Discussion



SCRUTINY COMMISSION – 26 FEBRUARY 2014

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

**2013/14 MEDIUM TERM FINANCIAL STRATEGY
MONITORING (PERIOD 9)**

Purpose of Report

1. To provide members with an update on the 2013/14 revenue budget and capital programme monitoring position.

Policy Framework and Previous Decisions

2. The 2013/14 revenue budget and the capital programme for 2013/14 to 2016/17 were approved by the County Council at its budget meeting on 20 February 2013 as part of the Medium Term Financial Strategy (MTFS). The MTFS is monitored throughout the financial year.

Background

3. The 2013/14 revenue budget and the capital programme for 2013/14 to 2016/17 were approved by the County Council at its budget meeting on 20 February 2013 as part of the Medium Term Financial Strategy (MTFS).
4. The Cabinet on 13th September 2013 approved the following uses of the potential revenue underspend:
 - Contribution of £250,000 towards Leicester Cathedral Gardens recognising that the Diocese covers the county and the links with Richard III.
 - Contribution to activity in the county to support the City of Culture bid (up to £2m).
 - Contribution to the Bradgate Park Trust to purchase additional land (up to £60,000).
 - The balance of any underspend at the year-end is used towards repayment of pension liabilities on the pension fund, or if this is not possible, to use the balance of any underspend to repay debt.
5. The Cabinet on 13th September 2013 also approved a revised 2013/14 capital programme.
6. The monitoring information contained within this report is based on the pattern of revenue and capital expenditure and income for the first nine months of this financial year.

7. The latest revenue budget monitoring exercise shows a net projected underspend of £11.6m before carry forwards, as summarised in Appendix 1 to this briefing note. Carry forward requests identified at this stage total £0.9m although this is likely to be more at year end. The net underspend will be used to fund the issues approved by the Cabinet on 13th September 2013, set out in paragraph 4, with the exception of the City of Culture bid which was unsuccessful. Following further assessment of the options for repaying past pension liabilities this is no longer considered appropriate and instead the balance of the underspend will be used to repay debt.
8. Details of the major variances on the revenue budget are set out in Appendix 2.
9. The latest capital programme monitoring exercise shows a net underspend of £1.9m against the revised budget. Details of major variances and changes in funding are shown in Appendix 3.

REVENUE BUDGET

10. The results of the latest 2013/14 revenue budget monitoring exercise are summarised in Appendix 1.

Children and Young People's Service

Dedicated Schools Grant

11. A net underspend of around £3.95m is currently forecast, mainly relating to Special Educational Needs. A contingency established to ensure capacity in the SEN budget as a result of uncertainties regarding the cost of the new LA responsibility for post-16 students with learning difficulties and disabilities, the transfer to a new funding framework for SEN in April and the impact of raising the participation age will not be required. Also additional income has been received for 16+ places at mainstream special schools.
12. This net underspend will not impact on the General County Fund as under the terms and conditions of Dedicated Schools Grant any underspend must be allocated to the following year's Schools Budget. The underspend will be used in 2014/15 to support the financial impact arising from the necessity to change the pupil number count for schools and academies affected by age range changes.

Local Authority Budget

13. A net underspend of £0.5m (0.9%) is forecast, mainly due to the early identification of savings, offset by overspends, particularly regarding increased demands on the Placement budget.

Adults and Communities

14. The Department is experiencing financial pressures relating to increasing demographic pressures whilst delivering the £12.4m targeted level of savings in the current year, resulting in a projected overspend of £4.5m (3.4%) for 2013/14.
15. An overspend on community based services of £5.7m (7%) is forecast, mainly relating to the Effective Support efficiency project. This project involves reviewing client needs and considers alternative sources of support for service users with substantial and critical needs. The project was expected to deliver savings of £6.5m in 2013/14, however a shortfall of £4.9m is currently projected arising from a smaller backlog of outstanding reviews than originally anticipated (around two thirds) reducing the scope to make savings as well as lower savings achieved per person. Health funding of £2.4m has been agreed for 2013/14 to mitigate some of the shortfall in savings, reducing the overall shortfall to £2.5m. The ongoing transfer of health funding in this way is being considered as part of wider planning around the use of the Better Care Fund. The County Council has included growth of £2.5m in the proposed 2014/15 to 2017/18 MTFS to fund the ongoing shortfall.
16. The balance of the overspend on community based services totals £3.2m. This mainly relates to:
 - increasing demographic pressures above the levels of growth estimated for 2013/14 (£1.2m) materialising in increasing numbers of new under 65 years old service users who are most likely to take direct payments;
 - increasing home care support for older people in their home; the average hours provided per person has increased by 20mins per week to 10 hours of homecare (£0.9m);
 - cost pressures in rural areas for domiciliary care increasing the average cost per hour by 15p as providers pay higher wages to attract and retain homecare assistants (£0.3m);
 - an increase in direct payments as more people opt for personal budgets instead of the in house day service provision (£0.5m).
17. An overspend of £1m on the Residential Services budget is forecast. This mainly results from reducing levels of income from service users contributing to their own care and reduced Health contributions (overall 1.7% reduction costing £0.4m) and delays achieving joint incentivisation efficiencies with providers (£0.2m).
18. The overspends reported above are partly offset by savings of £2.3m. These include £1.1m on community based in house services, by using health funding, and £1.2m by reducing housing related support, turnover savings, and efficiencies relating to greater recycling of equipment.
19. There is a risk that the departmental overspend may increase if the pressures highlighted above continue to grow and the department are implementing a number

of actions to mitigate any further risk. The position is sensitive to relatively small percentage changes in demand given the scale of the budget.

Environment and Transport

20. The Department is forecast to underspend by a net £0.96m (1.1%). The main variances include underspends on the concessionary travel scheme due to lower demand than expected (£0.3m), Mainstream school transport from e-auctions and contract procurement (£0.3m), transport policy and strategy due to one-off growth being deferred to 2014/15 (£0.3m), reduction in recycling credits (£0.2m) and a net saving of £0.2m on waste disposal contracts after redirection of tonnages to mechanical biological treatment contracts.
21. These underspends are partly offset by a reduction in the forecast contribution from Leicestershire Highways Operations (£0.3m) and overspends on highway structural and safety maintenance budgets (£0.4m).

Chief Executive's

22. An underspend of £1.3m (9.1%) is forecast, mainly relating to an underspend on the Leicestershire Welfare Provision due to a tightening of criteria and a move to vouchers instead of cash payments (£0.4m), slippage on Extracare work funded by New Homes Bonus grant (£0.3m) and additional Trading Standards income of £0.2m.

Corporate Resources

23. An underspend of £0.97m (2.8%) is forecast, mainly due to staff vacancies and increased income from trading activities.

Public Health

24. The service is currently forecast to be underspent by £1.8m. The cost of budgets including the Public Health programme, Drug and Alcohol Action Team, Leicestershire and Rutland Sport and Teenage Pregnancy and Young Person Substance Misuse can be met from the higher than anticipated ringfenced Public Health grant which means the County Council contributions are not required. Olympic Legacy expenditure to be funded by a carry forward from 2012/13 can also be funded by the Public Health grant.

Contingencies

25. The 2013/14 budget includes a £1.2m contribution for investment in the Loughborough Science Park. The funding will be transferred to the Transformation earmarked fund as the contribution is expected to be made in 2014/15 and 2015/16.
26. A contingency of £4.5m was made against delays in the achievement of savings. No major problems have been identified at this stage, other than on the Effective Support saving (see paragraph 15 above).

27. A provision of £3m was made for severance / invest to save issues. At this stage it is forecast that this will be required during 2013/14. If the requirement is less at year end the balance will be transferred to the Transformation earmarked fund to meet costs in future years.
28. A contingency of £1.2m was made for council tax collection deficits following the implementation of the Government reforms on the Localisation of Council Tax Support. The situation is being monitored on a monthly basis in liaison with the District Councils and at this stage in the year there does not appear to be any significant risks to collection fund balances. Discussions have taken place with the District Councils regarding a contract with an external company to undertake checks on Single Person Discounts and the County Council will support that work with a financial contribution of around £50,000 which could be funded from this contingency.
29. A contingency of £9.0m was made for inflation, of which £6.9m has been allocated regarding residential care charge increases, the 2013 pay award, highways maintenance, passenger transport, street lighting and other energy increases, insurance, ICT and winter maintenance salt inflation. Further pressures are expected on waste management, estimated to be around £1.1m.
30. The inflation contingency also included £3m for general pay inflation based on an assumed increase of 2%. A pay increase of 1% has been agreed (excluding Grade 18 and above), leading to an underspend of around £1.6m. An element of this underspend is required to offset running cost inflation resulting in a net forecast underspend of £1m.

Central Items

31. Bank and other interest is forecast to be £0.25m lower than the original budget, due to balances being lower than anticipated.
32. The original budget for the financing of capital assumed that £40m of external debt would be borrowed during the year, whereupon it would begin to earn interest. However, due to continued low interest rates and the level of internal balances it is highly unlikely that this money will now be borrowed during 2013/14. As a result, an underspend of £2.5m is forecast as a consequence of not incurring interest costs on the previously expected borrowing.
33. Local Services Support Grant includes grant funding for Extended Rights to Free Travel. The Department for Education released 2013/14 (£0.68m) and indicative 2014/15 (£0.5m) allocations in July 2013. These are lower than the 2012/13 level used in the original 2013/14 budget (£0.8m). It is not feasible at this stage for CYPS and E&T to reduce expenditure to offset the £0.12m cut in 2013/14 but the 2014/15 budget has been adjusted to reflect the reduced level of grant in that year.
34. The County Council agreed to contribute £0.125m for additional administrative costs and £0.25m to establish a Discretionary Discount Funds (DDF) following changes made under the Localisation of Council Tax Support (LCTS) reforms. The District Councils are providing monthly monitoring information on awards made from the

DDFs and at this stage only relatively minor amounts have been granted. The situation will be kept under review as the year progresses. It is proposed that the Districts are allowed to carry forward any DDF underspends to 2014/15 to continue to provide support where needed.

35. The LCTS schemes have been revised for 2014/15 as all the 2013/14 schemes, with the exception of Harborough, were based on the one-off transitional 8.5% cap. All Districts will implement schemes with a 15% cap, except Melton and Hinckley and Bosworth who have set a 12% cap. Modeling indicates that the increase in benefit caps will generate additional council tax of £0.65m for the County Council which would offset the loss of the one-off transitional grant of £0.54m.
36. From April 2013, the Department for Works and Pensions (DWP) transferred funding to the County Council (£1.08m) which had previously been used to provide Community Care Grants and Crisis Loan schemes. This funding is to provide short term support to families under exceptional pressure and to support individuals returning to their communities from institutional care. To meet the needs of the local community the County Council established the Leicestershire Welfare Provision (LWP). It was anticipated that additional funding would need to be allocated from County Council resources in light of the historic overspends experienced by DWP, the changes to benefits announced and the challenging economic climate. A £0.2m contingency was included in the 2013/14 revenue budget to allow excess demand to be dealt with. Based on the monitoring of the LWP, it is unlikely that the £0.2m contingency will be required and it is therefore projected to be unspent.
37. The County Council will receive £1.7m New Homes Bonus Grant (NHBG) in 2013/14, of which £0.5m will be used within the Chief Executive's budget to provide support for the provision of new homes. The balance of £1.2m funds part of the £4m revenue contribution to the funding of capital and will be allocated to extra care schemes. NHBG is forecast to increase to around £3.4m in later years. The Government consulted on proposals to top-slice 35% of the grant from 2015/16 to redistribute money to Local Economic Partnerships. An alternative proposal involved a 100% top-slice from County Councils and a 19% top-slice from Districts. The Government has now decided not to implement either proposal, with the exception of London.
38. The 2013/14 budget includes a forecast of £5.3m for Education Services Grant. The grant is subject to the level of Academy conversions during the financial year and the latest estimate of the grant to be received by the County Council is around £5.7m.
39. A forecast of £0.6m has been made for prior year adjustments, relating to the County Council's estimated share of surplus balances from Connexions Leicester Shire Services Limited's reserves following the decision to close the service.
40. Cabinet on 13th September 2013 approved the use of up to £60,000 of the potential 2013/14 revenue underspend as a contribution to the Bradgate Park Trust to purchase additional land. The arrangements have been finalised and a total contribution of £50,000 has now been made.

Business Rates

41. The Government introduced the Business Rates Retention system from April 2013. The County Council is liaising with the District Councils, Leicester City Council and Rutland County Council and monthly monitoring is being undertaken to assess the position of the Leicester and Leicestershire Pool. At this stage in the year, the County Council's "local share" is forecast to be around £0.2m higher than the "baseline" amount reflected in the original budget.
42. The Pool is projected to generate an additional £0.2m for the sub region in 2013/14, compared with a £0.7m surplus projected in January 2013 when the Pool was formally established. The position has worsened due to a number of factors including increased estimates for rateable value appeals and empty property exemptions.
43. The Government granted a one year extension of the temporary increase in Small Business Rate Relief and is due to provide a separate grant to local authorities to compensate for the loss of their local share income. This may be around £0.4m in the case of the County Council. More details should be available in February.

Local Authority Mortgage Scheme - update

44. The Local Authority Mortgage Scheme (LAMS) was launched within Leicestershire in September 2012. In brief, the Authority makes a loan to Lloyds Bank for a five year period, and these loans are used to indemnify the bank against any default (down to 75% of the purchase price) on loans within the scheme to first time buyers for a five year period. The buyers must pass the normal credit checking criteria used by Lloyds TSB and provide a minimum of a 5% deposit. The maximum loan available is for £142,500.
45. Within the present mortgage market, interest rates payable decrease quite significantly as the amount of deposit provided increases. On occasions first time buyers are in effect forced to save large deposits in order to be given a mortgage rate that is affordable to them but struggle to save while they are living in rented accommodation. LAMS allows them to have a 95% mortgage at a rate that is close to that which would normally be payable on a 75% mortgage, making it possible for them to enter the housing ladder at affordable mortgage rates much earlier than would otherwise have been the case. A house sale towards the bottom of the chain often has a significant knock-on impact, thereby providing a boost to the local housing market and the local economy.
46. Since LAMS was launched £8.4m of the agreed £10m funding has been lent to Lloyds TSB, with the loans being as follows:
 - £2m for 5 years @ 2.72% on 5th September 2012
 - £1.4m for 5 years @ 2.19% on 27th November 2012
 - £2m for 5 years @ 2.24% on 12th February 2013
 - £2m for 5 years @ 2.31% on 1st August 2013
 - £1m for 5 years @ 3.08% on 31st December 2013

47. The first four loans have been fully committed to support mortgages, with the latest loan having been placed only very recently. At the end of December 330 mortgages had been approved, and 266 of these had been completed. Over £37m of mortgages are being supported by the scheme, which is considered to have been a big success so far.
48. In his budget of March 2013, the Chancellor announced a Government Scheme (Help to Buy) which appeared to offer buyers a package that was very similar to LAMS, although details were quite sketchy at the time. In the final analysis, Help to Buy does have similarities to LAMS but is not exclusively targeted at first time buyers, covers a potentially much higher mortgage amount and only provides indemnities down to 80% of the purchase price. The impact of these differences is that LAMS mortgages are available at meaningfully lower rates than Help to Buy ones, and Lloyds have agreed to continue with LAMS while they assess whether the market can support two schemes which are so similar. Help to Buy mortgages commenced on 1st January 2014, so how quickly the latest tranche of LAMS is utilised is likely to have an impact on Lloyds' willingness to offer LAMS in the future.

Revenue Summary / Invest To Save

49. A net revenue underspend of £11.6m has been identified, before potential carry forwards of £0.9m. The approach to underspends during the period of austerity has been to use funds to reduce liabilities (and associated future costs), fund Invest to Save projects and provide resources for one-off investment for Council priorities. The underspend will be used as detailed in paragraphs 4 and 7.

CAPITAL PROGRAMME

50. The table below shows a revised budget of £68.9m. At this stage a net underspend of £1.9m is reported. The major variances are detailed in Appendix 3.
51. It is projected that spending will be 97% of the revised budget. Overall the aim is that 95% of available resources should be spent in year.
52. The revised budget includes changes in funding since Cabinet approved the revised programme in September 2013, detailed in Appendix 3.

2013/14	Budget (Cabinet Sept.2013) £m	Changes in Funding £m	Revised Budget £m	Forecast £m	Variance £m
CYPS*	17.4	0.4	17.8	17.9	0.1
Adults and Communities	2.4	0.2	2.6	2.5	-0.1
E&T -Transportation	37.3	1.9	39.2	38.5	-0.7
E&T -WasteManagement	3.9	0.0	3.9	3.9	0.0
Chief Executive's	0.6	0.0	0.6	0.3	-0.3
Corporate Resources	3.0	0.6	3.6	2.7	-0.9
Corporate Programme	1.2	0.0	1.2	1.2	0.0
Total	65.8	3.1	68.9	67.0	-1.9

*Excludes schools devolved formula capital (DFC)

53. The main variances are detailed below.

Children and Young People's Service

54. The latest forecast shows a net overspend of £0.1m. This mainly relates to the earlier than planned completion of the Loughborough Ashmount replacement school. The school completed in January 2014, three months ahead of schedule, leading to the acceleration of £0.3m from the 2014/15 programme. The school opened its doors to pupils on 13th January 2014.
55. Other variations include slippage of; £0.2m for Short Breaks for Children - uncommitted grant funding that has not been required, slippage of £0.2m for Birstall Longslade (All Weather Pitch) while discussions are taking place regarding the use of Section 106 and trust funding, offset by acceleration of £0.2m on the school accommodation programme.

Adults and Communities

56. The latest forecast shows a potential underspend of £53,000 on minor works and other schemes.

Environment and Transport – Transportation Programme

57. The latest forecast shows a net underspend of £0.7m compared with the revised budget.
58. The main areas of slippage relate to; Loughborough Town Centre (£0.8m) based on the latest works profile from the main contractor and a schedule of land purchases but the completion date of October 2014 remains unaffected, Ashby Canal (£0.3m) re-appraisal of the overall project and how best to utilise the Section 106 funding to ensure value for money and Bridges (£0.1m) due to a shortage in staffing resources to carry out technical assessments. These are partly offset by forecast acceleration of £0.6m on Integrated Transport Schemes and an overspend of £0.4m on the Braunstone Asda Roundabout scheme due to additional night work, temporary service road to avoid disruption to bus services and greater than anticipated utility services costs.

Environment and Transport – Waste Management

59. Overall the net spend is forecast to be in line with the budget. Variations contained within this total include; slippage of £0.2m due to delays in establishing drainage options suitable at each Recycling & Household Waste site (RHWS) offset by an overspend of £0.2m on works at the Whetstone RHWS £0.2m overspend as a result of additional demolition costs and changes to the design in order to reduce the risk of flooding.

Chief Executive's

60. Slippage of £0.3m is forecast on the new Kegworth Community Centre. Scheme options are being reviewed ensure to assess value for money. It is therefore currently on hold and unlikely to incur any further spend in 2013/14.

Corporate Resources

61. An underspend of £0.9m is forecast. Delays to the programme to acquire agricultural land (£0.5m) while suitable sites are being identified. In addition, demolition of vacant buildings (£0.3m) will slip into 2014/15 as a result of the complex nature of the work and (£0.1m) slippage on various other schemes.

Capital Receipts

62. The forecast level of general capital receipts is £12.3m, mainly due to one large planned sale. This also includes £0.5m unapplied capital receipts brought forward from 2012/13. The amount required to fund the 2013/14 capital programme (and reprogrammed schemes to 2014 – approved by Cabinet September 2013) is £5m leaving a balance of £7.3m. It is proposed to use this balance to replace unsupported borrowing in the current capital programme (£4.5m) to avoid the need to incur borrowing. The balance of capital receipts will be carried forward to fund the 2014-18 MTFs capital programme.

Capital Summary

63. The revised capital programme totals £68.9m and is forecast to underspend by £1.9m. This mainly relates to slippage in payments and the funding will be carried forward to 2014/15. It is projected that spending will be 97% of the revised budget. Overall the aim is that 95% of available resources should be spent in year.

Recommendation

64. The Scrutiny Commission is asked to note the contents of this report.

Background Papers

Report to County Council – 20 February 2013 – Medium Term Financial Strategy 2013/14–2016/17

Report to Cabinet – 13 September 2013 – 2013/14 Medium Term Financial Strategy Monitoring (Period 4)

Circulation under the Local Issues Alert Procedure

None.

Appendices

Appendix 1 - Budget Monitoring Statement

Appendix 2 - Revenue Budget – forecast main variances

Appendix 3 – Capital Programme – changes in funding and main variances

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Equal Opportunities Implications

No direct implications.

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REVENUE BUDGET MONITORING STATEMENT
FOR THE PERIOD : APRIL 2013 TO DECEMBER 2013

	Updated Budget	Projected Outturn	Difference from Updated Budget		
	£000	£000	£000	%	
Schools Budget					
Delegated	142,881	142,881	0	0.0	
Centrally Managed	55,614	51,664	-3,950	-7.1	
Dedicated Schools Grant (DSG)	-197,808	-197,808	0	0.0	
DSG Reserve	-687	-687	0	n/a	
	<u>0</u>	<u>-3,950</u>	<u>-3,950</u>	<u>n/a</u>	GREEN
LA Budget					
Children & Young People's Services - LA Budget	60,801	60,271	-530	-0.9	GREEN
Adults & Communities	132,906	137,446	4,540	3.4	RED
Environment & Transport	83,789	82,829	-960	-1.1	GREEN
Chief Executives	14,710	13,380	-1,330	-9.0	GREEN
Corporate Resources	35,069	34,099	-970	-2.8	GREEN
Public Health	1,780	0	-1,780	-100.0	GREEN
DSG (Central Dept recharges)	-1,077	-1,077	0	0.0	GREEN
Carbon Reduction Commitment	450	450	0	0.0	GREEN
Corporate Growth & Savings	-145	-145	0	0.0	GREEN
Loughborough Science Park	1,200	1,200	0	0.0	GREEN
Contingency for efficiency savings	4,460	0	-4,460	-100.0	GREEN
Severance / Invest to Save	3,000	3,000	0	0.0	GREEN
Contingency for Council Tax collection deficits	1,200	50	-1,150	-95.8	GREEN
Contingency for inflation	2,145	1,145	-1,000	-46.6	GREEN
Total Services	<u>340,288</u>	<u>332,648</u>	<u>-7,640</u>	<u>-2.2</u>	
Central Items					
Bank & Other Interest	-1,750	-1,500	250	-14.3	RED
Financing of Capital	28,420	25,920	-2,500	-8.8	GREEN
Revenue funding of capital	4,000	4,000	0	0.0	GREEN
Financial Arrangements etc	72	72	0	0.0	GREEN
Members Exps & Support etc.	1,349	1,299	-50	-3.7	GREEN
Provision for future Elections	335	335	0	0.0	GREEN
Flood Defence Levies	270	270	0	0.0	GREEN
Pension Costs	2,000	1,980	-20	-1.0	GREEN
Council Tax Freeze Grant	-2,400	-2,430	-30	1.3	GREEN
Local Services Support Grant	-948	-828	120	-12.7	RED
Contribution to Discretionary Discounts & Admin	375	375	0	0.0	GREEN
LCTS Transitional Grant (one-off 13/14)	-537	-537	0	0.0	GREEN
Crisis Loans (net position)	200	0	-200	-100.0	GREEN
New Homes Bonus Grant	-1,698	-1,698	0	0.0	GREEN
New Homes Bonus - element of top slice returned	-460	-460	0	0.0	GREEN
Education Services Grant	-5,300	-5,700	-400	7.5	GREEN
County Hall car park extension	344	344	0	0.0	GREEN
Prior Year Adjustments	0	-610	-610	n/a	
Contribution to Bradgate Park Trust	0	50	50	n/a	
Total Central Items	<u>24,272</u>	<u>20,882</u>	<u>-3,390</u>	<u>-14.0</u>	
Total Spending	<u>364,560</u>	<u>353,530</u>	<u>-11,030</u>	<u>-3.0</u>	
Funding					
Revenue Support Grant	-81,249	-81,249	0	0.0	GREEN
Business Rates - Top Up	-35,073	-35,073	0	0.0	GREEN
Business Rates Baseline	-18,980	-19,180	-200	1.1	GREEN
Small Business Rate relief - Section 31 Grant	0	-400	-400		
Collection Fund net deficit / (surplus)	-377	-377	0	0.0	GREEN
Council Tax	<u>-220,317</u>	<u>-220,317</u>	<u>0</u>	<u>0.0</u>	GREEN
Total Funding	<u>-355,996</u>	<u>-356,596</u>	<u>-600</u>	<u>0.2</u>	
Net Total *	<u>8,564</u>	<u>-3,066</u>	<u>-11,630</u>		
Potential carry forwards			900		

Forecast underspend to be used to fund Transformation and other issues - see paragraph 6 in Report

'Traffic lights' :

GREEN : Underspending / on budget

AMBER : Overspending of 2% or less

RED : Overspending of more than 2%

* Net updated budget of £8.56m relates to carry forwards from 2012/13

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APPENDIX 2

Revenue Budget 2013/14 – forecast main variances**Children and Young People’s Service**Schools

A net underspend of £3.95m is forecast. The main areas are:

	£000	% of Budget	
Nursery Education Funding	350	2%	Additional children identified on Autumn roll.
Special Educational Needs	-2,880	n/a	<p>Relates to the following issues:</p> <ul style="list-style-type: none"> • A £1.5m contingency was included in the MTFS to ensure capacity to address any financial pressures arising from the new statutory responsibility for High Needs students aged 16 - 24 where volumes and costs could not be robustly identified at that time. Subsequent work with further education and Independent Specialist Providers now allows this contingency to be released as an underspend. • £0.44m unexpected additional income received from the Education Funding Agency for 16+ places at mainstream special schools; place costs already included in the MTFS budget. • Management of independent school admissions and restricting of block contracts has resulted in savings of £0.5m • £0.25m additional recoupment income has been identified • £0.23m additional DSG income received for units • £50,000 saving from cheaper mix of places being used when available • £0.11m overspend on hospital school – being reviewed <p>The underspend will be retained for additional costs in 14/15 relating to age range changes in the schools funding formula.</p>
Early Years and Childcare	-500	-29%	Demand lower than expected for the new

			Two Year Old Nursery Education project which is funding additional places for deprived two year olds where requested by parents.
Dedicated Schools Grant – Early Years	-480	n/a	The Early Years Block is the only one in the DSG settlement that is adjusted for changes in pupil numbers; additional 3 & 4 year olds have generated additional DSG, but additional expenditure can be contained within the 2013/14 budget.
High Needs - Education of Vulnerable Groups	-190	-6%	Underspend as result of turnover of staff across a number of different services within the group.
Alternative Provision (Schools Block element)	-180	-100%	Arrangements for how Leicestershire's Pupil Referral Unit (PRU) is to be funded have been confirmed. It is likely that no additional funding will be required in assisting the PRU to make the transition to its new funding arrangements.

Local Authority Budget

A net underspend of £0.53m (0.9%) is forecast. The main variances are:

	£000	% of Budget	
Placement Budget	900	12%	Increased demand on independent fostering agency/ secure placements budget (£1.24m) - In house capacity unable to cope with the increasing demand of specific needs of placements such as baby and mother and sibling group placements. Also retendering savings of children's social care contracted bed places - the Hive (£0.34m) and change in other block contract arrangements is offsetting the budget pressure on the placement budget.
Disabled Children Service	300	10%	Demand for direct payments has continued to grow and is a preferred option for families as they have increased control and flexibility over the support services they receive.
Children's social care Legal Costs	250	66%	Significant increases in court costs for care proceedings - some as much as 50%.
Emergency Duty Team	155	44%	Leicester City has terminated the current arrangements for provision of the service. An interim in-house arrangement has been put in place from 1st October 2013, and

			subsequently will incur additional costs.
Specialist Assessment & Response Localities	-500	-6%	The underspend is across the three locality areas and is largely as result of staff turnover.
Targeted Early Help	-300	-53%	The development of early help services has allowed for early efficiencies to be made with no impact on services.
Asylum Seekers	-200	-67%	The number of children supported has decreased significantly in comparison with previous years.
Targeted Early Help – Children Centres / Youth Service	-170	-2%	Staff vacancies and turnover (£0.18m) and reduced payments to Districts (£40,000), partly offset by one-off building maintenance costs (£50,000).
Directorate	-135	-26%	Staff savings as a result of the departmental restructure.
Homecare - non disabled children	-120	-100%	This budget significantly underspent in 2012/13 and is now projected to deliver savings.
Planning & Commissioning Team	-110	-17%	Staff vacancies.
Early Learning & Childcare Central Services Team	-100	-20%	Staff vacancies.
Safeguarding Assurance	-95	-6%	Income increased due to more schools converting to Academies and independent schools and external organisations buying training.
Alternative Provision (Local Authority Budget element)	-90	-100%	Arrangements for how Leicestershire's Pupil Referral Unit (PRU) is to be funded have been confirmed. It is likely that no additional funding will be required in assisting the PRU make the transition to its new funding arrangements.
Independent Home Care Children's and Families	-80	-10%	Contract savings delivered through the Supporting people programme.
SEN Assessment Services	-55	-11%	Staff vacancies.
Short Breaks for Disabled Children	-50	-31%	Lower demand for financial support

Adults & Communities

At this stage the Department is forecasting an overspend of £4.5m (3.4%). Further work is being undertaken to review the forecasts. The main variances are:

	£000	% of Budget	
Community Based Services (Direct payments, homecare	5,740	7%	There has been a transfer of costs within these budgets as more service users are supported in their own home instead of

and supported living)			residential settings. The overspend mainly relates to the challenges of meeting the £6.5m Effective Support Efficiency Saving as well as increasing demands, particularly for people with Mental Health and Physical Disabilities. A movement of cost from in-house day services provision to the independent sector has also contributed.
Residential services	990	2%	The population in residential care has remained flat year on year. The adverse variance relates to reducing levels of income from service users contributing to their own care and delays achieving efficiencies through expanding the Shared Lives Adult placement service and Incentivisation of Providers efficiency.
Community Based In-house (Community Life Choices and HART reablement service)	-1,060	-9%	Majority of underspend relates to maximising the use of health funding releasing other more flexible LCC funding in the HART Service. A forecasted underspend at Coalville Resource Centre due to staff turnover has also contributed.
Housing related support and voluntary sector services	-320	-6%	Anticipated savings through acceleration of the review of housing related support services.
Care Pathway Staff Vacancies	-210	-2%	Recruitment drag due to high levels of turnover.
Adult Learning	-250	n/a	Lower performance clawback than expected from the Skills Funding Agency (£100k) and temporary delays filling lead tutor posts (now filled) across all curriculum areas (£150k).
Services for the Disabled	-240	-6%	Efficiencies relating to greater recycling of equipment.
Other infrastructure	-150	-2%	Various smaller savings in office overspends and timing to fill vacancies.

Environment and Transportation

At present the Department is forecast to underspend by £0.96m (1.1%). The main variances are:

	£000	% of Budget	
<u>Highways</u>			
Contribution from Operations (Leicestershire Highways Operation)	310	-67%	The forecast contribution from LHO operations is estimated to be around £310k less than the budgeted figure of £460k. This is an estimate based on the latest monitoring within LHO. LHO turnover is typically in excess of £20m

			and so variations of this order in terms of a surplus can easily occur and will depend on the exact balance of work undertaken during the year.
Highway Structural Maintenance	260	3%	Overspend mainly due to an increase in the required level of patching and pothole repairs, in part due to severe weather conditions in March 2013.
Highways Safety Maintenance	130	7%	Potential overspend on the Gully Emptying budget, due to the need to increase the frequency of emptying to help reduce the risk of flooding.
Highways Management	55	3%	Forecast overspend mainly due to the use of additional agency staff, to help deliver the planning and preparation of this year's and next year's capital programme.
Street Lighting/Signs	-80	-2%	Saving on planned maintenance.
<u>Transportation</u>			
Social Services Transport	65	2%	Slight overspend currently forecast due to increased demand.
Mainstream School Transport	-330	-5%	Saving expected as a result of E auctions and contract procurement.
Transport Policy & Strategy	-300	-74%	One off growth (£0.2m) not utilised in 2013/14, due to staff working on other major projects and delivering the 2013/14 capital programme. In addition uncertainty with where major housing developments are going to be located caused by delays within the District Councils in delivering their core strategies, has held up progression of advance work on potential major schemes. A carry forward will be requested to fund work in 2014/15 to cover work mainly around strategic junction schemes. In addition there is a forecast £50,000 saving on staffing costs due to staff vacancies and turnover. Income from developers is also forecast to be £50,000 over the budgeted income target.
Concessionary Travel	-260	-4%	Forecast demand for journeys is less than budgeted, based on information for the year to date. The 2013/14 budget included growth of £90,000.
Fleet Trading Account	-110	-28%	Saving mainly due to the removal of the Yellow Bus service, which had been operating at a slight loss, and savings on both fuel usage and cost. These savings are reduced by a reduction in income from the School Meals Service as a result of academies.

Sustainable Travel Group Staffing	-95	-5%	Forecast underspend due to staff turnover and vacancies.
Environment			
MBT Contracts	680	14%	Additional tonnage of 8,200, of which 7,200 redirected from disposal (see note on Disposal Contracts below) and 1,000 redirected from Energy from Waste.
Recycling Household Waste Sites Contracts	125	4%	Forecast overspend due to a delay in delivering the service reduction of reduced opening hours, which came into effect at the end of October 2013.
Green & Wood Waste	50	9%	Additional haulage mainly due to a change in the treatment of wood waste following recent Environment Agency guidance.
Disposal Contracts	-860	-10%	A forecast reduction in tonnage of 6,400 mainly due to the redirection of waste to the MBT facility (7,200 tons) in order to secure a reduced gate fee £0.82m. This is partly offset by a forecast increase in waste of 800 tons. In addition a reduction in street sweepings amounting to a saving of £0.17m.
Recycling Credits	-180	-3%	Based on returns received from the districts to date a saving of £0.18m is forecast. This is due to a number of factors including the wet weather during April and May 2013 but also that the budget is based on a tonnage estimate in excess of actual tonnages experienced last year.
Waste Initiatives	-105	-50%	Forecast underspend due to a re-focus on how initiatives are delivered.
Climate Action Team	-70	-36%	Forecast underspend mainly due to slippage/delays on the Green Deal Project as a result of awaiting decisions from other partners.
Green & Wood Waste	-65	-5%	Forecast reduction in tonnage (4,500) leading to a forecast underspend.
Waste Staffing Budgets	-55	-6%	Forecast underspend due to staff turnover and vacancies.

Chief Executives

An underspend of around £1.3m (9.1%) is forecast. The main variances are:

	£000	% of Budget	
Local Welfare Provision	-400	-37%	Forecast underspend is based on the latest projection. There is a similar picture throughout the UK and is a result of a tightening of criteria and providing vouchers

			to buy specific items instead of cash payments.
New Homes Bonus	-290	-70%	At its November 2013 meeting Cabinet agreed to support the development of 13 affordable bungalows at the East Midlands Housing Association Extracare site in Blaby (Winchester Road). However, work on this part of the development will not commence until 2014/15.
Trading Standards income	-230	14%	Largely due to unplanned income from DEFRA and Public Health relating to animal feed enforcement and illicit tobacco sales respectively. Also additional income from providing business advice.
Performance & Improvement	-90	-12%	Improved trading position with Academies generating additional income this year.
Democratic Services	-90	-14%	Relates mainly to staffing vacancies and non-use of growth funding allocated for the establishment and support of the Police and Crime Panel. It was initially assumed that additional resources were required for implementation but to date this has been absorbed.
Registrars income	-60	56%	Increased trading income from National Checking Service and other registrars activities.
Environmental Control income	-50	12%	Increased fee income from developers and monitoring sites.
Policy & Partnership Team staff savings	-50	-8%	Vacancies are being held open in expectation of a staff review during 2014

Corporate Resources

An underspend of around £0.97m (2.8%) is forecast. The main variances are:

	£000	% of Budget	
Accounting	-235	-9%	Underspend on staffing - planned vacancies continue to be held, plus additional vacancies during 2013/14 due to secondments. Early achievement of efficiency savings.
Industrial Properties and Farms	-120	-15%	Underspend relates to County Farms from reduced overhead costs and increased rental income arising from rent and investment reviews.
Corporate Human Resources	-100	-9%	Underspend on staffing, as vacancies are being held.
Strategic Property	-90	-8%	Underspends (£0.14m) mainly due to

			additional income gained from trading activities, partially offset by overspend on the cost of disposing of assets (£50,000).
Corporate Facilities Management, Utilities, Rates & Maintenance	-75	-1%	Increased income from sale of Facilities Management contracts and services.
Corporate Health & Safety	-75	-15%	Additional trading income from academies and other customers.
Residential & Conference Services	-50	-20%	Costs associated with the closure of Quorn and Aberglasyn centres have not been as high initially budgeted for. In addition there have been lower operating costs following a restructure at Beaumanor Hall.
Operational IT	-70	-1%	Underspend on staffing – vacancies being held.
Learning & Development	-65	-3%	Additional income and unspent carry forwards.
Emergency Management & Business Continuity	-50	-17%	Vacancies and unspent carry forward monies relating to contingency which was not required.
Corporate Projects	-50	-17%	Departmental contingency not fully required.

Public Health

An underspend of £1.8m (100%) is forecast. The main variances are:

	£000	% of Budget	
Leicester-Shire & Rutland Sport (LRS)	-660	-100%	The cost of the LRS programme can be met from ringfenced Public Health Grant which means that the LCC contribution is not required in 2013/14.
Olympic Legacy	-380	-100%	The cost of Olympic Legacy public health-related expenditure can be met from ringfenced Public Health Grant, in place of funding carried forward from 2012/13.
Public Health	-350	-100%	The cost of the Public Health programme can be met from ringfenced Public Health Grant which means that the LCC contribution is not required in 2013/14.
Drug and Alcohol Action Team (DAAT)	-240	-100%	The cost of the DAAT programme can be met from ringfenced Public Health Grant which means that the LCC contribution is not required in 2013/14.
Teenage Pregnancy & Young Person Substance Misuse	-160	-100%	The cost of the Teenage Pregnancy and Young Person Substance Misuse budget can be met from ringfenced Public Health Grant which means that the LCC contribution is not required in 2013/14.

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APPENDIX 3

Capital Budget – Revised budget and forecast main variances**Identified Variances**

The significant variances on schemes at period 9 are:

Department	Reasons	£000
CYPS – Short Breaks for Disabled Children	The department is considering the use of uncommitted grant funding that has not been required. Slippage of £0.24m is forecast into 2014/15 to allow development of spending plans.	-244
CYPS – Birstall Longslade (All Weather Pitch)	Developer contributions and Palmer Tomkinson Trust funding likely to be slipped into 2014/15 to allow further discussions regarding its alternative use, following analysis of rental income and looking at school priorities.	-185
CYPS – Early Years	Uncommitted funding will be slipped to 2014/15 to support 2 year olds with Special Educational Needs and Disabilities.	-70
CYPS – Loughborough Ashmount Replacement School	Ashmount replacement school has been completed in January 2014, 3 months earlier than first planned. It is estimated that £0.31m of work will be accelerated from the 2014/15 programme.	310
CYPS – School Accommodation	Schemes previously reprogrammed to 2014/15 are now able to be completed during 2013/14.	216
CYPS – Replacement Playing Field (Croft PS)	Work previously slipped to 2014/15 has been accelerated due to favourable weather conditions.	93
A&C – Minor Works / Library	Underspends forecast on several small schemes.	-53
E&T Transportation-Loughborough Town Centre	Slippage based on the latest works profile from the main contractor and a schedule of land purchases from Property Services (timing of land payments). The completion date of October 2014 will not be affected by the increase in slippage.	-832
E&T Transportation-Ashby Canal (extension towards Illot Wharf)	Re-appraisal of the overall project and how best to utilise the Section 106 funding available in order to ensure value for money has led to a delay in the project and slippage to 2014/15.	-307
E&T Transportation-Unallocated 2012/13 carry forward	Balance of uncommitted underspend brought forward from 2012/13 no longer required.	-196
E&T Transportation-Integrated Transport Schemes – Advanced Design Major schemes	Unused funding due to staff time on other major schemes, underspend will be required in 2014/15.	-161
E&T Transportation-Illuminated Traffic Signs	Revised guidance from Department for Transport with shortage of available staff resources and work	-146

Department	Reasons	£000
	load has led to delays on the project.	
E&T Transportation- Transport Asset management – Bridges	Shortfall in staffing resource to carry out assessments and schemes being slipped into 2014/15.	-122
E&T Transportation- Street Lighting – part dimming	A combination of reduction in the cost of the project and slippage due to extended consultation on proposals within Loughborough.	-113
E&T Transportation- Transport Asset management	Slippage and underspend on various small carriageway and footway schemes.	-63
E&T Transportation- Integrated Transport Schemes	Programme contains a number of small schemes that were reprogrammed to 2014/15 as part of the revised capital programme in September. The latest forecast is that the schemes will now complete in 2013/14 resulting in acceleration on the revised programme.	626
E&T Transportation- Braunstone Asda Roundabout	Increase cost mainly due to additional night work, temporary service road to avoid disruption to bus services and greater than anticipated utility services costs. Funded from E&T earmarked fund.	429
E&T Transportation- Leicester & Leicestershire Integrated Transport Model	Overspend to be funded from Leicester City Council and revenue contribution, to be finalised once actual costs in 2013/14 established. The scheme has gone further than originally planned.	150
E&T Transportation- Earl Shilton Bypass	Part 1 Land claims based on the latest forecast, this figure may increase.	55
E&T Transportation- Waste Management- CA sites general	Slippage due to delays in establishing drainage options suitable for each individual site.	-192
E&T Transportation- Waste Management- Whetstone Site	Increased costs mainly due to additional demolition costs and changes to the design in order to reduce the risk of flooding.	158
Chief Executives – Kegworth Community Centre	The project is being reviewed to assess value for money of the scheme. It is therefore currently on hold and unlikely for any further spend in 2013/14. Spend to date has been on surveys and fees.	-275
Corporate Resources- Farms – purchase of additional agricultural land	Potential property purchases have been rejected. Full allocation will slip from 2013-14 due to unavailability of suitable investment/purchase opportunities in line with the original proposal.	-500
Corporate Resources- Demolition of vacant buildings	Due to specialist reports, planned demolition works are more complex than initially expected. Works will now be undertaken in 2014/15.	-345

Capital Programme – Changes in Funding

Changes in funding since Cabinet agreed the revised capital programme on 13th September 2013

Department	Reasons	£000
CYPS	Various School and Section 106 contributions	308
CYPS	Revenue contribution from Central Maintenance Fund towards School Accommodation.	27
A&C	Hunters Lodge – Dementia Grant from DfH	263
E&T - Transportation	Replacement vehicles – Fleet renewals earmarked fund.	190
E&T - Transportation	Enderby St Johns – part of Junction 21 scheme not starting until April 2014.	-46
E&T - Transportation	Earl Shilton Bypass – S.106 funding	19
E&T - Transportation	Getting to Work and Training – revenue contribution	44
E&T - Transportation	Coalville Phoenix Green –land reclamation funding	21
E&T - Transportation	NCN Ratby-Groby Cycle Route – S.106 funding	20
E&T - Transportation	Various Schools/sites – cycle parking - revenue contributions	65
E&T - Transportation	Anstey Bradgate Rd – contributions unapplied	5
E&T - Transportation	M1 Bridge to Growth Lubbesthorpe – Pinch point grant funding from DfT	667
E&T - Transportation	M1 Bridge to Growth Lubbesthorpe – developer contribution	70
E&T - Transportation	A426 Bus Corridor – Leicester City Council contribution	1,017
E&T - Transportation	Reduction in original £0.25m LHO earmarked fund towards Depot Review for 2013/14.	-132
Corporate Resources	Industrial Properties replacement of roof – Earmarked capital receipts (previously to Lastolite project)	422
Corporate Resources	Industrial Properties replacement of roof – industrial Properties earmarked fund	18
Corporate Resources	Eastern Annexe/Basement works (Storage Review Project) – Property earmarked fund	125
Total		3,103

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SCRUTINY COMMISSION - 26 FEBRUARY 2014

STRATEGIC ECONOMIC PLAN

REPORT OF THE CHIEF EXECUTIVE

Purpose of Report

1. The purpose of this report is to seek the Commission's views on the emerging Strategic Economic Plan (SEP) being prepared by the Leicester and Leicestershire Economic Partnership (the LLEP).

Policy Framework and Previous Decisions

2. The Leicestershire Together Outcomes Framework, agreed by the Leicestershire Together Strategic Commissioning Board on 19th March 2012, identifies economic growth as one of four key priorities.
3. The Leicester and Leicestershire City Deal was considered by the Cabinet at its meeting on 15 October 2013 and approval was given for submission of a City Deal negotiation document.

Background

4. The Government's response to Lord Heseltine's review of local economic development confirmed its commitment to negotiating a Growth Deal with every Local Enterprise Partnership (LEP), building on the success of City Deals. Through Growth Deals, Local Enterprise Partnerships can seek freedoms, flexibilities and influence over resources from Government; and a share of the new Local Growth Fund (LGF) to target their identified growth priorities.
5. This Local Growth Fund has been set at over £2bn for the year 2015/16 with a commitment to at least maintain this level to 2020/21. In return for these flexibilities, the Government will expect evidence of real commitment from Local Enterprise Partnerships to the growth agenda, including the development of ambitious, multi-year Strategic Economic Plans (SEPs). They also expect the local authority members of LEPs to take up the challenge of putting economic development at the heart of all they do and work collaboratively across the LEP area.

Strategic Economic Plan

6. The Leicester and Leicestershire Enterprise Partnership (LLEP) is required by central government to submit a Strategic Economic Plan (SEP) by 31st March 2014. The draft SEP seeks to negotiate a Growth Deal with Government of £252m of LGF over the period 2015 to 2020 with a request for just over £51m in 2015/16 across

three themes of Place, Business and People.

7. The LLEP submitted its draft SEP to Government on 19th December 2013. The plan sets out the long- term economic vision for Leicester and Leicestershire and outlines the investment priorities over the period 2014 to 2020.
8. The priorities outlined in the draft SEP are to:
 - Enhance Leicestershire’s role as a major economic centre, with an innovative and industrious city at its core;
 - Unlock the Leicester Strategic Regeneration Area as a major place of transformation creating a thriving, dynamic leading UK City for work, living and cultural activity;
 - Attract over £2.5 bn private sector investment by 2020;
 - Generate 45,000 additional private sector jobs by 2020 (over and above OBR employment estimates);
 - Unleash the innovative potential of our Universities and deliver the Loughborough Science & Enterprise Parks;
 - Further develop the MIRA Enterprise Zone;
 - Develop the logistics and distribution sector to create agglomeration effects as far as East Midlands Airport and the Strategic Rail Freight Interchange development by Roxhill;
 - Reduce levels of unemployment by 50%;
 - Support 15,000 businesses to accelerate growth and stimulate over 1,000 start ups;
 - Develop a skilled workforce to meet current and future economic needs;
 - Increase the proportion of the working age population qualified to NVQ4 so that it is in line with national figures;
 - Increase our GVA from £19bn to £23bn by 2020.
9. The Cities Minister, Greg Clark, has provided formal feedback to LEPs on their draft SEPs and met with the LLEP on 6th February 2014. The Leader of the Council attended this meeting. Each Council has been invited to consider and support the draft Strategic Economic Plan. The LLEP Board in March will approve the final SEP and it will be submitted as a Final Plan on 31 March 2014, with the Award decision likely to be in July 2014 and funding available April 2015. The current version of the Strategic Economic Plan is available on the LLEP website:

<http://www.llep.org.uk/SEP> and will continue to be updated during the negotiations with Cabinet Office.

10. At its meeting on 5 March 2014 the Cabinet will receive a report on the SEP to which will be attached a Draft SEP Executive Summary and a revised list of Priority SEP projects. This will include a particular focus on projects which will be seeking Local Growth Fund resources for spend in 2015/16.
11. The Draft Executive Summary and the revised project list were still in preparation when the Commission agenda was circulated. The full Cabinet report, together with these appendices, will be circulated to Commission members on 24th February.
12. The Commission is asked to consider the Draft SEP proposals as set out in the Cabinet report and consider which comments, if any, it would like to submit for the consideration of the Cabinet at its meeting on 5 March.

Background Papers

Draft Strategic Economic Plan, LLEP, December 2013

Circulation under local issues alert procedure

None.

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Equal Opportunities Implications

13. The SEP will seek to strengthen the local economy to improve the economic and social wellbeing of residents. It will particularly seek to improve the employment prospects of those currently out of work and this is likely to benefit groups who are disproportionately affected by unemployment and worklessness. The SEP will be subject to an Equalities and Human Rights Impact Assessment.

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